



# HOUSE BILL 374: Business Freedom Act.

2017-2018 General Assembly

<b>Committee:</b>	Senate Finance. If favorable, re-refer to Rules and Operations of the Senate	<b>Date:</b>	June 20, 2017
<b>Introduced by:</b>	Reps. McElraft, Howard, Johnson, Hurley	<b>Prepared by:</b>	Cindy Avrette
<b>Analysis of:</b>	Third Edition		Staff Attorney

**OVERVIEW:** *House Bill 374 would make various changes to the laws governing businesses. The finance provision is Section 9 of the bill: MODIFY SCRAP TIRE TAX. This section would change the tax rate from a percentage to a flat rate and expand the tax base to include used tires as well as new tires.*

**BILL ANALYSIS OF THE FINANCE PROVISION:** Section 9 would modify the scrap tire disposal tax by making the tax applicable to the sale of used tires as well as new tires and by changing the rate of the tax. For tires with a bead diameter of less than 20 inches, the tax would be \$1.00 per tire. For tires with a bead diameter of 20 inches or greater, the tax would be \$2.00 per tire. This section would become effective October 1, 2017, and would apply to sales or purchases of tires on or after that date.

The scrap tire disposal tax is imposed on the sale of new tires at a percentage rate based on the bead diameter of the tire. For tires with a bead diameter that is equal to or greater than 20 inches, the rate is 1%; for tires with a bead diameter that is less than 20 inches, the rate is 2%. This tax is in addition to the State and local sales and use tax. The tax does not apply to bicycle tires, recapped tires, or tires sold for placement on newly manufactured vehicles. The scrap tire tax and scrap tire program was initially enacted in 1991 and the tax rate was last changed in 1993.

The purpose of the tax is to provide funds for (i) the disposal of scrap tires, (ii) for the cleanup of inactive hazardous waste sites, and (iii) for all the purposes for which the Bernard Allen Memorial Emergency Drinking Water Fund may be used. The Department of Revenue may retain up to \$425,000 of the proceeds as reimbursement for administering the tax. Of the remaining proceeds, 30% is credited to the General Fund and 70% is distributed to the counties on a per capita basis. Counties, which are responsible for providing for the disposal of scrap tires located within their boundaries, may only use the funds distributed to it for scrap tire disposal and the abatement of nuisances associated with tire collection sites. Counties may work with other counties or with municipalities to manage disposal. The Department of Environmental Quality provides additional money in the form of grants to counties for costs that exceed their allocation. The tax generates approximately \$19 million per year.

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# House Bill 374

Page 2

## OVERVIEW OF THE REMAINING SECTIONS OF THE BILL<sup>1</sup>:

- Section 1 makes a number of technical, conforming, and other changes to the labor laws of North Carolina. Section 1 would become effective July 1, 2017, except for Section 1(c), which would become effective October 1, 2017, and would apply to violations occurring and offenses committed on or after that date.
- Section 2 codifies the Carolina Star Program in the Department of Labor. Section 2 would become effective July 1, 2017.
- Section 3 amends provisions enacted in the Regulatory Reform Act of 2016-2017 that modified provisions enacted in 2015 to establish life-of-site permits for sanitary landfills and transfer stations.
- Section 4 modifies provisions under existing law that requires the owner of a coal ash pond or impoundment to install and operate ash beneficiation projects.
- Section 5 provides an exemption to building code provisions allowing construction of a parking garage to extend across a lot line between a city-owned lot and a privately-owned lot without meeting certain requirements that apply to exterior walls approaching a lot line.
- Section 5 clarifies the definition of commercial real estate for purposes of commercial real estate broker liens by including property used for agricultural or forestry purposes.
- Section 7 exempts certain pressure vessels from inspection and regulation under the Uniform Boiler and Pressure Vessel Act.
- Section 8 extends to January 2020 the validity of improvement and wastewater system construction permits that were issued between 2000 and 2015, if they have not been acted on and would have otherwise expired.
- Section 10 directs the North Carolina Medical Care Commission to adopt the American Society of Healthcare Engineers Facility Guidelines Institute "Guidelines for Design and Construction of Hospitals and Outpatient Facilities".
- Section 11 restricts what stormwater runoff requirements a local government can apply to public airports.
- Section 12 creates alternative procedures for contested cases for certain decisions of the Department of Environmental Quality and the Environmental Management Commission. Section 12 would become effective January 1, 2019, and would apply to contested cases filed on or after that date.

*Wendy Ray, counsel to the Senate Commerce Committee, substantially contributed to this summary.*

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<sup>1</sup> [Senate Commerce Committee Bill Summary.](#)