

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 1224
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Short Title: Recycled Paper Tax Incentive.

(Public)

Sponsors: Representative Mavretic.

Referred to: Finance.

May 10, 1991

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

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) Net tonnage of newsprint consumed. The weight in metric tons of all
18 newsprint consumed by a producer, less the weight in metric tons of
19 any newsprint consumed by the producer diverted from solid waste by
20 the producer.

21 (2) Newsprint. Uncoated paper, whether supercalendered or machine
22 finished, made primarily from mechanical wood pulp combined with
23 some chemical wood pulp, weighing between 24.5 and 35 pounds for
24 500 sheets of paper 2 feet by 3 feet in size, and having a brightness of
25 less than 60.

26 (3) Postconsumer waste paper. Paper products, generated by a business or
27 consumer, that have served their intended end uses and have been
28 separated or diverted from solid waste.

29 (4) Producer. A person engaged in the business of producing publications
30 printed on newsprint who acquires and uses newsprint for this
31 business.

32 (5) Recycled content percentage. The percentage by weight of the total
33 net tonnage of newsprint consumed by the producer that is
34 postconsumer waste paper.

35 (c) Minimum Recycled Content Percentage. The recycled content percentage of
36 every person engaged in the business of publishing or printing publications printed on
37 newsprint consumed by a producer shall equal or exceed the following minimum
38 recycled content percentages

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

40 During 1993, fifteen percent (15%).

41 During 1994, twenty percent (20%).

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

43 During 1996, thirty percent (30%).

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

1 After 1997, forty percent (40%).

2 (d) Tax. Every producer shall apply for and obtain from the Secretary of
3 Revenue a newsprint producer tax reporting number. In addition, each producer whose
4 recycled content percentage for a calendar quarter is less than the applicable minimum
5 recycled content percentage provided in subsection (c) for a calendar quarter shall,
6 within 10 days after the last day of the quarter, report to the Secretary the amount in
7 metric tons by which (i) the applicable minimum recycled content percentage multiplied
8 by the net tonnage of newsprint consumed by the producer in the preceding quarter
9 exceeds (ii) the actual tonnage of postconsumer waste paper consumed by the producer
10 during the preceding quarter, and shall pay a tax on the amount reported at the rate of
11 fifteen dollars (\$15.00) per ton. This tax is due when the report is filed. No county,
12 city, or town may impose a license tax on the business taxed under this section.

13 (e) Exemption. The tax levied in this section does not apply to an amount
14 calculated pursuant to subsection (d) to the extent the amount is attributable solely to the
15 producer's inability to obtain sufficient recycled content newsprint because (i) recycled
16 content newsprint was not available at a price comparable to the price of virgin
17 newsprint; (ii) recycled content newsprint of a quality comparable to virgin newsprint
18 was not available; or (iii) recycled content newsprint was not available within a
19 reasonable period of time during the reporting period. In order to claim the exemption
20 provided in this subsection, a producer must certify to the Secretary of Revenue:

21 (1) The amount of virgin newsprint consumed by the producer during the
22 reporting period solely for one of the reasons listed above.

23 (2) That the producer attempted to obtain recycled content newsprint from
24 every manufacturer of recycled content newsprint that offered to sell
25 recycled content newsprint to the producer within the preceding 12
26 months.

27 (3) The name, address, and telephone number of each manufacturer
28 contacted, including the company name and the name of the
29 company's individual representative or employee.

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

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

34 **"§ 105-109.1. Interest.**

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

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