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HOUSE BILL 83\*

Committee Substitute Favorable 3/25/93

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Senate Environment & Natural Resources Committee Substitute Adopted 7/15/93

Senate Finance Committee Substitute Adopted 7/20/93

Short Title: Increase Scrap Tire Disposal Tax.

(Public)

Sponsors:

Referred to:

February 9, 1993

A BILL TO BE ENTITLED

AN ACT TO TEMPORARILY INCREASE THE SCRAP TIRE DISPOSAL TAX, TO PROVIDE FOR THE DISTRIBUTION OF THE ADDITIONAL TAX PROCEEDS, TO TEMPORARILY REVOKE THE GENERAL AUTHORITY OF A UNIT OF LOCAL GOVERNMENT OR A CONTRACTING PARTY TO IMPOSE A SEPARATE SCRAP TIRE DISPOSAL FEE, AND TO AUTHORIZE THE DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES TO DEVELOP AND IMPLEMENT ALTERNATIVE, MARKET-BASED PILOT PROGRAMS FOR SCRAP TIRE COLLECTION AND RECYCLING.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-187.16 reads as rewritten:

"§ 105-187.16. Tax imposed.

(a) Levy. - A privilege tax is imposed on a tire retailer at the a percentage rate of one percent (1%) of the sales price of each new tire sold at retail by the retailer. A privilege tax is imposed on a tire retailer and on a tire wholesale merchant at the a percentage rate of one percent (1%) of the sales price of each new tire sold by the retailer or wholesale merchant to a wholesale merchant or retailer for placement on a vehicle offered for sale, lease, or rental by the retailer or wholesale merchant. An excise tax is imposed on a new tire purchased for storage, use, or consumption in this State or for

1 placement in this State on a vehicle offered for sale, lease, or rental. This excise tax is  
 2 ~~at the a percentage rate of one percent (1%)~~ of the cost price of the tire. These taxes are in  
 3 addition to all other taxes.

4 (b) Rate. – The percentage rate of the taxes imposed by subsection (a) of this  
 5 section is set by the following table; the rate is based on the bead diameter of the new  
 6 tire sold or purchased:

<u>Bead Diameter of Tire</u>	<u>Percentage Rate</u>
<u>Less than 20 inches</u>	<u>2%</u>
<u>At least 20 inches</u>	<u>1%."</u>

10 Sec. 2. G.S. 105-187.19 reads as rewritten:

11 "**§ 105-187.19. Use of tax proceeds.**

12 (a) The Secretary shall distribute the taxes collected under this Article, less the  
 13 ~~cost of collecting the taxes, allowance to the Department of Revenue for administrative~~  
 14 ~~expenses, in accordance with this section. The Secretary shall may retain the cost of~~  
 15 ~~collection collection by the Department, not to exceed two hundred twenty-five thousand~~  
 16 ~~dollars (\$225,000) a year, as reimbursement to the Department of Revenue. Department.~~

17 (b) Each quarter, the Secretary shall credit ~~ten percent (10%)~~ five percent (5%) of  
 18 the net tax proceeds to the Solid Waste Management Trust Fund and shall credit twenty-  
 19 seven percent (27%) of the net tax proceeds to the Scrap Tire Disposal Account. The  
 20 Secretary shall distribute ninety percent (90%) the remaining sixty-eight percent (68%) of  
 21 the net tax proceeds among the counties on a per capita basis according to the most  
 22 recent annual population estimates certified to the Secretary by the ~~Office of State Budget~~  
 23 ~~and Management. A State Planning Officer.~~

24 (c) A county may use funds distributed to it under this section only as provided  
 25 in G.S. 130A-309.54. A county that receives funds under this section and that has an  
 26 agreement with another unit of local government under which the other unit of local  
 27 government provides for the disposal of solid waste for the county shall transfer the  
 28 amount received under this section to the other unit of local government. A unit of local  
 29 government to which funds are transferred is subject to the same restrictions on use of  
 30 the funds as the county."

31 Sec. 3. G.S. 130A-309.12(b) reads as rewritten:

32 "(b) The Solid Waste Management Trust Fund shall consist of:

- 33 (1) ~~Funds appropriated by the General Assembly; Assembly.~~
- 34 (2) ~~Contributions and grants from public or private sources; and sources.~~
- 35 (3) ~~Ten percent (10%)~~ Five percent (5%) of the proceeds of the scrap tire  
 36 disposal tax imposed under Article 5B of Chapter 105 of the General  
 37 Statutes."

38 Sec. 4. G.S. 130A-309.58(e) reads as rewritten:

39 "(e) A county shall provide, directly or by contract with another unit of local  
 40 government or private entity, at least one site for scrap tire disposal for that county. The  
 41 unit of local government or contracting party may not charge a disposal fee for the  
 42 disposal of scrap tires ~~only to the extent that the cost per tire of disposal exceeds the amount~~  
 43 ~~received by the county under G.S. 105-187.19 during the preceding 12-month period, divided~~  
 44 ~~by the number of tires disposed of within the county according to the tire disposal procedures~~

1 during that period. ~~The unit of local government or contracting party may charge a disposal fee~~  
 2 ~~for the disposal of scrap tires regardless of whether a tax has been paid on the tire under Article~~  
 3 ~~5B of Chapter 105 and regardless of the tire's place of origin. tires except as provided in this~~  
 4 ~~subsection. A unit of local government or contracting party may charge a disposal fee~~  
 5 ~~that does not exceed the cost of disposing of the scrap tires only if:~~

6 (1) ~~The scrap tires are new tires that are being disposed of by their~~  
 7 ~~manufacturer because they do not meet the manufacturer's standards~~  
 8 ~~for salable tires; or~~

9 (2) ~~The scrap tires are delivered to a local government scrap tire disposal~~  
 10 ~~site without an accompanying certificate required by G.S. 130A-~~  
 11 ~~309.58(f) that indicates that the tires originated in a county within~~  
 12 ~~North Carolina."~~

13 Sec. 5. G.S. 130A-309.61 reads as rewritten:

14 "**§ 130A-309.61. Preemption. Effect on local ordinances.**

15 This Part preempts any local ordinance regarding the disposal of scrap tires to the  
 16 extent ~~that any~~ the local ordinance is inconsistent with this Part or the rules adopted  
 17 pursuant to this Part. ~~A unit of local government may not charge any fees for the disposal of~~  
 18 ~~scrap tires except as authorized by this Part."~~

19 Sec. 6. Part 2B of Article 9 of Chapter 130A of the General Statutes is  
 20 amended by adding a new section to read:

21 "**§ 130A-309.63. Scrap Tire Disposal Account.**

22 (a) Creation. – The Scrap Tire Disposal Account is established as a nonreverting  
 23 account within the Department. The Account consists of revenue credited to the  
 24 Account from the proceeds of the scrap tire disposal tax imposed by Article 5B of  
 25 Chapter 105 of the General Statutes.

26 (b) Use. – The Department may use revenue in the Account only as authorized by  
 27 this section. The Department may use up to twenty-five percent (25%) of the revenue in  
 28 the Account to make grants to units of local government to assist them in disposing of  
 29 scrap tires. To administer the grants, the Department shall establish procedures for  
 30 applying for a grant and the criteria for selecting among grant applicants. The criteria  
 31 shall include the financial ability of a unit of local government to provide for scrap tire  
 32 disposal, the severity of a unit of local government's scrap tire disposal problem, and the  
 33 effort made by a unit of local government to provide for scrap tire disposal within the  
 34 resources available to it.

35 (c) Eligibility. – A unit of local government is not eligible for a grant unless its  
 36 costs for disposing of scrap tires for the six-month period preceding the date the unit of  
 37 local government files an application for a grant exceeded the amount the unit of local  
 38 government received during that period from the proceeds of the scrap tire tax under  
 39 G.S. 105-187.19. A grant to a unit of local government may not exceed the unit of local  
 40 government's unreimbursed cost for the six-month period.

41 (d) Cleanup of Nuisance Tire Sites. – The Department may use the remaining  
 42 revenue in the Account only to clean up scrap tire collection sites that the Department  
 43 has determined are a nuisance. The Department may use funds in the Account to clean  
 44 up a nuisance tire collection site only if no other funds are available for that purpose.

1 (e) Reports. – The Department shall make quarterly reports on the Scrap Tire  
2 Disposal Account to the Environmental Review Commission. The report shall show the  
3 beginning and ending balances in the Account for the reporting period, the amount  
4 credited to the Account during the quarter, and the amount of revenue used for grants  
5 and to clean up nuisance tire collection sites. A quarterly report shall be filed within 60  
6 days after the end of a calendar quarter."

7 Sec. 7. Of the revenue credited to the Scrap Tire Disposal Account created  
8 by this act, the Department of Environment, Health, and Natural Resources may use up  
9 to five hundred thousand dollars (\$500,000) to develop and implement pilot programs to  
10 demonstrate alternative, market-based approaches to scrap tire collection and recycling  
11 in North Carolina. A grant to any one private company shall not exceed one hundred  
12 thousand dollars (\$100,000). In developing and implementing these pilot programs, the  
13 Department may contract with private companies that have expertise in the collection  
14 and recycling of scrap tires. The Department shall report the results of the pilot  
15 programs, along with any recommendations regarding the implementation of a market-  
16 based scrap tire collection and recycling program on a statewide basis, to the  
17 Environmental Review Commission by 1 January 1995.

18 Sec. 8. G.S. 105-187.19 reads as rewritten:

19 "**§ 105-187.19. Use of tax proceeds.**

20 (a) The Secretary shall distribute the taxes collected under this Article, less the  
21 ~~cost of collecting the taxes,~~ allowance to the Department of Revenue for administrative  
22 expenses, in accordance with this section. The Secretary ~~shall~~ may retain the cost of  
23 ~~collection~~ collection by the Department, not to exceed two hundred twenty-five thousand  
24 dollars (\$225,000) a year, as reimbursement to the Department of Revenue. ~~Department.~~

25 (b) Each quarter, the Secretary shall credit ten percent (10%) of the net tax  
26 proceeds to the Solid Waste Management Trust Fund and shall distribute ninety percent  
27 (90%) of the net tax proceeds among the counties on a per capita basis according to the  
28 most recent annual population estimates certified to the Secretary by the ~~Office of State~~  
29 ~~Budget and Management.~~ A State Planning Officer.

30 (c) A county may use funds distributed to it under this section only as provided  
31 in G.S. 130A-309.54. A county that receives funds under this section and that has an  
32 agreement with another unit of local government under which the other unit of local  
33 government provides for the disposal of solid waste for the county shall transfer the  
34 amount received under this section to the other unit of local government. A unit of local  
35 government to which funds are transferred is subject to the same restrictions on use of  
36 the funds as the county."

37 Sec. 9. Section 4 of this act becomes effective January 1, 1994. Section 8 of  
38 this act becomes effective June 30, 1997. All other sections of this act become effective  
39 October 1, 1993. Sections 1 through 6 of this act expire June 30, 1997. Section 7 of  
40 this act expires June 30, 1995. Any funds remaining in the Scrap Tire Disposal Account  
41 created by this act on June 30, 1997, shall be transferred to the Solid Waste  
42 Management Trust Fund. The expiration of the additional tax imposed by Section 1 of  
43 this act does not affect the rights or liabilities of the State, a taxpayer, or another person  
44 that arise during the time the additional tax is in effect. The first quarterly report

- 1 required by G.S. 130A-309.63(e), as enacted by this act, is due within 60 days after the
- 2 quarter that ends on December 31, 1993.