

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB508**

**Amendment Number: S1**

**Bill Subtitle: TO AMEND THE USED TIRE RECYCLING AND ACCOUNTABILITY ACT; TO REPEAL RIM REMOVAL FEES AND IMPOSE A TIRE RECYCLING FEE; TO ESTABLISH TIRE ACCOUNTABILITY ZONES; TO TRANSFER REIMBURSEMENT AUTHORITY; AND TO DECLARE AN EMERGENCY.**

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### Basic Change :

**Sponsor: Sen. J. Payton**

SB508-S1 (engrossed S3/29/23) amends the Used Tire Recycling and Accountability Act to replace the current rim removal fee with a new "tire recycling fee". SB508-S1 also establishes tire accountability zones and transfers duties to the Department of Finance and Administration.

Specifically, SB508:

- Transfers the administration of the Used Tire Recycling Program from the Division of Environmental Quality of the Department of Energy and Environment to the Department of Finance and Administration (DFA), including:
  - Reimbursement of waste tire programs;
  - Receipt of reports of all sales of small tires;
  - Review and authorization of any annual change to the large and extra large recycling fees based on business plans submitted to DFA;
  - Audit of tire retailers; and
  - Administration of the waste tire fees under the Arkansas Tax Procedure Act including the business closure procedures.
- Repeals the rim removal fee, all references to tire importers, and the commercial generator and tire transporter fees;
  - Levies tire recycling fees as follows:
    - \$3.00 tire recycling fee on small tires sold in the state, defined as tires used for low profile vehicles, pick-up trucks, light duty trucks, lawn mowers, and golf carts;
    - \$3.00 tire recycling fee on tires equipped on a new motor vehicle or trailer to be collected at the time of registration of the new motor vehicle or trailer by DFA; and
    - If approved by the Tire Accountability District, a tire recycling fee of up to \$7.50 for large and \$30.00 for extra-large tires to be collected by the tire retailers.
- Creates four tire accountability districts in the state to be governed by a board consisting of:
  - The county judges of the two most populous counties in each district;
  - Five other county judges selected with the assistance of the County Judge Association; and
  - Four mayors of cities within the district selected with the assistance of the Municipal League.
- Authorizes funds collected from the recycling fees to be used for:
  - Remedial assistance for abandoned waste tire sites; and
  - Funding for equipment to increase a tire accountability district's waste tire processing capacity.

SB508 contains an emergency clause and will be effective on the date of its approval by the Governor; the expiration of the period of time during which the Governor may veto the bill; or the date the last

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house overrides the veto.

### **Revenue Impact :**

**FY2024** - \$2.3 million to \$5 million increase in rim removal fees

[ Collections of rim removal fees for FY2022 totaled \$8,422,760.00. ]

### **Taxpayer Impact :**

A taxpayer will be charged a \$3.00 tire recycling fee upon the purchase of a new small tire. Upon registration, a purchaser of a new motor vehicle or trailer will pay a \$3.00 tire recycling fee for each small tire that is equipped on the vehicle or trailer. A taxpayer may be charged a tire recycling fee up to \$7.50 for the sale of a large tire and up to \$30.00 for the sale of an extra-large tire. A tire retailer may charge a fee up to 10% over the tire recycling fee and retain the excess to cover administrative costs

### **Resources Required :**

Computer programs, forms, and instructions would need to be created. The Arkansas Integrated Revenue System (AIRS) will require programming for a new fee at an estimated cost of \$160,000 and annual maintenance cost of \$24,000. The additional duties assumed by the Department of Finance and Administration would require additional staffing as follows: one DFA Statewide Program Manager (GS13), one DFA Statewide Program Coordinator (GS11), and one DFA Statewide Program Specialist (GS09) for a total estimated additional personnel cost of \$235,028.

### **Time Required :**

Additional time will be required for implementation in the Arkansas Integrated Revenue System (AIRS).

### **Procedural Changes :**

Department of Finance and Administration employees and Division of Environmental Quality employees will need to be educated as well as tire retailers and the waste tire community.

### **Other Comments :**

None.

### **Legal Analysis :**

None.