



Scrap Tire Transporter 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 transporters. Arrangements for providing financial assurance are made when applying for scrap tire transporter registration. Each scrap tire transporter is required to provide financial assurance to assure funding will be available for removing and disposing tires which have been improperly accumulated or discarded **by the transporter which has provided financial assurance.**

The process of providing financial assurance can be done by a scrap tire company itself, but most companies will 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 transporter 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 transporter remains in business.

\$20,000 is the Required Amount for Scrap Tire Transporter Financial Assurance

The amount of financial assurance required for a scrap tire transporter is set at \$20,000 regardless of how many tires are transported or how many trucks the company owns or leases. Scrap tire transporters are required to have their financial assurance fully funded at the time of registration. If any other mechanism besides a funded trust fund is chosen as the primary mechanism, then financial assurance is considered fully funded at the time the primary mechanism is executed. If a scrap tire company is required to be approved as more than one type of scrap tire category, (e.g. registered as a transporter and also licensed/registered as a scrap tire storage facility), then separate applications are required to be submitted for each category and financial assurance is to be submitted with each of those applications.

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 each relevant section in OAC 3745-27-17. The acceptable mechanisms are shown below.

Financial Assurance Mechanisms

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>

Contact

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