



## Scrap Tire Facility Financial Assurance

Rules 3745-27-15 through 3745-27-17 of the Ohio Administrative Code ("OAC") pertain exclusively to financial assurance requirements and include requirements for scrap tire facilities. Arrangements for providing financial assurance are made when applying for a license as a facility. Each scrap tire facility is required to provide financial assurance to assure funding will be available to perform proper closure (removal/disposal of scrap tires and general site cleanup), fire suppression, or other measure to abate public health and the environmental hazards **at that facility**.

The process of providing financial assurance can be done by a scrap tire company itself, but most companies will likely need to hire a financial institution such as a bank, a bonding company or an insurance company. If hiring a financial institution, the scrap tire company **may be charged fees** (set up, annual, etc.) by the financial institution which is providing the financial assurance. If a scrap tire company has the financial resources to pass a financial test, then coordination with a financial institution is not necessary. Financial assurance is required for as long as the scrap tire facility remains in business.

### Required Amounts of Financial Assurance

The amount of financial assurance required depends on the type of scrap tire facility's type.

Scrap Tire Facility Type	Amount Required
Storage	-Based on site maximum
Recovery	-Stored in Compliance: \$1.00/PTE*; \$5.00/truck tire; \$1.00/20 lbs. shreds
	-Stored out of Compliance: \$2.00/PTE*; \$10.00/truck tire; \$2.00/20 lbs. shreds
Mobile Recovery	\$50,000/portable unit
Monofill or Monocell	Varies; based on estimated cost of closure and post-closure activities
Collection	None

\*PTE= Passenger Tire Equivalent. One PTE= 20 lbs.

### Financial Assurance Mechanisms

General guidelines for all financial assurance mechanisms can be found in OAC Rule 3745-27-15. The wording required for all financial assurance forms or "instruments" is found in OAC 3745-27-17. The acceptable mechanisms are shown in the following table.

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## Financial Assurance Mechanisms

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Funded Trust/Standby Trust	<u>Trust Agreement</u>
Financial Guarantee Bond (aka Payment Bond)	<u>Payment Bond</u>
Performance Bond	<u>Performance Bond</u>
Letter of Credit	<u>Letter of Credit</u>
Certificate of Insurance	<u>Certificate of Insurance</u>
Corporate Financial Test	<u>CFO Letter</u>
Corporate Guarantee (if needed)	<u>Corp. Guarantee Recital</u>
Local Government Financial Test	<u>Local Govt Financial Test</u>

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The actual time schedule when full funding is required differs with each category. Scrap tire storage, recovery, monofill, and monocell facilities may make annual cash payment into a trust fund over a period of time (if a trust is chosen as the primary mechanism). For storage and recovery facilities, the pay-in period is 20% per year for five years to fully fund a trust. For monofills and monocells, payments continue over the anticipated life of the facility or for twenty years, whichever is less. If any other mechanism besides a trust fund is chosen, then the financial assurance amount is required to be fully funded at the time the mechanism is executed.

### Contact

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