

# Scrap Tire Fees

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MICHAEL BLUMENTHAL  
PRESIDENT, MARSHAY, INC.

# Scrap Tire Fees

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Since 1985, 44 states have enacted laws placing a user fee on scrap tires

Fees are placed onto tires at:

- Sale of a new tire (30)
- Auto registration (4)
- At wholesaler (3)

Fees range from \$0.25 to \$2.50 for passenger/light truck tires & up to \$10 for heavy truck tires

No fee on retreaded tires, agricultural, bicycle tires or off-road tires

# Scrap Tire Fees by the Numbers

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37 states currently have a fee

6 states have ended their fee program (CT, ID, MN, OR, TX, WI)

6 states never had a fee (MA, MT, ND, NH, VT, WY)

13 states w/o a fee (CT, ID, MA, MN, MT, NH, ND, OR, RI\*, TX, VT, WI, WY) \*deposit

13 states have raided their funds or divert a percentage of the fund (AK/PA 100%) (AK, CA, CO, FL, GA, IL, NC, NE, NJ, NY, NV, PA, SC)

# Fee Programs

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Fees on tires are not a tax

When fee assessed at retail level most states allow retailers to keep a percentage

Most state programs allow retailers to charge their own fee

4 states do not allow tire retailers to charge any additional fees

Fees are not taxed

Most state programs send a percentage to state finance agency for their assistance

Fees used to fund stockpile abatement (1 billion in 1990: less than 100 million in 2014)

Fees are usually fixed termed & need to be legislatively continued

# Fee Issues

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While not a tax, the tire fee is often considered one

Tire funds are viewed as relatively easy funds to raid

Fees have been raised to fund non-tire programs (OK)

In states w/o fees there is little interest in establishing one (it's a tax)

Scrap tire fee legislation usually is rather contentious and a lengthy process

Several states will or have reduced their fees (CO)

Retailer fees & state fees, although separate, are often confused as one/the same

Retailers use their own fees to cover cost of disposal & is a profit center

There are no rules/regulations on retail fees

# Uses for Scrap Tire Fees

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## Market Development

- Research

- Grants/loans

- Incentives

## Stockpile abatement

- Pile abatement & amnesty days

## Staffing & Enforcement of scrap tire regulations

# Where & How Are Tires Funds Used?

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5 State program designates funds to counties (AR, AZ, NM, SC, TN)

5 states provide direct incentives (CA, CO, LA, OK, UT, VA)

5 states use funds for clean up projects only (ME, NJ, SD, WV, WA)

7 states provide annual grants (IA, KS, KY, MI, MO, NE, OH)

8 states funding both markets development & abatement (AL, CA, CO, FL, IL, KY, MS, MI)

11 states w/limited activities (AK, DE, GA, HI, IN, MD, NC, PA, NV, NY)

# Conclusions

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Fees on scrap tires made stockpile abatement possible

Scrap tire funds were the original growth engine for end use markets

States w/o fees or diverted fees have very limited scrap tire programs

No state has initiated a fee since late 1990's (Delaware & Alaska were last 2)

Fees are usually continued

Tire fees, when used for the scrap tire programs, can be an effective tool



# Contact Information

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Michael Blumenthal

President

Marshay, Inc.

[marshayinc@gmail.com](mailto:marshayinc@gmail.com)

845 642 3130

[www.scraptireexpert.com](http://www.scraptireexpert.com)