

**NOTE: As provided in LFC policy, this report is intended only for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used for other purposes.**

**The most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.**

## FISCAL IMPACT REPORT

SPONSOR: Heaton DATE TYPED: 3/3/03 HB 25/aHTRC  
 SHORT TITLE: Tire Recycling Fees SB \_\_\_\_\_  
 ANALYST: Reynolds-Forte

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
**	\$750.0-850.0**	\$750.0-\$850.0	Recurring	Tire Recycling Fund

(Parenthesis ( ) Indicate Revenue Decreases)

The Taxation and Revenue Department notes that approximately 1.5 to 1.7 million vehicle registration transactions per year include imposition of the tire recycling fee. There are some minor discrepancies between MVD reported transaction counts and the revenue currently being distributed to the Highway Infrastructure Fund, so a range estimate has been presented. Only about 3,300 of the transactions involve buses (subject to a 25 cent per wheel fee increase), so virtually all of the estimated 1.5 to 1.7 million transactions would be subject to a 50 cent increase in the tire recycling fee.

\*\* The FY03 revenue impact would depend on the effective date of the fee increase (see Technical Issues).

### SOURCES OF INFORMATION

Responses Received From  
 Taxation and Revenue Department  
 Environment Department

### SUMMARY

#### Synopsis of HTRC Amendment

The House Taxation and Revenue Committee Amendment to HB25 adds an effective date of July 1, 2003 as recommended by the Taxation and Revenue Department. No other changes were made to the bill.

#### Synopsis of Original Bill

HB 25 increases the annual tire recycling fee imposed in conjunction with motor vehicle registrations by \$0.50 per year. For buses the fee is increased by \$0.25 per wheel. The revenue attributable to the increase in the tire recycling fee is directed to the Tire Recycling Fund and the existing fee amount would continue to go the Highway Infrastructure fund. The fees would be in-

creased as follows:

<u>Type of Vehicle</u>	<u>Current Tire Recycling Fee</u>	<u>Proposed Tire Recycling Fee</u>
Motorcycles	\$0.50	\$1.00
Passenger Vehicles	\$1.00	\$1.50
Trucks, Truck, Tractors	\$1.00	\$1.50
Buses	\$0.25	\$0.50

### Significant Issues

The Environment Department notes that HB 25 would re-establish funding for implementing and administering provisions of the Tire Recycling Act.

### **FISCAL IMPLICATIONS**

HB25 would increase the tire recycling fees, which will generate \$750.0 to \$850.0 additional revenues annually to the Tire Recycling Fund. The Tire Recycling Fund has had no source of revenue since the tire recycling fee was redirected to the Highway Infrastructure Fund in 1999. HB25 contains no effective date; therefore, the revenues for FY03 and FY04 will be dependant upon the date the bill becomes effective.

The current revenue stream to the Highway Infrastructure Fund will be maintained. These fees are currently pledged for repayment of highway improvement bonds.

### **ADMINISTRATIVE IMPLICATIONS**

The Environment Department says that this will allow personnel and activities associated with implementation of the Tire Recycling Act to be funded using tire recycling fees thus freeing general fund dollars to fill long-term vacancies in the solid waste program .

Passage of the HB25 would have a positive impact on local governments by providing a means of handling scrap tires and tire dumps where no means currently exist. It would also enhance tire recycling operations and extend the lives of municipal landfills.

### **TECHNICAL ISSUES**

Taxation and Revenue Department notes that the bill should include an effective date provision relating to the fee increase. An effective date of July 1, 2003 is suggested for all sections of the bill, but particularly for Sections 1 through 5. An effective date provision for Section 6 may be unnecessary since revenue can be distributed only after being collected, but a July 1, 2003 effective date for Section 6 would serve to indicate the bill's intent.

### **OTHER SUBSTANTIVE ISSUES**

The Environment Department believes that passage of HB25 would provide the funds necessary to adequately implement and administer provision of the tire recycling regulations.