

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1267

Bill Subtitle: TO CREATE THE USED TIRE RECYCLING AND ACCOUNTABILITY PROGRAM.

Basic Change :

Sponsor: Representative L. Fite

HB1267 creates the Used Tire Recycling and Accountability Act by amending the Waste Tire statutes. The purpose is to protect the public health and the state's environmental quality by setting and implementing standards to be followed in the hauling, collection, storage, and recycling, or disposal of recyclable tires, waste tires, and used tires culled for resale. This bill implements a system for accountability for used tire programs by requiring the use of an electronic used tire manifest system to be developed by the Arkansas Department of Environmental Quality (ADEQ) and business plans for used tire programs.

This bill replaces the fee imposed on the sale of each new automobile and truck tire sold at retail with a rim removal fee upon the transaction of removing a tire from a rim that is related to the sale of a replacement tire by a tire retailer. The fee is not determined by the size of the tire, but is based on the removal of a tire from a rim. The primary goal of the used tire program is to recycle or put to beneficial use as many used tires as possible.

The electronic uniform used tire manifest system uses an electronic application for the submission and management of information related to the generation, collection, transportation, distribution, and recycling, disposal, or resale of each recyclable tire, waste tire, and used tire culled for resale. This bill expands the definition of who would be subject to the rim removal fee and equalizes the application of fees for all tires removed from rims. This bill changes the fee levied on waste tires from \$2.00 per automobile tire and \$5.00 per truck tire to a \$3.00 rim removal fee to be charged for each new tire that replaces a tire removed from a rim and \$1.00 for each used tire that replaces the tire removed for the rim.

Additionally, this bill replaces the Waste Tire Grant fund with the Used Tire Recycling Fund. This bill also changes the distribution from 92% to the Waste Tire Grant fund to 93% to the Used Tire Recycling Fund and lowers the 8% distribution to the Arkansas Department of Environmental Quality Fee Trust Fund to 7%.

Revenue Impact :

This bill changes the fee levied on waste tires from \$2.00 per automobile tire and \$5.00 per truck tire to a \$3.00 rim removal fee to be charged for each new tire that replaces a tire removed from a rim and \$1.00 for each used tire that replaces the tire removed from the rim. This bill leaves in place the \$1.00 fee levied on tires imported into the state of Arkansas. In fiscal year 2016, tire retailers reported 2,387,562 automobile tires, 274,642 truck tires and 22,969 imported tires. Fiscal year 2016 gross waste tire revenue was \$5,792,209. Using fiscal year 2016 reported automobile, truck and imported tire numbers, this bill would generate additional revenue of approximately \$1,500,000.

Revenue would also be impacted by the levy of \$1.00 on the replacement of a tire with a used tire. There is no current data for the number of used tires sold in the state of Arkansas in fiscal year 2016.

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Taxpayer Impact :

Taxpayers impacted would include tire generators, tire retailers, and tire manufacturers. Tire generators includes without limitation, a tire retailer, tire wholesaler, tire transporter, tire manufacturer, a manufacturer of retreaded tires, a new car dealer, a used car dealer, an auto repair shop or a salvage yard.

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Waste tire rules, reporting forms, and computer processing systems will require modification and updating.

Other Comments :

None.

Legal Analysis :

HB1267 adds a subchapter entitled the Used Tire Recycling and Accountability Act. The bill primarily imposes new requirements on the Arkansas Department of Environmental Quality ("ADEQ") and the Arkansas Pollution Control and Ecology Commission, regarding the disposal of used tires and the funding of related programs. The bill amends definitions in § 8-9-402 to add definitions allowing for administration of the Act.

The bill creates the Used Tire Recycling Fund which shall consist of penalties collected under the Act, interest, earnings and any other revenues authorized by law, any federal government moneys designated for the fund, and any gift or donation to the fund. The Fund replaces the waste tire grants currently contained in § 8-9-405(a).

The bill imposes a rim removal fee for removing a tire from a rim related to the sale of replacement tires by tire retailers. The fee will be three dollars (\$3.00) per tire removed and one dollar (\$1.00) for each used tire replaced. Retailers may retain five percent (5%) of the rim removal fee for administrative costs. The fee shall be added to the purchase price after sales and use tax has been calculated. All tire retailers are to be registered with the Department of Finance and Administration ("DFA") before December 1, 2017.

Additionally, there will be a one dollar (\$1.00) fee imposed on each used tire imported into the State. This fee will be paid to DFA by the person who imports the tire. DFA shall distribute these funds in the same manner as the rim removal fees.

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Tire retailers shall file monthly returns showing total rim removal fees collected. DFA shall distribute the fees as follows: ninety-three percent (93%) into the Used Tire Recycling Fund and seven percent (7%) to the ADEQ Fee Trust Fund.

The Fund shall not include the five percent (5%) of revenue retained by retailers for administrative costs, seven percent (7%) dedicated to the ADEQ Fee Trust Fund, or the percentage of net special revenue deducted and deposited to the credit of the Special Revenue Fund Account of the State Apportionment Fund.

The bill expands the definition of "tire retailer" to include any person in the business of selling new and/or used tires, receives compensation for removing tire rims. The definition excludes a person who sells tires exclusively for retail if the sale is subject to the rim removal fee imposed under § 8-9-404. The bill requires tire transporters to meet certain requirements in order to obtain a license. The requirements include obtaining for each vehicle a license, a tire transporter number from ADEQ, proof of passage of an annual safety inspection, proof of financial responsibility, a ten thousand dollar (\$10,000.00) bond, payment of a fifty dollar (\$50.00) fee, and to establish that each driver has completed training for the electronic uniform used tire manifest system.

This bill shall become effective on January 1, 2018.