

HOUSE BILL REPORT

HB 1151

As Reported By House Committee On:
Transportation Policy & Budget

Title: An act relating to a fee on the sale of replacement tires.

Brief Description: Imposing a fee on replacement tires.

Sponsors: Representatives Hankins, Murray, Ogden, Mitchell, Cairnes, Mielke, Radcliff, Robertson, Sterk and K. Schmidt.

Brief History:

Committee Activity:

Transportation Policy & Budget: 2/20/97, 3/4/97 [DPS].

HOUSE COMMITTEE ON TRANSPORTATION POLICY & BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 19 members: Representatives K. Schmidt, Chairman; Hankins, Vice Chairman; Mielke, Vice Chairman; Mitchell, Vice Chairman; Cooper, Assistant Ranking Minority Member; Backlund; Buck; Cairnes; DeBolt; Hatfield; Murray; O'Brien; Ogden; Radcliff; Robertson; Scott; Skinner; Sterk and Wood.

Minority Report: Without recommendation. Signed by 5 members: Representatives Fisher, Ranking Minority Member; Chandler; Constantine; Gardner and Romero.

Staff: Mary McLaughlin (786-7309).

Background: From October 1, 1989, to October 1, 1994, a fee of \$1 per tire was imposed on the retail sale of new replacement tires. The funds were deposited in the vehicle tire recycling account (VTRA) and were used by the Department of Ecology (DOE) for (1) removal of discarded vehicle tires from unauthorized tire dump sites; (2) demonstration projects for on-site shredding and recycling of tires at unauthorized sites; and (3) enforcement and public education programs.

The fee was collected by new replacement tire retailers and forwarded to the Department of Revenue (DOR). Ten percent of the \$1 per tire fee was retained by the retailer for management of waste vehicle tires and 2 percent was retained by the DOR for administration of the account. The DOE estimates that the program raised \$2.6 million to \$2.9 million annually. For the 1995-97 biennium, appropriations

were made from the VTRA for continued clean-up of tire piles (\$5.7 million) and the recycling market development activities of the Clean Washington Center (\$499,000).

There has been some discussion of reinstating the new replacement tire fee and depositing the monies in the motor vehicle fund which is dedicated to highway purposes.

Summary of Substitute Bill: A new tire replacement fee of \$1 per replacement tire is collected by the retailer at the time of sale. New replacement tires do not include retreads.

Ten percent of the fee is retained by the retailer for management of waste vehicle tires. The DOR is designated as the administrator for fee collection and distribution. Two percent is retained by the DOR for its administrative costs. The remainder of the \$1 per tire fee (minus 10 percent for retailers and 2 percent for the DOR) is distributed as follows: (1) from July 1, 1997, to July 1, 2000, 25 percent is deposited in the vehicle tire recycling account (VTRA), and 75 percent is deposited in the motor vehicle fund (MVF); and (2) after July 1, 2000, 10 percent is deposited in the VTRA and 90 percent in the MVF.

Monies in the VTRA will continue to be used to encourage the storage, proper disposal and recycling of discarded tires, and to stimulate private recycling programs. The money will also be used for the clean-up and removal of un-permitted tire piles through contracts issued by DOE or by grants to local governments.

An emergency clause is added and takes effect July 1, 1997.

Substitute Bill Compared to Original Bill: The \$2 fee per tire for vehicles over 10,000 pounds is deleted. Ten percent of the \$1 per tire fee is retained by the retailer. The DOR is designated as the administrator for the \$1 per tire fee. The DOR retains 2 percent of the fee for administration. Twenty-five percent of the fee is deposited in the VTRA and 75 percent in the MVF for the first three years; 10 percent goes to the VTRA and 90 percent to the MVF thereafter. Purposes for which the DOE may use the money are updated. An emergency clause is added.

Appropriation: None.

Fiscal Note: Requested on January 31, 1997.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect on July 1, 1997.

Testimony For: Reinstating the new tire replacement fee will provide additional monies to the motor vehicle fund for highway purposes and provides DOE with funding to finish the tire cleanup program.

Testimony Against: Adding the \$1 fee to the cost of each tire will make Washington tire retailers less able to compete with neighboring states.

Testified: Michael Vinatieri, Lewis County Environmental Health (pro); Richard Nordness, Northwest Tire Dealers Association (con); and Tom Bolsen, Washington Retail Association (con).