

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

BILL NUMBER: Senate Bill 1472 (First Edition)

SHORT TITLE: Revised Dist. of Scrap Tire Disposal Tax.

SPONSOR(S): Senator Albertson

FISCAL IMPACT (\$millions)					
	Yes (x)	No ()	No Estimate Available ()		
	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>
REVENUES:					
Solid Waste Management Trust Fund	0.31	0.44	0.47	0.49	0.52
Scrap Tire Disposal Acct	-0.53	-0.74	-0.78	-0.82	-0.86
NC Counties	0.22	0.30	0.31	0.33	0.34
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: NC Dept of Environment and Natural Resources, NC Department of Revenue, NC Counties					
EFFECTIVE DATE: July 1, 2007					

BILL SUMMARY:

Senate Bill 1472 changes the distribution formula of the net proceeds from the Scrap Tire Disposal Tax. The bill would increase the percentage of net tax proceeds distributed to the Solid Waste Management Trust Fund from 5% to 8%, decrease the percentage distributed to the Scrap Tire Disposal Account from 27% to 22%, and increase the percentage distributed among the counties on a per capita basis from 68% to 70%.

ASSUMPTIONS AND METHODOLOGY:

The Scrap Tire Disposal Tax is an additional State sales tax on the retail sales of new tires. The rate of tax is 2% for tires with a bead diameter of less than 20 inches and 1% for tires with a bead diameter of greater than 20 inches. The Department of Revenue is responsible for collecting the tax and may retain up to \$225,000 for collection costs.

The bill adjusts the formula for distributing the net proceeds of the Scrap Tire Disposal Tax to provide additional funding to counties and the Solid Waste Management Trust Fund and decreases

funding to the Scrap Tire Disposal Account. The Scrap Tire Disposal Account had a cash balance of \$7,220,760 as of May 22, 2007.

The fiscal impact of the bill is determined by subtracting the projected distributions for each account from the proposed distributions under SB 1472. The impact for FY 07-08 is prorated by 25% to account for the fact that one of the quarterly distributions for the first year would reflect the current distribution percentages. The rate of tax and the total net collections are not affected by the bill.

The tables below show the distribution of funds under current law and under SB 1472:

Current Scrap Tire Disposal Tax Distribution						
	Percentage	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
Department of Revenue		\$225,000	\$225,000	\$225,000	\$225,000	\$225,000
Solid Waste Management Trust Fund	5%	\$710,000	\$740,000	\$780,000	\$820,000	\$860,000
Scrap Tire Disposal Account	27%	\$3,810,000	\$4,010,000	\$4,210,000	\$4,410,000	\$4,650,000
Counties	68%	\$9,600,000	\$10,100,000	\$10,600,000	\$11,100,000	\$11,700,000
TOTAL	100%	\$14,345,000	\$15,075,000	\$15,815,000	\$16,555,000	\$17,435,000

Proposed Scrap Tire Tax Distribution under SB 1472						
	Percentage	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
Department of Revenue		\$225,000	\$225,000	\$225,000	\$225,000	\$225,000
Solid Waste Management Trust Fund	8%	\$1,020,000	\$1,180,000	\$1,250,000	\$1,310,000	\$1,380,000
Scrap Tire Disposal Account	22%	\$3,280,000	\$3,270,000	\$3,430,000	\$3,590,000	\$3,790,000
Counties	70%	\$9,820,000	\$10,400,000	\$10,910,000	\$11,430,000	\$12,040,000
TOTAL	100%	\$14,345,000	\$15,075,000	\$15,815,000	\$16,555,000	\$17,435,000

SOURCES OF DATA: NC Department of Revenue

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

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