

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2005**

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**HOUSE BILL 1842**

Short Title: Ensure Integrity of Highway Trust Fund. (Public)

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Sponsors: Representatives Moore, Clary, LaRoque, Daughtridg (Primary Sponsors); Almond, Barnhart, Blackwood, Brown, Capps, Cleveland, Current, Folwell, Frye, Gillespie, Grady, Gulley, Hilton, Hollo, Holloway, Justus, Lewis, McComas, McGee, Pate, Preston, Rayfield, Setzer, Starnes, Steen, Stiller, Vinson, Walend, Walker, Wiley, and Wilson.

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Referred to: Finance.

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May 10, 2006

A BILL TO BE ENTITLED

1 AN ACT TO ENSURE THE INTEGRITY OF THE NORTH CAROLINA HIGHWAY  
2 TRUST FUND BY ELIMINATING TRANSFERS OF FUNDS FROM THE  
3 HIGHWAY TRUST FUND TO THE GENERAL FUND AND REQUIRING THE  
4 GENERAL FUND TO REPAY ALL MONIES TRANSFERRED TO IT FROM  
5 THE HIGHWAY TRUST FUND AND TO REDUCE AND STABILIZE THE  
6 MOTOR FUEL TAX BY IMPOSING A CAP ON THE VARIABLE  
7 WHOLESALE COMPONENT OF THE MOTOR FUEL TAX RATE AT THE  
8 RATE EFFECTIVE JANUARY 1, 2005.

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10 The General Assembly of North Carolina enacts:

11 **SECTION 1.** G.S. 105-187.9(b) is repealed.

12 **SECTION 2.** G.S. 105-187.9 is amended by adding a new subsection to  
13 read:

14 "(c) Notwithstanding any other provision of law currently in effect, the General  
15 Fund shall repay all funds transferred to it from the Highway Trust Fund since 1989,  
16 and said funds shall be appropriated from the Highway Trust Fund in accordance with  
17 the provisions of G.S. 136-176."

18 **SECTION 3.** G.S. 105-449.80(a) reads as rewritten:

19 "(a) Rate. – The motor fuel excise tax rate is a flat rate of seventeen and one-half  
20 cents (17 1/2¢) a gallon plus a variable wholesale component. The variable wholesale  
21 component is either three and one-half cents (3 1/2¢) a gallon or seven percent (7%) of  
22 the average wholesale price of motor fuel for the applicable base period, whichever is  
23 greater. In no case may the variable wholesale component be greater than nine and  
24 one-tenths cents (9.1¢) per gallon.

1       The two base periods are six-month periods; one ends on September 30 and one ends  
2 on March 31. The Secretary must set the tax rate twice a year based on the wholesale  
3 price for each base period. A tax rate set by the Secretary using information for the base  
4 period that ends on September 30 applies to the six-month period that begins the  
5 following January 1. A tax rate set by the Secretary using information for the base  
6 period that ends on March 31 applies to the six-month period that begins the following  
7 July 1."

8               **SECTION 4.** This act becomes effective July 1, 2006.