

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 1224

Short Title: Recycled Paper Tax Incentive.

(Public)

Sponsors: Representative Mavretic.

Referred to: Finance.

May 10, 1991

A BILL TO BE ENTITLED

1 AN ACT TO PROVIDE AN INCENTIVE FOR THE USE OF RECYCLED
2 NEWSPRINT BY REQUIRING PUBLISHERS WHO DO NOT USE A
3 MINIMUM AMOUNT OF RECYCLED NEWSPRINT TO PAY A TAX ON
4 NONRECYCLED NEWSPRINT.
5

6 Whereas, legislation enacted in 1989 provides that it is the policy of the State
7 to promote methods of solid waste management that are alternatives to disposal in
8 landfills, particularly recycling and reuse of solid waste, and requires local governments
9 to initiate recycling programs for recyclable materials such as paper; and

10 Whereas, old newspapers make up a significant proportion of solid waste that
11 can be recycled; and

12 Whereas, efforts to recycle old newspapers have been jeopardized by the lack
13 of demand for increasing supplies of old newspapers; and

14 Whereas, studies have shown that encouraging the conversion of old
15 newspapers into recycled newsprint is the most effective method of providing a market
16 for old newspapers; and

17 Whereas, since 1976, North Carolina has encouraged the construction of
18 facilities such as newsprint de-inking plants by offering franchise, income, and property
19 tax benefits for capital investments in recycling and resource recovering facilities and
20 equipment; and

21 Whereas, additional measures are needed to stimulate new efforts at
22 converting old newspapers to recycled newsprint; and

1 Whereas, creating an economic incentive for publishers and printers to use
2 recycled newsprint will result in increased pressure on paper suppliers to make more
3 recycled paper, thus creating a market for old newspapers; and

4 Whereas, similar efforts in California, Connecticut, Florida, and Maryland
5 have already created an increase in the demands for recycled newsprint in those areas;
6 Now, therefore,

7 The General Assembly of North Carolina enacts:

8 Section 1. The General Assembly finds that the State of North Carolina has a
9 compelling interest in reducing solid waste by encouraging the use of recycled
10 newsprint made from postconsumer waste paper.

11 Sec. 2. Article 2 of Chapter 105 of the General Statutes is amended by
12 adding a new section to read:

13 **"§ 105-102.6. Producers of newsprint publications.**

14 (a) Purpose. The purpose of this section is to provide an incentive for the use of
15 recycled newsprint.

16 (b) Definitions. The following definitions apply in this section:

17 (1) Newsprint. Uncoated paper, whether supercalendered or machine
18 finished, made primarily from mechanical wood pulp combined with
19 some chemical wood pulp, weighing between 24.5 and 35 pounds for
20 500 sheets of paper 2 feet by 3 feet in size, and having a brightness of
21 less than 60.

22 (2) Postconsumer waste paper. Paper products, generated by a business or
23 consumer, that have served their intended end uses and have been
24 separated or diverted from solid waste.

25 (3) Producer. A person engaged in the business of publishing or printing
26 publications printed on newsprint.

27 (4) Recycled content percentage. The percentage by weight of the total
28 newsprint consumed by the producer that is postconsumer waste paper.

29 (c) Minimum Recycled Content Percentage. The recycled content percentage of
30 every person engaged in the business of publishing or printing publications printed on
31 newsprint shall equal or exceed the following minimum recycled content percentages
32 each calendar quarter:

33 During 1991 and 1992, twelve percent (12%).

34 During 1993, fifteen percent (15%).

35 During 1994, twenty percent (20%).

36 During 1995, twenty-five percent (25%).

37 During 1996, thirty percent (30%).

38 During 1997, thirty-five percent (35%).

39 After 1997, forty percent (40%).

40 (d) Tax. Every person engaged in the business of publishing or printing
41 publications printed on newsprint shall apply for and obtain from the Secretary of
42 Revenue a license for the privilege of doing business in this State. In addition, each
43 producer whose recycled content percentage for a calendar quarter is less than the
44 applicable minimum recycled content percentage provided in subsection (c) for a

1 calendar quarter shall, within 10 days after the last day of the quarter, report to the
2 Secretary the amount in metric tons by which (i) the applicable minimum recycled
3 content percentage multiplied by the tonnage of newsprint consumed by the producer in
4 the preceding quarter exceeds (ii) the actual tonnage of postconsumer waste paper
5 consumed by the producer during the preceding quarter, and shall pay a tax on the
6 amount reported at the rate of fifteen dollars (\$15.00) per ton. This tax is due when the
7 report is filed. No county, city, or town may impose a license tax on the business taxed
8 under this section.

9 (d) Use of Proceeds. The Secretary of Revenue shall, on a quarterly basis, credit
10 the net proceeds of the tax imposed by this section to the Solid Waste Management
11 Trust Fund created in G.S. 130A-309.12."

12 Sec. 3. G.S. 105-109.1 reads as rewritten:

13 **"§ 105-109.1. Interest.**

14 ~~With respect to the~~ The taxes on gross receipts levied in G.S. 105-37.1(a), 105-38(f),
15 and 105-65.1(b)(2), and the tax on installment paper dealers levied in G.S. 105-83(b),
16 and the tax on producers of newsprint publications levied in G.S. 105-102.6, all such
17 taxes, including assessments of taxes or additional taxes, shall bear interest at the rate
18 established under G.S. 105-241.1(i) from the time such the taxes were due to have been
19 paid until paid, at rates established pursuant to G.S. 105-241.1(i) until the taxes are paid."

20 Sec. 4. This act becomes effective October 1, 1991. The first quarterly report
21 required by G.S. 105-120.6, as enacted by this act, is due on or before January 10, 1992.