OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-THIRD OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: May 2, 2011

BILL NUMBER: HB 1939 **STATUS AND DATE OF BILL:** Enrolled 04/26/2011 (Revised)

AUTHORS: House Jackson & Billy Senate Johnson (Rob) & Myers

TAX TYPE (S): Waste Tire **SUBJECT:** Tax Rate

PROPOSAL: Amendatory

The measure renames the Waste Tire Recycling Act the Used Tire Recycling Act and increases the $1.00 recycling fee for all tires with rim diameters of seventeen and one half inches or less to $2.50.

EFFECTIVE DATE: Emergency-July 1, 2011

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 12: $8,706,000 increase in tire recycling fees
$3,928,000 increase in tire recycling fees to be deposited in the Department of Environmental Quality Revolving Fund.

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 12: None

May 4, 2011 — Rick Miller — mm
DATE — DIVISION DIRECTOR

5-4-2011 — Reece Womack
DATE — REECE WOMACK, ECONOMIST

5/4/11
DATE — FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT HB 1939 [Enrolled-Revised] Prepared May 2, 2011.

Section 1 renames the Waste Tire Recycling Act the Used Tire Recycling Act.[1]

Section 2 defines Used Tire as an unprocessed whole tire or tire part that can no longer be used for its original intended purpose but can be beneficially reused as approved by the Department of Environmental Quality (DEQ). Any used tire collected in accordance with the requirements of the Oklahoma Used Tire Recycling Act is not considered to be discarded. A tire that can be used, reused or legally modified to be reused for its original intended purpose shall not be a used tire.

Section 3 increases the $1.00 tire recycling fee for all tires, except motorcycles, with rim diameters of seventeen and one half inches or less to $2.50.

Analysis:

In FY 2010, an estimated 5,321,257 tires were subject to the $1.00 waste tire recycling fee which included tires with rim diameters of seventeen and one-half inches or less and motorcycles. Based on vehicle registration information, it is estimated that 4.2% or 223,493 of these tires were for motorcycles. Multiplying the remaining tires of 5,097,764, by the increase in the waste tire fee of $1.50, results in increased waste tire recycling fee collections in the amount of $7,646,646. The estimated increase in waste tire recycling fee collections for FY 12 (assuming growth rate adjustments of 6.7%) is $8,705,622.

Section 5 changes the apportionment for the Used Tire Indemnity Fund by first allocating twenty eight percent (28%) of the tire recycling fee revenues resulting from assessment of the $2.50 fee to the Department of Environmental Quality Revolving Fund to be used for implementing requirements related to the control of mobile and area sources of air emissions, monitoring and modeling the impacts on Oklahoma air pollution from other states, and enforcement of other applicable air pollution control requirements.

This section also modifies the manner in which a used tire recycling or TDF facility and other applicants qualify for compensation by removing the requirement for a sworn affidavit as to the amount of waste tire recycling fees remitted and instead providing for documentation signed by a dealer at the time of collection certifying remittance of appropriate fees to the Tax Commission as a participating tire dealer. For compensation purposes these facilities must also annually demonstrate that at least 3-6% of the tires were collected from tire dumps of landfills. Further, the DEQ is authorized to determine periodically the applicable percentage within the specified range based on the number of tire remaining in illegal dumps and available funding.

This Section further mandates DEQ to determine additional compensation made to qualified applicants based on the cleanup feasibility of a dump; directs the Environmental Quality Board to promulgate rules by July 1, 2012, establishing unit costs for compensation based on the remediation feasibility of the tire dumps and also allows DEQ to solicit bids for the remediation of tire dumps if no used tire recycling or TDF facilities agree to remediate a priority tire dump.

Analysis:

For FY 12, the revenue attributable to the assessment of the $2.50 tire fee is estimated at $14,027,000. Twenty-eight percent of this amount results in 3,927,526 to be deposited in the Department of Environmental Quality Revolving Fund.

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1 References to waste tire(s) are modified throughout the measure in accordance with the proposed name change.