



Maryland

Department of the Environment

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor

Ben Grumbles, Secretary
Horacio Tablada, Deputy Secretary

February 28, 2019

The Honorable Mike V. Miller, Jr., President
Senate of Maryland
State House, H-107
Annapolis MD 21401-1991

The Honorable Michael E. Busch, Speaker
House of Delegates
State House, H-101
Annapolis MD 21401-1991

The Honorable Joan Carter Conway, Chair
Senate Education, Health and
Environmental Affairs Committee
Miller Senate Office Building
2 West Wing
11 Bladen Street
Annapolis MD 21401-1991

The Honorable Kumar P. Barve, Chair
Environment and Transportation Committee
House of Delegates
House Office Building, Room 251
6 Bladen Street
Annapolis MD 21401-1991

Dear President Miller, Speaker Busch, Chairs Conway and Barve:

As required in Section 9-275(c) of the Environment Article, Annotated Code of Maryland, I am enclosing a copy of the Fiscal Year 2018 Annual Report on the Maryland Scrap Tire Program.

If we can provide you with any additional information, please contact me at 410-537-3304 or via e-mail at kaley.laleker@maryland.gov.

Sincerely,

Kaley Laleker, Director
Land and Materials Administration

Enclosures

cc: Ben Grumbles, Secretary



MARYLAND

Department of the Environment

MARYLAND SCRAP TIRE ANNUAL REPORT – Fiscal Year 2018 –

Prepared by:

Land and Materials Administration

Prepared for:

Senate Education, Health and Environmental Affairs Committee

House Environment and Transportation Committee

November 2018



MARYLAND DEPARTMENT OF THE ENVIRONMENT
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Executive Summary

Introduction

This is the Fiscal Year (“FY”) 2018 Scrap Tire Annual Report as required by Environment Article, Section 9-275(c), Annotated Code of Maryland. This report is prepared for the Senate Education, Health, and Environmental Affairs Committee and the House Environment and Transportation Committee of the Maryland General Assembly to advise the Standing Committees of the Maryland Department of the Environment’s (“the Department”) progress in implementing the law and ensuring the proper management of scrap tires in Maryland. The report includes Maryland’s Scrap Tire Program activities undertaken by the Department and the Maryland Environmental Service (“MES”) from July 2017 through June 2018, and describes planned activities for the coming year.

Accomplishments and Results

- Maryland generated an estimated 6.1 million scrap tires in FY 2018 that were managed in the following manner: recycled or used as fuel in Maryland (61 percent) and exported to other states for disposal, recycling, or use as fuel (39 percent) (see Figure 2).
- Maryland’s licensed scrap tire facilities processed 6.7 million scrap tires in FY 2018, including 3.7 million Maryland-generated scrap tires and 3.0 million scrap tires imported from out-of-state (see Figure 1).
- Approximately 95 percent of the scrap tires processed in Maryland were recycled and 5 percent were used as supplemental fuel in a cement kiln.
- Since the inception of the Scrap Tire Program in 1992, over 11 million scrap tires have been recovered from 1,098 stockpile cleanup sites.
- During FY 2018, a total of 16 illegal scrap tire stockpile sites were cleaned up and approximately 213,561 scrap tires were removed (see Table II).
- 100 percent of stockpile site cleanups accomplished in FY 2018 were achieved by the responsible party under an administrative enforcement, without using the Used Tire Cleanup and Recycling Fund (“the Fund”).
- A total of 159 new scrap tire licenses were issued (see Table V).
- A total of 103 scrap tire licenses were renewed (see Table V).
- At the end of FY 2018, there were a total of 3,182 valid Maryland scrap tire licenses (see Table V).

Financial Statement Summary

- The Environment Article, Section 9-275, Annotated Code of Maryland, provides the Department with the responsibility for administering the Fund.
- The Fund is generated through the collection of an eighty cent (\$0.80) per tire recycling fee on the first sale of any new tire in the State.
- There was a slight increase, to \$3,679,670.07, in the amount of gross tire fee revenues deposited into the Fund in FY 2018, as compared to FY 2017 (\$3,574,453.52) (see Table I).
- Section 9-275(a) of the Environment Article allows the Department to use up to 50 percent of the revenues received by the Fund in FY 2010, and each fiscal year thereafter, for administrative expenses of the Department.

- The Department used \$996,788.30 of the revenues received by the Fund in FY 2018 for administrative expenses of the Land and Materials Administration.

**Table I – Maryland Used Tire Cleanup and Recycling Fund
FY 2018 Revenues and Expenditures**

| | |
|---|-------------------------------|
| Fund Balance (7/1/2017) | \$ 3,737,234.50 |
| Add Open Prior Year Encumbrances | \$ 343,441.27 |
| Adjusted Beginning Balance | <u>\$ 4,080,675.77</u> |
| FY 2018 Revenues | |
| Gross Used Tire Fees Revenues after Comptroller Adjustment | \$ 3,679,670.07 |
| Cost Recovery | \$ 0.00 |
| Total Revenue for FY 2018 | <u>\$ 3,679,670.07</u> |
| FY 2018 Expenditures | |
| Scrap Tire Program Expenses | \$ 2,571,128.76 |
| Land and Materials Administration Expenses | \$ 996,788.30 |
| Department Indirect Costs | \$ 627,945.00 |
| Stockpile Cleanups | \$ 223,143.88 |
| MES Projects and Administration | \$ 49,581.29 |
| Total FY 2018 Expenditures | <u>\$ 4,468,587.23</u> |
| | |
| Total Open Encumbrances | <u>\$ 83,068.63</u> |
| | |
| Total Fund Balance (6/30/2018) | <u>\$ 3,208,689.98</u> |

* Note: Revenue collected from scrap tire penalties is deposited into the Maryland Clean Water Fund, not the Used Tire Cleanup and Recycling Fund. Scrap tire penalties for FY 2018 were \$30,252.87.

Overview

The Scrap Tire Recycling Act (“Act”) established a mechanism for the cleanup of scrap tire stockpiles and for the collection, transportation, and recycling or processing of all scrap tires that are generated annually in Maryland. The Act established the Fund to support the Scrap Tire Program.

- The Department uses the Fund for administration of the Scrap Tire Program, scrap tire licensing activities, stockpile cleanups, enforcement/compliance, remedial actions, and for the development and distribution of public information concerning scrap tire issues.
- Under the Department’s authorization, MES may use portions of the Fund to implement and oversee programs established as part of a scrap tire recycling system and other projects that reduce, recover, and/or recycle scrap tires.

Scrap Tire Stockpile Cleanups

Objective

In FY 2018, the Department accomplished its goal to initiate the planning and cleanup process for 100 percent of illegal scrap tire stockpile sites identified during the year. Approximately 6,650 scrap tires in 17 stockpiles were newly identified in FY 2018. During FY 2018, the Scrap Tire Program continued to oversee the cleanup and recovery of 336,426 scrap tires identified in stockpiles at the end of FY 2017.

In order to ensure that illegal stockpiles are cleaned up, the Scrap Tire Program initially attempts to use administrative enforcement procedures to persuade property owners to remove stockpiles using their own resources. If administrative enforcement efforts are unsuccessful the Fund may be used. In cases in which the Fund is used, the Scrap Tire Program seeks cost recovery from responsible parties for any expenses incurred at sites that are not eligible for exemption from paying cost recovery.

Accomplishments

Since the inception of the Scrap Tire Program in 1992, over 11 million scrap tires have been recovered from stockpile cleanup sites.

During FY 2018, the Scrap Tire Program successfully completed cleanup of 16 illegal scrap tire stockpiles, consisting of approximately 213,561 scrap tires (see Table II). These sites were located in 12 of the State’s 24 jurisdictions and ranged in size from 14 to 200,000 scrap tires. The Scrap Tire Program also initiated the planning and cleanup process for the 17 illegal scrap tire stockpile sites newly identified during FY 2018.

All of the scrap tire stockpile cleanups in FY 2018 were conducted by the responsible party without using the Fund.

Table II – Scrap Tire Cleanup Sites Completed in FY 2018

| Site Name | County | Initial Number of Scrap Tires |
|---|-----------------|-------------------------------|
| Nationwide Tire Recycles, Inc. / Hanover | Anne Arundel | 200,000 |
| Insley / Cambridge #2 | Dorchester | 6,655 |
| Northeast Used & New Tire / North East #2 | Cecil | 3,000 |
| Bopst / Randallstown | Baltimore | 2,460 |
| Legore Bridge Road / Monocacy River | Frederick | 375 |
| Magnolia Cove Investment Group LLC / Upper Marlboro | Prince George's | 350 |
| Chesapeake Recycling & Disposal / Baltimore | Baltimore | 200 |
| Moore's Way / Upper Marlboro #2 | Prince George's | 150 |
| Mazcko / Millington | Kent | 100 |
| DST, LLC / Hagerstown | Washington | 69 |
| Birch-Burns / Ocean City | Worcester | 62 |
| Roberts / Trappe | Talbot | 60 |
| Trust Williamsburg M. E. Church / Trappe | Talbot | 30 |
| Sel Properties, Inc. / Joppa SWP | Harford | 20 |
| Wiherler / Street | Harford | 16 |
| Fike / Easton | Talbot | 14 |
| TOTAL SCRAP TIRES REMOVED | | 213,561 |

FY 2019 Ongoing Stockpile Cleanups

New stockpile sites are continually being identified for cleanup in Maryland. The Scrap Tire Program expects to continue or complete cleanup on 50 stockpile sites in FY 2019. Most of the stockpiles will be cleaned up using administrative efforts and enforcement actions. Table III details the scrap tire cleanups to be continued during FY 2019.

Table III – Scrap Tire Stockpile Cleanups Pending or Ongoing in FY 2019

| Site Name | County | Legislative District | Initial Number of Scrap Tires |
|--|--------------|----------------------|-------------------------------|
| Snap Holdings, LLC / Clarksville (formerly Tyler Towing / Clarksville) † | Howard | 13 | 61,376 |
| Mt. Airy Auto & Truck Parts, LLC / Mt. Airy | Frederick | 4A | 15,000 |
| Elkton Used Tires / Elkton | Cecil | 35A | 10,000 |
| G & TL Smith Contracting LLC / Chesapeake Beach | Calvert | 27B | 5,000 |
| Ewings Used Cars & Parts, Inc. / Middle River | Baltimore | 7 | 4,500 |
| Johns-Gibbs / Marydel | Caroline | 36 | 3,050 |
| Harpers / Elkton | Cecil | 36 | 3,000 |
| Howard / Reisterstown #2 | Baltimore | 04 | 3,000 |
| Tilghman / Easton | Talbot | 37B | 3,000 |
| Hackett / Rhodesdale | Dorchester | 37B | 2,500 |
| Irene Glenwood Place / Nanjemoy | Charles | 28 | 2,000 |
| Frederick / Crownsville | Anne Arundel | 33A | 1,000 |
| McIntyre / Huntingtown | Calvert | 27B | 1,000 |
| Zepp / Pasadena | Anne Arundel | 31 | 1,000 |

| Site Name | County | Legislative District | Initial Number of Scrap Tires |
|---|-----------------|----------------------|-------------------------------|
| DNR / Mardela Springs | Wicomico | 37B | 1,000 |
| Sexton / North East | Cecil | 35A | 1,000 |
| Tucker Enterprizes, LLC / Clarksville | Howard | 13 | 800 |
| Szymanski / Rock Hall #2 | Kent | 36 | 600 |
| Amtrak / Lanham | Prince George's | 24 | 500 |
| Ficklin / Aberdeen | Harford | 34A | 500 |
| Urciolo Associates / Point of Rocks | Frederick | 3B | 500 |
| Beachwood North H.O.A. / Sparrows Point | Baltimore | 6 | 500 |
| Turner Transit / Capitol Heights | Prince George's | 24 | 500 |
| Decatur / Cumberland | Allegany | 1C | 500 |
| Carter / Nanjemoy | Charles | 28 | 500 |
| Munson / Waldorf | Charles | 28 | 500 |
| Nabely / Landover (7410 Jefferson) SWP | Prince George's | 22 | 480 |
| Stewart / Ijamsville | Frederick | 4 | 400 |
| Johnson Auto Parts & Recycling / Indian Head | Charles | 28 | 300 |
| Alderson / Church Hill | Queen Anne's | 36 | 300 |
| Route 144 In Hancock, LLC / Hancock | Washington | 1C | 250 |
| Rodenhauser / Bowie | Prince George's | 23B | 250 |
| Roberts / Ocean City | Worcester | 38C | 200 |
| Bruner / Galena | Kent | 36 | 200 |
| WMATA / Landover | Prince George's | 18 | 200 |
| Womack Brothers, Inc. / Baltimore SWP | Baltimore City | 44A | 200 |
| Sarver-Hill / Cumberland | Allegany | 1B | 200 |
| Kaminski / Baltimore | Baltimore City | 46 | 120 |
| Corp. of Roman Catholic Clergy of MD / Bowie | Prince George's | 23B | 100 |
| Comer / Middle River | Baltimore | 7 | 100 |
| Mickley / Savage | Howard | 13 | 100 |
| AA County Board of Edu / Brooklyn Park | Anne Arundel | 31A | 100 |
| Monocacy River at Devilbiss Bridge Road / Frederick | Frederick | 4 | 100 |
| Anne Arundel County / Pasadena | Anne Arundel | 2 | 100 |
| Blythedale LLC / Perryville | Cecil | 35A | 96 |
| Bailey-Dean / Hurlock | Dorchester | 37B | 80 |
| Maryland Food Center Authority / Jessup | Howard | 13 | 75 |
| Robinson / Hurlock SWP | Dorchester | 37B | 65 |
| McAleer / Dickerson | Montgomery | 15 | 60 |
| Connors / Mt. Airy | Frederick | 4 | 50 |
| TOTAL SCRAP TIRES REMAINING TO BE REMOVED | | | 126,952 |

† Cleanup preparations began using the Fund before the property was sold. The remainder of the cleanup is expected to be performed without use of the Fund.

State-Funded Cleanups

The following are descriptions of each of the active State-funded scrap tire cleanup sites during FY 2018.

Garner/Brandywine Scrap Tire Stockpile Cleanup – Located in Prince George’s County, this was one of the few remaining very large scrap tire dumps in Maryland. This stockpile consisted of approximately 1,135,160 scrap tires in seven ravines on the property. In FY 2005, the Board of Public Works approved funding for the cleanup. Due to the inheritance exemption in the law, there is no cost recovery for this cleanup.

Status: Cleanup activities on the first ravine began in FY 2010 and were completed in June 2011. Cleanup of the remainder of the site began in June 2011 and was completed in June 2012, a year and a half ahead of schedule. Monitoring of tree growth continued for five years, until 2017, to ensure that the site stabilization and restoration efforts are successful. The total cost for cleanup of the entire site, including permitting activities and project management, is estimated at \$9,900,000. MES secured a loan from the Department’s Water Quality Financing Administration to help finance this cleanup.



Boehm/Crownsville Scrap Tire Stockpile Cleanup – This was the site of an old commercial landfill in Anne Arundel County that had approximately 133,600 scrap tires in ravines, both loose and partially buried in the ground.

Status: In November 2012, the Department commenced litigation against the owners to compel them to clean up the scrap tires or grant access to the State for the cleanup of the scrap tires, and to pay for all expenses incurred by the State related to the cleanup. The case was settled in February 2014, and the Department and property owners entered into a consent order that stipulates that the Department would clean up the scrap tires on site using the Fund and the property owners would place a portion of the property into an environmental trust. The design and permitting phase of the cleanup was completed in FY 2016. Scrap tire removal and site restoration activities began in FY 2016 and were completed during FY 2017. Monitoring of tree growth will continue for two years, until 2019, to ensure that the site stabilization and restoration efforts are successful. The total cost for cleanup of the entire site, including permitting activities and project management, is estimated at \$2,500,000.

Boehm/Crownsville Cleanup



Tyler Towing/Clarksville (now Snap Holdings, LLC/Clarksville) Scrap Tire Stockpile Cleanup – This property was used as a junkyard for decades in Howard County. There are currently estimated to be 46,900 scrap tires in stockpiles throughout the property. Some scrap tires are mixed with scrap metal, soil, and other solid wastes in a berm that roughly follows the property perimeter.

Status: All administrative and enforcement efforts by the Department were exhausted, and the property owners failed to remove and properly dispose of the scrap tires on the site. The Department worked with the Office of the Attorney General (“OAG”) to obtain court ordered access to the property for the purpose of conducting a State-funded cleanup. The design and permitting phase of the cleanup began; however, the property was sold at tax sale at the end of FY 2016. The property was sold again in 2018, and the Department has begun the process for pursuing cleanup and compliance through administrative means with the new property owner. The site is now referred to as the Snap Holdings, LLC/Clarksville site and is no longer a State funded cleanup. Cost recovery for funds already expended will be sought from Tyler Towing, Inc. (the previous property owner who operated the site as a junkyard and was previously licensed to collect scrap tires on site).

Tyler Towing/Clarksville (Snap Holdings, LLC/Clarksville) Cleanup



Cost Recovery Actions

- The Department continues to use the services of the Office of the Attorney General to handle scrap tire cost recovery actions (see Table IV for details).
- Since the inception of the program, a total of 148 cleanups have been performed using the Fund.
- In total, 32 property owners have been pursued in cost recovery actions for cases in which the State used the Fund to initiate scrap tire cleanups.
- Cost recovery has not been sought against:
 - 95 sites because they were on publicly owned property, which are exempted under the law;
 - 12 sites because the property owner qualified for the statutory inheritance exemption;
 - 5 sites because the property owner passed away and the estate was closed before a cost recovery action could be completed;
 - 3 sites because the cost to pursue the case was higher than the cost recovery amount that could be sought; and
 - 1 site because the Department entered into a Consent Order with the property owners exempting the owners from cost recovery in exchange for placing a portion of the property into an environmental trust.
- To date, the Department has sought a total of \$3,088,508.90 from property owners (see Table IV) and has collected a total of \$499,758.85 in cost recovery actions. Many of these cases are still in litigation or have been sent to the Central Collections Unit. Some cases were settled out-of-court for less than the amount originally sought due to the Defendant's inability to pay.
- The Garner/Brandywine site (significantly completed in FY 2012, except for monitoring of restoration efforts) qualifies for the inheritance exemption. In accordance with a consent order, Boehm/Crownsville was cleaned up using the Fund and the property owners will not be required to reimburse the Department. Therefore, cost recovery will not be sought for these sites.
- No cost recovery funds were collected in FY 2018.

Table IV – Initiated Cost Recovery Actions Through FY 2018

| Site Name | County | Cleanup Year | No. of Scrap Tires | Amount Sought |
|------------------------------|--------------|--------------|--------------------|----------------|
| Hughesville/Underwood | Charles | 1996 | 720,000 | \$1,015,299.72 |
| Western Commercial/Smithburg | Washington | 1996 | 505,500 | \$770,174.47 |
| Oak Hill Realty/Easton | Talbot | 1997 | 158,325 | \$375,294.16 |
| Lofland/Sudlersville | Queen Anne's | 1996 | 120,000 | \$226,083.74 |
| Snyder/Calvert | Cecil | 1996 | 129,526 | \$151,266.00 |
| Tull/Federalburg | Caroline | 1997 | 61,688 | \$104,586.00 |
| Johnson/Sunderland | Calvert | 2003 | 10,735 | \$91,123.00 |
| Howard/Crisfield | Somerset | 2002 | 21,505 | \$86,395.00 |
| Insley/Cambridge | Dorchester | 2002 | 20,747 | \$60,908.91 |
| Hustle Tire/Ingleside | Queen Anne's | 1998 | 26,852 | \$48,437.69 |

| Site Name | County | Cleanup Year | No. of Scrap Tires | Amount Sought |
|--|-------------------|--------------|--------------------|-----------------------|
| Dotson/Preston | Caroline | 2000 | 24,000 | \$26,403.70 |
| Sproates/Golts | Kent | 1998 | 6,825 | \$26,118.75 |
| Warfield/Bethlehem | Caroline | 1997 | 14,338 | \$24,596.24 |
| Myers/Baltimore | Baltimore | 2002 | 7,179 | \$22,349.00 |
| Williams/Vienna | Dorchester | 2002 | 3,642 | \$14,611.00 |
| Elwood's Auto/Smithburg | Washington | 2000 | 266,664 | \$11,388.02 |
| Husted/Crisfield | Somerset | 2003 | 1,650 | \$7,598.00 |
| Clark/Choptank | Caroline | 2004 | 2,007 | \$5,495.00 |
| Betts/Crisfield | Somerset | 2002 | 922 | \$3,877.00 |
| Heath Salvage/Millington | Kent/Queen Anne's | 2001 | 3,478 | \$3,200.00 |
| Thomas/Rhodesdale | Dorchester | 2003 | 350 | \$2,450.00 |
| Joy & Morgan Developers/Temple Hills | Prince George's | 2002 | 238 | \$1,855.00 |
| Truxon/Hillsboro | Caroline | 2003 | 758 | \$1,799.00 |
| Goodyear/Elkton | Cecil | 2003 | 1,013 | \$1,200.00 |
| McMannis/Cumberland | Allegany | 1997 | 887 | \$998.00 |
| Carter/Queenstown | Queen Anne's | 1998 | 1,117 | \$982.00 |
| Spencer/Golts | Kent | 1997 | 230 | \$950.00 |
| Wilkinson/Oldtown | Allegany | 2002 | 248 | \$800.00 |
| Holley/Collins Road | Somerset | 1997 | 217 | \$788.00 |
| Lane/Princess Anne | Somerset | 2003 | 300 | \$750.00 |
| Turner/White Hall | Harford | 2003 | 500 | \$500.00 |
| Miller/Churchton | Anne Arundel | 2004 | 16,000 | \$231.50 |
| Total Scrap Tires Removed | | | 2,127,441 | |
| Total Amount Sought (Through FY 2018) | | | | \$3,088,508.90 |

Scrap Tire Projects

MES has the primary role in the planning and implementation of scrap tire projects to promote the development of new technologies for recycling scrap tires while reducing, recovering, and recycling scrap tires from stockpiles in Maryland.

Projects Planned for FY 2019

Agricultural Scrap Tire Drop-Off Event Project

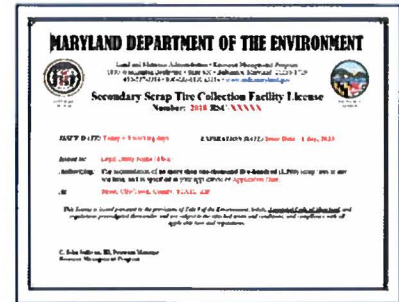
- The Department, in conjunction with MES and the Maryland Farm Bureau, Inc. ("MFB"), is planning a regional Agricultural Scrap Tire Drop-Off Event in several Maryland counties (to be determined based on available funding).
- The events are expected to be held during the winter of FY 2019.
- Agricultural scrap tire drop-off events will be planned for other regions in future fiscal years, based on need and available funding.
- Over 7,263 tons of agricultural scrap tires (the equivalent of over 726,300 passenger tires) have been collected from farmers during past events of this type.

Licensing

Under Section 9-228 of the Environment Article, the Department is required to license facilities that collect or process scrap tires, as well as scrap tire haulers.

This comprehensive licensing program allows for the efficient management of scrap tires:

- **From** the point of generation;
- **Via** a licensed or approved transportation system; and
- **To** a licensed or approved scrap tire facility for the transfer, collection, or processing of the scrap tires.



The Department issues the following types of scrap tire licenses and approvals:

- **Scrap Tire Recycler License** – For a facility that converts scrap tires into marketable products.
- **Scrap Tire Collection Facility License** – For a facility that collects or accumulates scrap tires temporarily on a site and transfers scrap tires to licensed or approved scrap tire facilities. There are three categories of collection facility licenses:
 - **General License:** Sites with up to 50 scrap tires at any given time.
 - **Secondary License:** Sites with up to 1,500 scrap tires at any given time.
 - **Primary License:** Sites with more than 1,500 scrap tires at any given time, based on the capacity of the facility.
- **Scrap Tire Hauler License** – For a person who, as a part of a commercial business, transports scrap tires in the State.
- **Substitute Fuel/Tire Derived Fuel (TDF) Facility Approval** – For a facility that uses whole or chipped scrap tires to replace or supplement existing fuel sources.
- **Solid Waste Acceptance Facility Approval** – For a permitted refuse disposal or acceptance facility that accepts scrap tires for collection or processing.

Licensing Accomplishments in FY 2018

- A total of 159 new and 103 renewal scrap tire licenses were issued (see Table V).

Table V – Scrap Tire Licenses in FY 2018

| Type | New | Renewed | Total Issued (FY 2018) | Total Valid Licenses |
|----------------------|------------|------------|------------------------|----------------------|
| General Collection | 65 | N/A | 65 | 1,457 |
| Secondary Collection | 51 | 57 | 108 | 1,040 |
| Primary Collection | 0 | 0 | 0 | 4 |
| Recyclers | 0 | 0 | 0 | 4 |
| TDF Facility | 0 | 0 | 0 | 2 |
| Solid Waste | 0 | 0 | 0 | 1 |
| Haulers | 43 | 46 | 89 | 674 |
| TOTAL | 159 | 103 | 262 | 3,182 |

Scrap Tire Markets and Market Development

Market Analysis

- All licensed or approved scrap tire facilities and haulers are required to submit semi-annual reports to the Department. The reports must include:
 - The origin and number of scrap tires received, collected, or processed at the facility;
 - The scrap tire haulers that transported the scrap tires;
 - The quantity of scrap tires transported, in number or weight; and
 - The facilities where the scrap tires were deposited.
- There is no data currently available on actual amounts of scrap tires generated, so an estimate based on population is used. Based on the assumption that scrap tires are generated at a rate of one tire per person per year, the most recent census numbers were used to estimate that 6.1 million scrap tires were generated in Maryland during FY 2018. The actual number of scrap tires generated could vary (up or down) from the estimate due to factors such as economic conditions, special government programs, product recalls, etc.
- During FY 2018, the State’s scrap tire processing facilities managed approximately 6,700,918 scrap tires generated from Maryland and imported from out-of-State facilities (see Tables VI, VII, and VIII).
 - This represents an 11 percent decrease from the previous year (see Figure 1). The 6,700,918 scrap tires processed include approximately 55 percent (3,706,362) Maryland generated and 45 percent (2,994,556) imported scrap tires.
 - Of the 6,700,918 scrap tires processed, approximately 95 percent (6,369,917) were recycled, a 4 percent decrease from the percentage reported in FY 2017. The remaining 5 percent (331,001) were used as fuel.
 - Tables VI, VII, and VIII provide details on the scrap tires processed at Maryland licensed scrap tire processing facilities in FY 2018.
- Of the estimated 6.1 million Maryland-generated scrap tires, approximately 58 percent (3,511,961) were recycled in Maryland facilities and 3 percent (194,401) were used as fuel in Maryland facilities during FY 2018. The remaining 39 percent of the scrap tires (2,393,638) were exported (see Figure 2 and Figure 3).
 - Overall, the scrap tire generation, processing, and handling of Maryland-generated scrap tires follow the traditional trends, although the percent of Maryland scrap tires recycled versus used as tire derived fuel decreased from 98 percent in FY 2017 to 95 percent in FY 2018 (3,511,691 scrap tires recycled versus 194,401 scrap tires used as fuel in FY 2018). This was due to Holcim increasing its use of tire derived fuel in FY 2018.

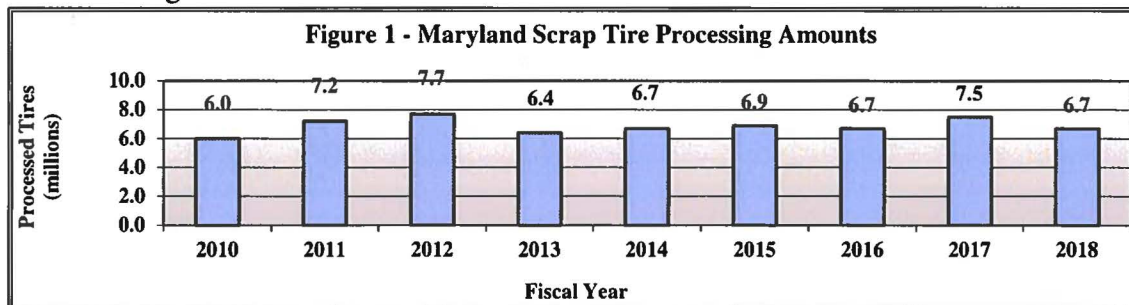
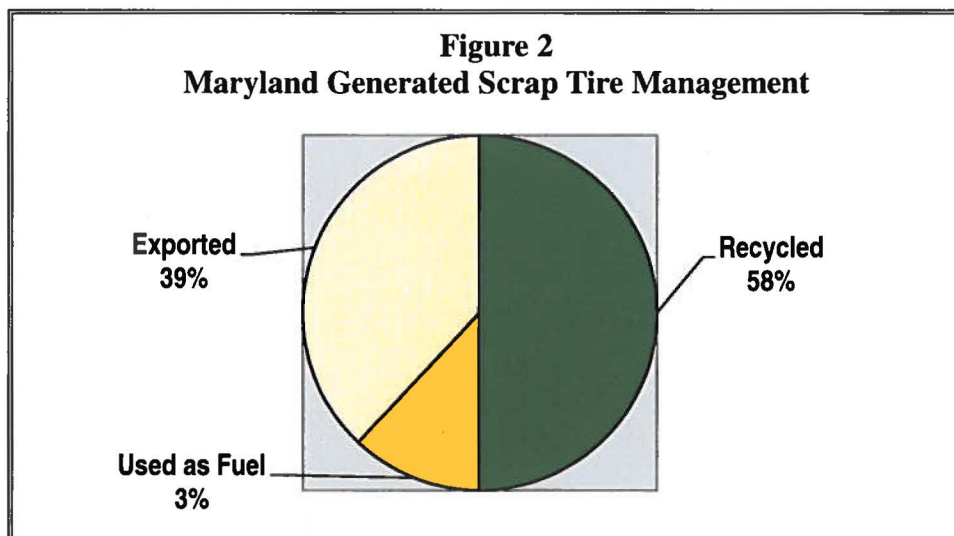


Table VI – Maryland Licensed Scrap Tire Processing Facilities

| Facility Name/Type | Location | Operation | Telephone | Tires Processed in FY 2018 |
|------------------------------------|--|--|----------------|----------------------------|
| Emanuel Tire Company/ Recycler | 1300 Moreland Ave Baltimore MD 21216 | The company has been processing scrap tires for the last four decades. The operation converts scrap tires into 1 to 2 inch size tire chips. | (410) 947-0660 | 5,475,218 |
| Auston Tire Recycling/ Recycler | 1202 Pauls Lane Joppa MD 21085 | Processes scrap tires into products, such as rubber mulch material for landscaping or playgrounds. | (410) 335-1016 | 642,699 |
| Holcim US, Inc./ TDF | 1260 Security Road Hagerstown MD 21741 | The operation utilizes tire chips as a supplemental fuel in its cement kiln to generate up to 35 percent of the process heat needed to convert the raw material into cement. | (301) 739-1150 | 306,000 |
| K & K Tire, Inc./ Recycler | 816 Oregon Avenue Linthicum MD 21090 | Processes scrap tires into products, such as rubber mulch material for landscaping or playgrounds. | (410) 636-2002 | 252,000 |
| Wheelabrator Baltimore LP (BRESKO) | 1801 Annapolis Road Baltimore MD 21230 | The facility has been approved to burn scrap tires with municipal solid waste. | (410) 234-0808 | 25,001 |
| Fort Detrick | 393 Beasley Road Frederick MD 21702 | The facility burns scrap tires with solid waste and medical waste. | (301) 619-2323 | 0 |
| A2Z Scrap Tire Recycling Facility | 250 S. Kresson Street, Baltimore, MD 21224 | The facility has been approved to process scrap tires into products, such as rubber mulch material for landscaping or playgrounds. | (410) 679-8877 | 0 |
| TOTAL | | | | 6,700,918 |



Note, in the following tables green text represents Scrap Tire Recycling Facilities data and orange text represents TDF facilities data.

Table VII– Maryland Scrap Tire Processor Data

| Facility | July-December 2017 | January-June 2018 | FY 2018 |
|-----------------------------------|--------------------|-------------------|------------------|
| Emanuel Tire Company | 1,756,446 | 860,816 | 2,617,262 |
| Auston Tire Recycling | 304,095 | 338,604 | 642,699 |
| Holcim US, Inc. | 132,000 | 37,400 | 169,400 |
| K & K Tire, Inc. | 900 | 251,100 | 252,000 |
| Wheelabrator Baltimore LP | 10,170 | 14,831 | 25,001 |
| Fort Detrick | 0 | 0 | 0 |
| A2Z Scrap Tire Recycling Facility | 0 | 0 | 0 |
| TOTAL: | 2,203,611 | 1,502,751 | 3,706,362 |
| Recycled: | | | 3,511,961 |
| Used as Fuel: | | | 194,401 |

| Facility | Out-of-State Tires | | |
|-----------------------------------|--------------------|-------------------|------------------|
| | July-December 2017 | January-June 2018 | FY 2018 |
| Emanuel Tire Company | 1,644,643 | 1,213,313 | 2,857,956 |
| Auston Tire Recycling | 0 | 0 | 0 |
| Holcim US, Inc. | 108,000 | 28,600 | 136,600 |
| K & K Tire, Inc. | 0 | 0 | 0 |
| Wheelabrator Baltimore LP | 0 | 0 | 0 |
| Fort Detrick | 0 | 0 | 0 |
| A2Z Scrap Tire Recycling Facility | 0 | 0 | 0 |
| TOTAL: | 1,752,643 | 1,241,913 | 2,994,556 |
| Recycled: | | | 2,857,956 |
| Used as Fuel: | | | 136,600 |

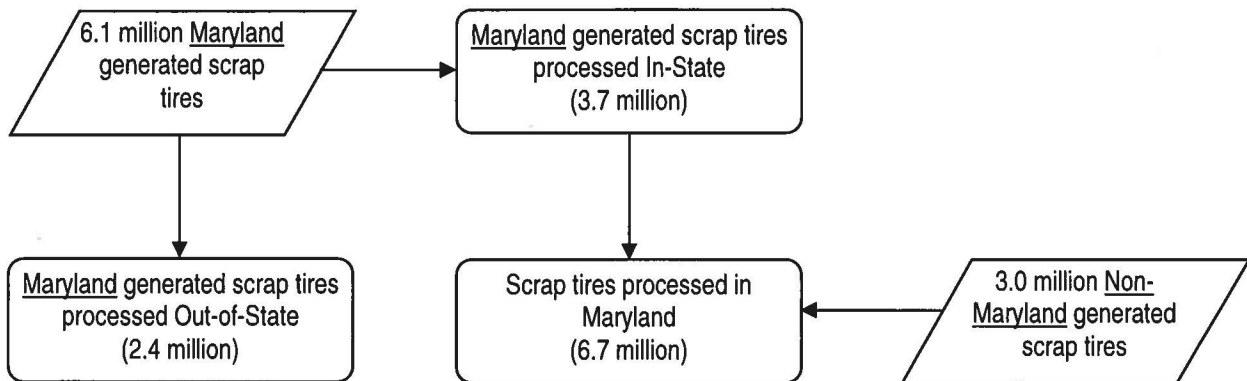
| Facility | Percent Change from FY 2017 to FY 2018 | | |
|-----------------------------------|--|-------------|------|
| | Decrease | Increase | None |
| Emanuel Tire Company | 12% | | |
| Auston Tire Recycling | 49% | | |
| Holcim US, Inc. | | 394% | |
| K & K Tire, Inc. | | 6,575%* | |
| Wheelabrator Baltimore LP | 24% | | |
| Fort Detrick | 100% | | |
| A2Z Scrap Tire Recycling Facility | | | 0% |
| TOTAL: | 11% | | |
| Recycled: | 14% | | |
| Used as Fuel: | | 249% | |

*Semi-annual reporting data for K & K Tire, Inc. was misinterpreted in previous fiscal years as number of scrap tires, instead of tons of scrap tires. This error has been corrected for FY 2018, skewing the percent change calculation.

Table VIII – Processing of Maryland and Out-of-State Scrap Tires

| Facility Name/Type | MD Tires | Out-of-State Tires | Tires Processed in FY 2018 |
|---|------------------|--------------------|----------------------------|
| Emanuel Tire Company/ Recycler | 2,617,262 | 2,857,956 | 5,475,218 |
| Auston Tire Recycling/ Recycler | 642,699 | 0 | 642,699 |
| Holcim US, Inc. (formerly St. Lawrence Cement Co.)/ TDF | 169,400 | 136,600 | 306,000 |
| K & K Tire, Inc./ Recycler | 252,000 | 0 | 252,000 |
| Wheelabrator Baltimore LP (BRESKO) | 25,001 | 0 | 25,001 |
| Fort Detrick | 0 | 0 | 0 |
| A2Z Scrap Tire Recycling Facility | 0 | 0 | 0 |
| TOTAL | 3,706,362 | 2,994,556 | 6,700,918 |

Figure 3 – Scrap Tire Flow in FY 2018



Market Challenges

The Department is aware through communication with stakeholders, licensees, and property owners with illegal stockpiles that the scrap tire markets in the Mid-Atlantic and New England regions have been slowing and/or declining in recent years. This is, in part, due to the current low petroleum prices, which impact the tire-derived fuel markets. The market slowdown is negatively affecting how quickly scrap tires are hauled from licensed sites and illegal stockpile sites to the scrap tire processing facilities, the amount of scrap tires able to be processed by the processors, the prices of recycled scrap tire products, and the cost for hauling and processing of scrap tires. This may have contributed to the 11% decrease in the number of scrap tires processed by Maryland facilities during FY 2018.

Continued emphasis needs to be given to market development of scrap tire products and processed raw materials. The Department is exploring options with MES for other potential solutions to the slow and declining scrap tire markets, including revisiting the Scrap Tire System that MES is required to establish and maintain under Section 9-228(c) of the Environment Article to ensure that there is processing capacity to manage all of the scrap tires generated in Maryland.