

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

H

1

HOUSE BILL 1311

Short Title: Adjust Motor Fuel Inspection Tax.

(Public)

Sponsors: Representatives Gibson and Owens (Primary Sponsors).

Referred to: Environment and Natural Resources, if favorable, Finance.

May 15, 2003

A BILL TO BE ENTITLED

1 AN ACT TO INCREASE THE GASOLINE AND OIL INSPECTION TAX IN
2 ORDER TO PROVIDE ADEQUATE FUNDS TO CLEAN UP DISCHARGES OF
3 PETROLEUM FROM LEAKING PETROLEUM UNDERGROUND STORAGE
4 TANKS IN ORDER TO PROTECT PROPERTY VALUES, ENSURE TIMELY
5 REIMBURSEMENT OF PERSONS WHO ENGAGE IN CLEANUPS, AND
6 PROTECT GROUNDWATER.
7

8 The General Assembly of North Carolina enacts:

9 **SECTION 1.** G.S. 119-18 reads as rewritten:

10 **"§ 119-18. Inspection tax and distribution of the tax proceeds.**

11 (a) Tax. – An inspection tax of ~~one-fourth~~three-fourths of one cent (~~1/4~~3/4 of
12 1¢) per gallon is levied upon all of the following fuel, regardless of whether the fuel is
13 exempt from the per-gallon excise tax imposed by Article 36C or 36D of Chapter 105 of
14 the General Statutes:

- 15 (1) Motor fuel that is not dyed diesel fuel.
- 16 (2) Dyed diesel fuel used to operate a highway vehicle.
- 17 (3) Alternative fuel used to operate a highway vehicle.
- 18 (4) Kerosene.

19 The inspection tax on motor fuel is due and payable to the Secretary of Revenue at
20 the same time that the per gallon excise tax on motor fuel is due and payable under
21 Article 36C of Chapter 105 of the General Statutes. The inspection tax on alternative
22 fuel is due and payable to the Secretary of Revenue at the same time that the excise tax
23 on alternative fuel is due and payable under Article 36D of Chapter 105 of the General
24 Statutes. The inspection tax on kerosene is payable monthly to the Secretary by a
25 supplier that is licensed under Part 2 of Article 36C of Chapter 105 of the General
26 Statutes and by a kerosene supplier. A monthly report is due by the 22nd of each month
27 and applies to kerosene sold during the preceding month by a supplier licensed under
28 that Part and to kerosene received during the preceding month by a kerosene supplier.

1 (b) Proceeds. – The proceeds of one-fourth of one cent (1/4 of 1¢) per gallon of
2 the inspection tax levied by this section shall be applied first to the costs of
3 administering this Article and Subchapter V of Chapter 105 of the General Statutes. The
4 remainder of the proceeds shall be credited on a monthly basis to the Commercial
5 Leaking Petroleum Underground Storage Tank Cleanup Fund and the Noncommercial
6 Leaking Petroleum Underground Storage Tank Cleanup Fund. If the amount of revenue
7 in the Noncommercial Fund at the end of a month is at least five million dollars
8 (\$5,000,000), one-half of the remainder of the proceeds shall be credited to the
9 Noncommercial Fund and one-half of the remainder of the proceeds shall be credited to
10 the Commercial Fund. If the amount of revenue in the Noncommercial Fund at the end
11 of a month is less than this threshold amount, all of the remainder of the proceeds shall
12 be credited to the Noncommercial Fund. Seventy-five percent (75%) of the proceeds of
13 one-half of one cent (1/2 of 1¢) per gallon of the inspection tax levied by this section
14 shall be credited on a monthly basis to the Commercial Leaking Petroleum
15 Underground Storage Tank Cleanup Fund, and twenty-five percent (25%) of the
16 proceeds of one-half of one cent (1/2 of 1¢) per gallon of the inspection tax levied by
17 this section shall be credited on a monthly basis to the Noncommercial Leaking
18 Petroleum Underground Storage Tank Cleanup Fund.

19 (c) No Local Tax. – No county, city, or town shall impose any inspection charge,
20 tax, or fee, in the nature of the charge prescribed by this section, upon kerosene and
21 motor fuel."

22 **SECTION 2.** This act becomes effective 1 July 2003.