

DEPARTMENT OF TAXATION

2011 Fiscal Impact Statement

1. **Patron** Frank W. Wagner

2. **Bill Number** SB 1431

House of Origin:

 Introduced

 Substitute

 Engrossed

3. **Committee** Passed by House and Senate

4. **Title** Tire Recycling Fee; Requires Certain
Installers to Collect

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. **Summary/Purpose:**

This bill would impose the tire recycling fee on individuals who perform installation of tires in Virginia pursuant to an agreement with a person who makes a retail sale of such tires, but does not collect the tax.

Under current law, every retailer of tires in Virginia is subject to the tire recycling fee. "Retailer of tires" means any person engaged in the business of making retail sales of tires, whether new or used, in Virginia.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** No.

7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

8. **Fiscal implications:**

Administrative Costs Impact

TAX considers implementation of this bill as "routine" and does not require additional funding.

Revenue Impact

This bill is expected to result in a revenue increase to the Waste Tire Trust Fund, the magnitude of which is unknown. An estimated 5.2 million tires are sold in Virginia annually. However, the sales volume of out-of-state tire retailers that engage in contractual relationships with tire installers in Virginia is not known. Therefore, the impact of this bill on revenues deposited into the Waste Tire Trust fund is not known.

9. **Specific agency or political subdivisions affected:**

TAX

10. Technical amendment necessary: No.

11. Other comments:

Tire Recycling Fee

Under current law, every retailer of tires in Virginia is subject to the tire recycling fee. "Retailer of tires" means any person engaged in the business of making retail sales of tires, whether new or used, in Virginia. Currently, the law imposes the tire-recycling fee of \$1.00 for each new tire sold. This rate is scheduled to be reduced to \$.50 per tire on July 1, 2011.

Proposal

This bill would impose the tire recycling fee on individuals who perform installation of tires in Virginia pursuant to an agreement with a person who makes a retail sale of such tires, but does not collect the tax. Thus, the bill would reach in-state tire installers who have contractual agreements with out-of-state tire retailers that do not have nexus with the state of Virginia.

The effective date of this bill is not specified.

cc : Secretary of Finance

Date: 2/18/2011 KP
DLAS File Name: SB1431FER161