

**BILL SUMMARY**  
1<sup>st</sup> Session of the 57<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>SB 878</b>
<b>Version:</b>	<b>CS</b>
<b>Request Number:</b>	<b>8562</b>
<b>Author:</b>	<b>Rep. Hilbert</b>
<b>Date:</b>	<b>4/8/2019</b>
<b>Impact:</b>	<b>Tax Commission:</b>
	<b>Increased Used Tire Recycling Fee Revenue</b>
	<b>FY-20: \$2,861,000</b>
	<b>FY-21: \$3,815,000</b>

**Research Analysis**

The CS for SB 878 defines “end use,” “granulated rubber,” “ground rubber,” “tire chips,” “tire-derived aggregate,” “tire-derived fuel,” “tire-derived product,” and “tire shreds” and deletes “crumb rubber” and replaces throughout with “tire-derived product.”

In addition, the measure requires used tire storage facilities to be in compliance with Oklahoma Tax Commission requirements and that haulers transport tires according to rules promulgated by the Department of Environmental Quality. The measure increases tire recycling fees, reduces the allocation to the Used Tire Recycling Indemnity Fund from 28% of the assessed fees to 24.1%, and caps allocations to the Tax Commission at \$20,000 per month and Department of Environmental Quality at \$50,000 per month.

Tire Size	Existing Fee	Proposed Fee
≤19.5”	\$2.50	\$2.90
≥19.5” and tread width ≤12”	\$3.50	\$5.50
≥19.5” and tread width ≥12”	\$7	\$10

Prepared By: Tricia Hines

**Fiscal Analysis**

Analysis provided by the Tax Commission:

Section two of the measure proposes amendment to Section 2-11-401.2 of Title 27A to increase the used tire fee on the following tires:

1. A tire with a rim diameter of less than or equal to nineteen and one-half (19 ½) inches that currently has a fee of Two Dollar and fifty cents (\$2.50), shall be increased to Two Dollars and ninety cents (\$2.90) per tire.
2. A tire with a rim diameter greater than 19½ inches and a tread width of twelve (12) inches or less that currently has a fee of Three Dollars and fifty cents (\$3.50), shall be increased to Six Dollars (\$6.00) per tire.
3. A tire with a rim diameter greater than 19½ inches and a tread width of greater than 12 inches that currently has a fee of Seven Dollars (\$7.00), shall be increased to Ten Dollars (\$10.00) per tire.
4. A tire with a rim diameter of less than or equal to 19½ that is a result of a first registration that currently has a fee of \$2.50, shall be increased to \$2.90 per tire.
5. A tire with a rim diameter of greater than 19½ inches and a tread width of 12 inches that is a result of a first registration that currently has a fee of \$3.00, shall be increased to \$6.00 per tire.
6. A tire from a first titled trailer or semitrailer that has a tire rim diameter of less than or equal to 19½ inches that currently has a fee of \$2.50, shall be increase to \$2.90 per tire.
7. Tires that are used on implements of husbandry and agricultural equipment with a rim diameter of less than or equal to 19½ inches and that are less than thirty (30) inches in total diameter that currently have a fee of \$2.50, shall be increased to \$2.90 per tire.
8. A tire used on implements of husbandry and agricultural equipment with a rim diameter of greater than 19½ inches and are less than 30 inches in total diameter that currently have a fee of \$3.50, shall be increased to \$6.00 per tire.

Based on reported transactions for the subject tires<sup>1</sup> in FY 18 and assuming similar transactions occur in FY 20, application of the proposed fee increases will result in additional used tire fee revenues in the estimated amount of \$3,814,755. Calculated with an effective date of August 30, 2019<sup>2</sup> results in an estimated increase of \$2,861,066 ( $\$3,814,755 / 12 \times 9 \text{ months} = 2,861,066$ ) in used tire recycling fee revenues for FY 20 and an estimated increase of \$3,814,755 in used tire recycling fee revenues for FY 21.

<sup>1</sup> Includes use tire fees assessed at the time of vehicle titling and registration.

<sup>2</sup> No effective date is specified in this measure. The August 30, 2019 effective date assumes the Legislature adjourns sine die as presently scheduled on May 31, 2019.

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### **Other Considerations**

None.