

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1267**

**Amendment Number: H3**

**Bill Subtitle: TO CREATE THE USED TIRE RECYCLING AND ACCOUNTABILITY PROGRAM.**

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### Basic Change :

**Sponsor: Representative L. Fite**

Engrossment 02/08/17 --- House Amendment 3 --- Amends the bill to clarify that only one fee, either the rim removal fee or the commercial generator fee, would be charged for the transaction of removing a tire from a rim that is related to the sale of a replacement tire.

Engrossment 02/03/17 --- House Amendment 2 --- Amendment 2 strikes the language prohibiting the Arkansas Department of Environmental Quality (ADEQ) from directly operating or being directly responsible for the operation of a used tire program.

House Amendment 1 --- Adds "commercial generator" to the definition of who is required to collect a fee on the sale or delivery of a new tire as part of fleet services. A "commercial generator" means a person who sells new tires or provides delivery of new tires as part of fleet services to any one or more of the following: a municipality, a county, a state agency, a federal agency, a school district, a political subdivision of the state, or a person who in the ordinary course of business buys tires in bulk for use on commercial vehicles. A "commercial generator" does not include a tire retailer. This amendment places a \$3.00 fee upon the transaction of a commercial generator selling or delivering a new tire as part of fleet services. This fee is to be charged by the commercial generator to a person who, in the ordinary course of business, is an end user that removes used tires from the rim and replaces them with a new tire. Each commercial generator is required to file a return with the Director of the Department of Finance and Administration (DFA) before the twentieth day of each month. Commercial generator fees shall be remitted with the return indicating the total commercial generator fees collected for each tire sold or delivered to the end user during the preceding calendar month. Each commercial generator who is not registered with DFA by the effective date of this act shall register on or before December 1, 2017.

Original Bill --- HB1267 creates the Used Tire Recycling and Accountability Act by amending the Waste Tire statutes. The purpose is to protect the public health and the state's environmental quality by setting and implementing standards to be followed in the hauling, collection, storage, and recycling, or disposal of recyclable tires, waste tires, and used tires culled for resale. This bill implements a system for accountability for used tire programs by requiring the use of an electronic used tire manifest system to be developed by the ADEQ and business plans for used tire programs.

This bill replaces the fee imposed on the sale of each new automobile and truck tire sold at retail with a rim removal fee upon the transaction of removing a tire from a rim that is related to the sale of a replacement tire by a tire retailer. The fee is not determined by the size of the tire, but is based on the removal of a tire from a rim. The primary goal of the used tire program is to recycle or put to beneficial use as many used tires as possible.

The electronic uniform used tire manifest system uses an electronic application for the submission and management of information related to the generation, collection, transportation, distribution, and recycling, disposal, or resale of each recyclable tire, waste tire, and used tire culled for resale. This bill expands the definition of who would be subject to the rim removal fee and equalizes the application of fees for all tires removed from rims. This bill changes the fee levied on waste tires from \$2.00 per automobile tire and \$5.00 per truck tire to a \$3.00 rim removal fee to be charged for each new tire that

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replaces a tire removed from a rim and \$1.00 for each used tire that replaces the tire removed for the rim.

Additionally, this bill replaces the Waste Tire Grant fund with the Used Tire Recycling Fund. This bill also changes the distribution from 92% to the Waste Tire Grant fund to 93% to the Used Tire Recycling Fund and lowers the 8% distribution to the Arkansas Department of Environmental Quality Fee Trust Fund to 7%.

### **Revenue Impact :**

This bill changes the fee levied on waste tires from \$2.00 per automobile tire and \$5.00 per truck tire to a \$3.00 rim removal fee to be charged for each new tire that replaces a tire removed from a rim and \$1.00 for each used tire that replaces the tire removed from the rim. This bill leaves in place the \$1.00 fee levied on tires imported into the state of Arkansas. In fiscal year 2016, tire retailers reported 2,387,562 automobile tires, 274,642 truck tires and 22,969 imported tires. Fiscal year 2016 gross waste tire revenue was \$5,792,209. Using fiscal year 2016 reported automobile, truck and imported tire numbers, this bill would generate additional revenue of approximately \$1,500,000. Revenue would also be impacted by the levy of \$1.00 on the replacement of a tire with a used tire. There is no current data for the number of used tires sold in the state of Arkansas in fiscal year 2016.

### **Taxpayer Impact :**

Taxpayers impacted would include tire generators, commercial generators, tire retailers, and tire manufacturers. Tire generators includes without limitation, a tire retailer, tire wholesaler, tire transporter, tire manufacturer, a manufacturer of retreaded tires, a new car dealer, a used car dealer, an auto repair shop or a salvage yard.

### **Resources Required :**

None.

### **Time Required :**

Adequate time is provided for implementation.

### **Procedural Changes :**

None.

### **Other Comments :**

None.

### **Legal Analysis :**

There is an engrossment error on Page 22, Line 11 (as engrossed H2/8/2017). In the engrossed version, "(4)" is missing the closing parentheses.