

GENERAL ASSEMBLY OF NORTH CAROLINA  
1991 SESSION

CHAPTER 539  
HOUSE BILL 1224

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

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

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

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

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

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

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

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

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

The General Assembly of North Carolina enacts:

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

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

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

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

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

- (1) Net tonnage of newsprint consumed. The weight in metric tons of all newsprint consumed by a producer, less the weight in metric tons of any newsprint consumed by the producer diverted from solid waste by the producer.
- (2) Newsprint. Uncoated paper, whether supercalendered or machine finished, made primarily from mechanical wood pulp combined with some chemical wood pulp, weighing between 24.5 and 35 pounds for 500 sheets of paper 2 feet by 3 feet in size, and having a brightness of less than 60.
- (3) Postconsumer waste paper. Paper products, generated by a business or consumer, that have served their intended end uses and have been separated or diverted from solid waste.
- (4) Producer. A person engaged in the business of producing publications printed on newsprint who acquires and uses newsprint for this business.
- (5) Recycled content percentage. The percentage by weight of the total net tonnage of newsprint consumed by the producer that is postconsumer waste paper.

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

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

During 1993, fifteen percent (15%).

During 1994, twenty percent (20%).

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

During 1996, thirty percent (30%).

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

After 1997, forty percent (40%).

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

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

- (1) The amount of virgin newsprint consumed by the producer during the reporting period solely for one of the reasons listed above.
- (2) That the producer attempted to obtain recycled content newsprint from every manufacturer of recycled content newsprint that offered to sell recycled content newsprint to the producer within the preceding 12 months.
- (3) The name, address, and telephone number of each manufacturer contacted, including the company name and the name of the company's individual representative or employee.

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

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

**"§ 105-109.1. Interest.**

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

Sec. 4. This act becomes effective October 1, 1991. The first quarterly report required by G.S. 105-102.6, as enacted by this act, is due on or before January 10, 1992.

In the General Assembly read three times and ratified this the 3rd day of July, 1991.

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James C. Gardner  
President of the Senate

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Daniel Blue, Jr.  
Speaker of the House of Representatives