



# NORTH CAROLINA GENERAL ASSEMBLY

2021 Session

## Legislative Fiscal Note

**Short Title:** County Waste Management Assistance.  
**Bill Number:** House Bill 533 (Second Edition)  
**Sponsor(s):** Rep. Sauls and Rep. Penny

### SUMMARY TABLE

#### FISCAL IMPACT OF H.B. 533, V.2 (\$ in millions)

	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>
<b>State Impact</b>					
General Fund Revenue	(3.0)	(4.1)	(4.2)	(4.3)	(4.5)
<u>Less Expenditures</u>	—	—	—	—	—
<b>General Fund Impact</b>	<b>(3.0)</b>	<b>(4.1)</b>	<b>(4.2)</b>	<b>(4.3)</b>	<b>(4.5)</b>
Special Fund Revenues	-	-	-	-	-
Scrap Tire Disposal Account	3.0	4.1	4.2	4.3	4.5
<u>Less Expenditures</u>	—	—	—	—	—
<b>Special Fund Impact</b>	<b>3.0</b>	<b>4.1</b>	<b>4.2</b>	<b>4.3</b>	<b>4.5</b>
<b>NET STATE IMPACT</b>					

### FISCAL IMPACT SUMMARY

After accounting for the Department of Revenue's expenses incurred with administration, State law currently requires the Secretary to transfer 30% of the Scrap Tire Disposal Tax's net proceeds to the General Fund and the remaining 70% to counties on a per capita basis quarterly.<sup>1</sup> HB 533 modifies the percentage allocated to the General Fund by directing 17% of net tax proceeds to the Scrap Tire Disposal Account the bill establishes and 13% to the General Fund. Lowering the percentage allocated for the General Fund decreases revenues by \$3.0 million in Fiscal Year 2022-23 and \$4.5 million in Fiscal Year 2026-27. The Scrap Tire Disposal Account is estimated to receive \$3.0 million in Fiscal Year 2022-2023 and \$4.5 million in Fiscal Year 2026-2027. The amounts distributed to counties do not change as the bill does not modify that allocation.

<sup>1</sup> Counties can use these funds for the disposal of scrap tires, the cleanup of inactive hazardous waste sites, and for all purposes for which the Bernard Allen Memorial Emergency Drinking Water Fund may be used.



percentage. In Fiscal Year 2020-2021, net collections before distributions and transfers from the Scrap Tire tax totaled \$22.2 million.

## **FISCAL ANALYSIS**

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Fiscal Research used the most recent five years of data available (Fiscal Years 2016-2027 to 2020-2021) on the Scrap and Tire Disposal Tax from the Department of Revenue to determine the growths in revenues and distributions for future years. Fiscal Research used the current distribution formula (30% of net collections to the General Fund) to estimate annual revenues and distributions for Fiscal Years 2022-23 (adjusted for the bill's October 1, 2022 effective date) to 2026-2027 as a baseline for comparison to the bill's proposed formula (13% to the General Fund and 17% to the Scrap Tire Disposal Account established in the bill). Per the bill, the revenues generated in this Account are to be used as follows:

- 50% for grants to local governments to assist them in disposing of scrap tires;
- 40% for grants to encourage the use of processed scrap tire materials;
- A portion to support a position in the Department to provide local governments with assistance in developing and implementing scrap tire management programs; and
- The remaining revenue for the cleanup of scrap tire collection sites that the Department has determined are a nuisance.

In Fiscal Year 2022-2023, General Fund revenues from the Scrap Tire Disposal Tax will decrease from an estimated \$7.0 million using the current distribution formula to \$4.0 million (a \$3.0 million reduction) with the bill's distribution formula, and from \$7.9 million to \$3.4 million (a \$4.5 million reduction) in Fiscal Year 2026-27. The Scrap Tire Account is estimated to receive \$3.0 million in Fiscal Year 2022-2023, and \$4.5 million in Fiscal Year 2026-2027.

## **TECHNICAL CONSIDERATIONS**

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N/A.

## **DATA SOURCES**

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NC Department of Revenue.

## **LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS**

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This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

## **CONTACT INFORMATION**

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Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.



**ESTIMATE PREPARED BY**

Brent Lucas and Rodney Bizzell

**ESTIMATE APPROVED BY**

Mark Trogdon, Director of Fiscal Research  
Fiscal Research Division  
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Official

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**Signed copy located in the NCGA Principal Clerk's Offices**



FISCAL RESEARCH DIVISION