

GENERAL ASSEMBLY OF NORTH CAROLINA  
1993 SESSION

CHAPTER 548  
HOUSE BILL 83

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

(b) Rate. – The percentage rate of the taxes imposed by subsection (a) of this section is set by the following table; the rate is based on the bead diameter of the new 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>

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

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

(a) The Secretary shall distribute the taxes collected under this Article, less the ~~cost of collecting the taxes,~~ allowance to the Department of Revenue for administrative expenses, in accordance with this section. The Secretary ~~shall~~ may retain the cost of ~~collection~~ collection by the Department, not to exceed two hundred twenty-five

thousand dollars (\$225,000) a year, as reimbursement to the Department of Revenue.  
Department.

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

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

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

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

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

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

"(e) A county shall provide, directly or by contract with another unit of local government or private entity, at least one site for scrap tire disposal for that county. The unit of local government or contracting party may not charge a disposal fee for the disposal of scrap tires ~~only to the extent that the cost per tire of disposal exceeds the amount received by the county under G.S. 105-187.19 during the preceding 12-month period, divided by the number of tires disposed of within the county according to the tire disposal procedures during that period.~~ The unit of local government or contracting party may charge a disposal fee for the disposal of scrap tires regardless of whether a tax has been paid on the tire under Article 5B of Chapter 105 and regardless of the tire's place of origin. tires except as provided in this subsection. A unit of local government or contracting party may charge a disposal fee that does not exceed the cost of disposing of the scrap tires only if:

- (1) The scrap tires are new tires that are being disposed of by their manufacturer because they do not meet the manufacturer's standards for salable tires; or
- (2) The scrap tires are delivered to a local government scrap tire disposal site without an accompanying certificate required by G.S. 130A-309.58(f) that indicates that the tires originated in a county within North Carolina."

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

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

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

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

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

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

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

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

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

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

Sec. 7. Of the revenue credited to the Scrap Tire Disposal Account created by this act, the Department of Environment, Health, and Natural Resources may use up to five hundred thousand dollars (\$500,000) to develop and implement pilot programs to demonstrate alternative, market-based approaches to scrap tire collection and recycling in North Carolina. A grant to any one private company shall not exceed one hundred thousand dollars (\$100,000). In developing and implementing these pilot programs, the Department may contract with private companies that have expertise in the collection

and recycling of scrap tires. The Department shall report the results of the pilot programs, along with any recommendations regarding the implementation of a market-based scrap tire collection and recycling program on a statewide basis, to the Environmental Review Commission by 1 January 1995.

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

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

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

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

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

Sec. 9. Section 4 of this act becomes effective January 1, 1994. Section 8 of this act becomes effective June 30, 1997. All other sections of this act become effective October 1, 1993. Sections 1 through 6 of this act expire June 30, 1997. Section 7 of this act expires June 30, 1995. Any funds remaining in the Scrap Tire Disposal Account created by this act on June 30, 1997, shall be transferred to the Solid Waste Management Trust Fund. The expiration of the additional tax imposed by Section 1 of this act does not affect the rights or liabilities of the State, a taxpayer, or another person that arise during the time the additional tax is in effect. The first quarterly report required by G.S. 130A-309.63(e), as enacted by this act, is due within 60 days after the quarter that ends on December 31, 1993.

In the General Assembly read three times and ratified this the 24th day of July, 1993.

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Marc Basnight  
President Pro Tempore of the Senate

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Daniel Blue, Jr.  
Speaker of the House of Representatives