



HOUSE BILL 533: County Waste Management Assistance.

2021-2022 General Assembly

Committee:

Introduced by: Reps. Sauls, Penny

Analysis of: Third Edition

Date:

June 28, 2022

Prepared by:

Jennifer McGinnis
Staff Attorney

OVERVIEW: *House Bill 533 would re-establish the Scrap Tire Disposal Account (Account) and modify the distribution of proceeds of the Scrap Tire Disposal Tax to allocate 17% to the Account, making a commensurate reduction to the amount currently allocated from the tax to the General Fund.*

CURRENT LAW: [Article 5B of Chapter 105 of the General Statutes](#) imposes a tax 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.

30% of the tax proceeds is distributed to the General Fund, and the remaining 70% of the proceeds is distributed among the counties on a per capita basis to be used only for the disposal of scrap tires or the abatement of nuisance tire sites within their jurisdiction.

BACKGROUND:

Up until 2013, the proceeds of the Tax were allocated in the following manner:

- 30% to be distributed as follows:
 - 8% to the Solid Waste Management Trust Fund.
 - 17% to the Scrap Tire Disposal Account.
 - 2.5% to the Inactive Hazardous Sites Cleanup Fund.
 - 2.5% to the Bernard Allen Memorial Emergency Drinking Water Fund.
- The remaining 70% to be distributed among the counties on a per capita basis according to the most recent annual population estimates.

In 2013, however, the 30% allocation to the four funds/accounts listed above was eliminated, and that portion of the revenue was redirected to the General Fund.

Also, in 2013, the Account was repealed. The Department of Environmental Quality (Department) had been authorized to use the portion of the tax credited to the Account as follows:

- Up to 25% of the revenue to make grants to units of local government to assist them in disposing of scrap tires.
- The remaining 75% of the revenue to clean up scrap tire collection sites that the Department has determined are a nuisance. The Department was authorized to use funds in the account to clean up a nuisance tire collection site only if no other funds are available for that purpose.

Jeffrey Hudson
Director



Legislative Analysis
Division
919-733-2578

House Bill 533

Page 2

BILL ANALYSIS: The bill would re-establish the Account and modify the distribution of proceeds of the tax to allocate 17% to the Account, making a commensurate reduction to the amount currently allocated from the tax to the General Fund.

The purposes for which the tax proceeds credited to the Account may be used would be the same as those authorized under the Account as it existed in 2013; however, no funds would be directed to the Solid Waste Management Trust Fund, the Inactive Hazardous Sites Cleanup Fund, or the Bernard Allen Memorial Emergency Drinking Water Fund, as was the case prior to 2013.

The Department would be able to use funds in the Account as follows:

- 50% of the revenue for grants to units of local government to assist them in disposing of scrap tires.
- 40% of the revenue for grants to encourage the use of processed scrap tire materials. These grants may be made to encourage the use of tire-derived fuel, crumb rubber, carbon black, or other components of tires for use in products such as fuel, tires, mats, auto parts, gaskets, flooring material, or other applications of processed 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 designed to complete the cleanup of nuisance tire collection sites and prevent scrap tires generated from outside of the State from being presented for free disposal in the State.
- The remaining revenue to clean up scrap tire collection sites that the Department has determined are a nuisance. The Department would be authorized to use funds in the account to clean up a nuisance tire collection site only if no other funds are available for that purpose.

The bill would also make technical changes to the Scrap Tire Disposal Act, and add language to explicitly provide that units of local government may collect and ship, or arrange for the collection and shipment of, scrap tires directly from a tire retailer for permissible disposal purposes.

EFFECTIVE DATE: Section 1 of this act becomes effective October 1, 2022, and applies to quarterly crediting of the proceeds of the scrap tire disposal tax occurring on or after that date. The remainder of this act is effective when it becomes law.