

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: House Bill 83; Proposed Committee Substitute

SHORT TITLE: Increase Scrap Tire Disposal Tax

SPONSOR(S): Representative(s) DeVane, R. Thompson, Barnhill, Bowen, and Hightower

FISCAL IMPACT:

Expenditures:	Increase (X)	Decrease ()
Revenues:	Increase (X)	Decrease ()
No Impact ()		
No Estimate Available ()		

FUND AFFECTED: General Fund (X) Highway Fund () Local Govt. (X)
Other Funds (X)

BILL SUMMARY: The proposed legislation increases the tax on passenger tires from 1% of price to 2%. Tires having a diameter of 20 inches or greater are taxed at the rate of 1%. The bill creates a new fund to be administered by the Department of Environment, Health, and Natural Resources. The fund is to receive 27% of the revenue from the tax and the Department may distribute up to 25% of the money in the fund to local units of government for disposal of scrap tires. The Department is to report quarterly to the Commission on Governmental Operations and to the Environmental Review Commission as to the condition of the Scrap Tire Disposal Fund. The proceeds from the tax are to be distributed quarterly in the following manner:

- (1) Department of Revenue (limited to \$225,000 of gross collections)
- (2) Solid Waste Management Trust Fund 5% (of net)
- (3) Scrap Tire Disposal Fund 27% (of net)
Distributions Within the Fund
 - a. 25% local government grants for scrap tire disposal
 - b. 75% to be used by the Department for scrap tire disposal when no other funds are available
- (4) Counties 68% (of net and distributed on a per capita basis)

EFFECTIVE DATE: January 1, 1994 and expires January 1, 1996

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:

- (1) Department of Environment Health and Natural Resources

- (2) Department of Revenue
- (3) Units of Local Government

FISCAL IMPACT

	<u>FY</u>	<u>Estimate</u> <u>\$ Millions</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
	93-94	94-95	95-96	NA	NA
REVENUES:					
LOCAL	\$1.5	\$3.8	\$2.3		

EXPENDITURES

EHNR

The Solid Waste Division of EHNR has stated that they will require additional operating funds to implement their responsibilities under HB 83. According to the Department's estimates, a minimum of \$100,000 of General Fund support will be needed annually to provide for two personnel positions and operating support.

REVENUE

The Department of Revenue was reimbursed the following administration costs, from the proceeds of the tax, for annual years:

<u>1990</u>	<u>1991</u>	<u>1992</u>
\$225,920	\$194,103	\$210,000

See attached for breakdown of annualized costs.

ASSUMPTIONS AND METHODOLOGY:

Assumptions:

- (1) 80% of total retail sales are passenger car tires
- (2) 5% annual growth in sales

Methodology:

Increased 80% of the tax base by 5% a year

SOURCES OF DATA: Department of Revenue
 Department of Environment, Health, and Natural Resources

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION
733-4910

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[FRD#001]

