

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 124

Finance Committee Substitute Adopted 5/8/97

House Committee Substitute Favorable 6/17/98

Short Title: Amend White Goods Tax.

(Public)

Sponsors:

Referred to:

February 17, 1997

A BILL TO BE ENTITLED

1 AN ACT TO REDUCE THE WHITE GOODS DISPOSAL TAX RATE TO ONE RATE
2 FOR ANY WHITE GOOD REGARDLESS OF WHETHER THE WHITE GOOD
3 CONTAINS CHLOROFLUOROCARBONS, TO EXTEND THE WHITE GOODS
4 DISPOSAL TAX SUNSET, TO ALTER THE DISTRIBUTION OF THE TAX
5 PROCEEDS FROM THIS TAX, TO CLARIFY HOW THE COUNTIES MAY USE
6 THE TAX PROCEEDS, AND TO LIMIT THE AMOUNT OF SURPLUS A
7 COUNTY MAY ACCUMULATE BY HOLDING FURTHER TAX
8 DISTRIBUTIONS UNTIL THE SURPLUS IS REDUCED.

9
10 The General Assembly of North Carolina enacts:

11 Section 1. G.S. 105-187.21 reads as rewritten:

12 **"§ 105-187.21. Tax imposed.**

13 A privilege tax is imposed on a white goods retailer at a flat rate for each new white
14 good that is sold by the retailer. An excise tax is imposed on a new white good
15 purchased outside the State for storage, use, or consumption in this State. The rate of the
16 privilege tax and the excise tax is ~~five dollars (\$5.00) if the new white good does not contain~~
17 ~~chlorofluorocarbon refrigerants and is ten dollars (\$10.00) if the new white good contains~~

1 ~~chlorofluorocarbon refrigerants—three dollars (\$3.00).~~ These taxes are in addition to all
2 other taxes."

3 Section 2. G.S. 105-187.24 reads as rewritten:

4 **"§ 105-187.24. Use of tax proceeds.**

5 The Secretary shall distribute the taxes collected under this Article, less the
6 Department of Revenue's allowance for administrative expenses, in accordance with this
7 section. The Secretary may retain the Department's cost of collection, not to exceed two
8 hundred twenty-five thousand dollars (\$225,000) a year, as reimbursement to the
9 Department.

10 Each quarter, the Secretary shall credit ~~five percent (5%)~~ eight percent (8%) of the net
11 tax proceeds to the Solid Waste Management Trust Fund and shall credit twenty percent
12 (20%) of the net tax proceeds to the White Goods Management Account. The Secretary
13 shall distribute the remaining ~~seventy-five percent (75%)~~ seventy-two percent (72%) of the
14 net tax proceeds among the counties on a per capita basis according to the most recent
15 annual population estimates certified to the Secretary by the State Planning Officer. The
16 Department shall not distribute the tax proceeds to a county when notified not to do so by
17 the Department of Environment and Natural Resources under G.S. 130A-309.87. If a
18 county is not entitled to a distribution, the proceeds allocated for that county will be
19 credited to the White Goods Management Account.

20 A county may use funds distributed to it under this section only as provided in G.S.
21 130A-309.82. A county that receives funds under this section and that has an interlocal
22 agreement with another unit of local government under which the other unit provides for
23 the disposal of solid waste for the county must transfer the amount received under this
24 section to that other unit. A unit to which funds are transferred is subject to the same
25 restrictions on use of the funds as the county."

26 Section 3. G.S. 130A-309.12 reads as rewritten:

27 **"§ 130A-309.12. Solid Waste Management Trust Fund.**

28 (a) The Solid Waste Management Trust Fund is created and is to be administered
29 by the Department for the purposes of:

- 30 (1) Funding activities of the Department to promote waste reduction and
31 recycling including but not limited to public education programs and
32 technical assistance to units of local government;
- 33 (2) Funding research on the solid waste stream in North Carolina;
- 34 (3) Funding activities related to the development of secondary materials
35 markets;
- 36 (4) Providing funding for demonstration projects as provided by this Part;
37 and
- 38 (5) Providing funding for research by The University of North Carolina and
39 independent nonprofit colleges and universities within the State which
40 are accredited by the Southern Association of Colleges and Schools as
41 provided by this Part.

42 (b) The Solid Waste Management Trust Fund shall consist of the following:

- 43 (1) Funds appropriated by the General Assembly.

- 1 (2) Contributions and grants from public or private sources.
2 (3) Ten percent (10%) of the proceeds of the scrap tire disposal tax imposed
3 under Article 5B of Chapter 105 of the General Statutes.
4 (4) ~~Five percent (5%)~~ Eight percent (8%) of the proceeds of the white goods
5 disposal tax imposed under Article 5C of Chapter 105 of the General
6 Statutes.

7 (c) The Department shall report annually on or before 1 September to the
8 Environmental Review Commission as to the condition of the Solid Waste Management
9 Trust Fund and as to the use of all funds allocated from the Solid Waste Management
10 Trust Fund."

11 Section 4. G.S. 130A-309.82 reads as rewritten:

12 **"§ 130A-309.82. Use of disposal tax proceeds by counties.**

13 Article 5C of Chapter 105 of the General Statutes imposes a tax on new white goods
14 to provide funds for the management of discarded white goods. A county ~~may~~ must use
15 the proceeds of the tax distributed to it under that Article ~~only~~ for the management of
16 discarded white goods. The purposes for which a county may use the tax proceeds
17 include, but are not limited to, the following:

- 18 (1) Capital improvements for infrastructure to manage discarded white
19 goods, such as concrete pads for loading, equipment essential for
20 moving white goods, storage sheds for equipment essential to white
21 goods disposal management, and freon extraction equipment.
22 (2) Operating costs associated with managing discarded white goods, such
23 as labor, transportation, and freon extraction.
24 (3) The cleanup of illegal white goods disposal sites, the cleanup of illegal
25 disposal sites consisting of more than fifty percent (50%) discarded
26 white goods, and, as to those illegal disposal sites consisting of fifty
27 percent (50%) or less discarded white goods, the cleanup of the
28 discarded white goods portion of the illegal disposal sites.

29 Except as provided in subdivision (3) of this section, a county may not use the tax
30 proceeds for a capital improvement or operating expense that does not directly relate to
31 the management of discarded white goods. Except as provided in subdivision (3) of this
32 section, if a capital improvement or operating expense is partially related to the
33 management of discarded white goods, a county may use the tax proceeds to finance a
34 percentage of the costs equal to the percentage of the use of the improvement or expense
35 directly related to the management of discarded white goods."

36 Section 5. G.S. 130A-309.85 reads as rewritten:

37 **"§ 130A-309.85. Department to submit annual report on the management of white**
38 **goods.**

39 The Department shall report annually to the Environmental Review Commission and
40 to the Revenue Laws Study Committee concerning the management of white goods. The
41 report shall be submitted by ~~1 October~~ February 1 of each year for the fiscal year ending
42 on the preceding ~~30 June~~ June 30. The report shall include the following information:

- 1 (1) The amount of taxes collected and distributed under G.S. 105-187.24
- 2 during the period covered by the report.
- 3 (2) The cost to each county of managing white goods during the period
- 4 covered by the report.
- 5 (3) The beginning and ending balances of the White Goods Management
- 6 Account for the period covered by the report and a list of grants made
- 7 from the Account for the period.
- 8 (4) Any other information the Department considers helpful in
- 9 understanding the problem of managing white goods.
- 10 (5) A summary of the information concerning the counties' white goods
- 11 management programs contained in the counties' Annual Financial
- 12 Information Report."

13 Section 6. Part 2D of Article 9 of Chapter 130A of the General Statutes is
14 amended by adding a new section to read:

15 **"§ 130A-309.87. Eligibility for disposal tax proceeds.**

16 (a) Receipt of Funds. – A county may not receive a quarterly distribution of the
17 white goods disposal tax proceeds under G.S. 105-187.24 unless the undesignated
18 balance in the county's white goods account at the end of its fiscal year is less than the
19 threshold amount. Based upon the information in a county's Annual Financial
20 Information Report, the Department must notify the Department of Revenue by March 1
21 of each year which counties may not receive a distribution of the white goods disposal
22 tax for the current calendar year. The Department of Revenue will credit the
23 undistributed tax proceeds to the White Goods Management Account.

24 If the undesignated balance in a county's white goods account subsequently falls
25 below the threshold amount, the county may submit a statement to the Department,
26 certified by the county finance officer, that the undesignated balance in its white goods
27 account is less than the threshold amount. Upon receipt of the statement, the Department
28 will notify the Department of Revenue to distribute to the county its quarterly distribution
29 of the white goods disposal tax proceeds. The Department must notify the Department of
30 Revenue of the county's change of status at least 30 days prior to the next quarterly
31 distribution.

32 For the purposes of this subsection, the term "threshold amount" means twenty-five
33 percent (25%) of the amount of white goods disposal tax proceeds a county received, or
34 would have received if it had been eligible to receive them under G.S. 130A-309.87,
35 during the preceding fiscal year.

36 (b) Annual Financial Information Report. – On or before November 1 of each
37 year, a county must submit a copy of its Annual Financial Information Report, prepared
38 in accordance with G.S. 159-33.1, to the Department. The Secretary of the Local
39 Government Commission must require the following information in that report:

- 40 (1) The tonnage of white goods scrap metal collected.
- 41 (2) The amount of revenue credited to its white goods account. This
- 42 revenue should include all receipts derived from the white goods

1 disposal tax, the sale of white goods scrap metals and freon, and a grant
2 from the White Goods Management Account.

3 (3) The expenditures from its white goods account. The expenditures
4 should include operating expenses and capital improvement costs
5 associated with its white goods management program.

6 (4) The designated and undesignated balance of its white goods account.

7 (5) A comparison of the undesignated balance of its white goods account at
8 the end of the fiscal year and the amount of white goods disposal tax
9 proceeds it received, or would have received if it had been eligible to
10 receive it under G.S. 130A-309.87, during the fiscal year."

11 Section 7. Section 11 of Chapter 471 of the 1993 Session Laws, as amended
12 by Section 15.1(b) of Chapter 769 of the 1993 Session Laws, reads as rewritten:

13 "Sec. 11. Sections 1 through 5 of this act and this section become effective January 1,
14 1994. Section 3 of this act expires July 1, ~~1998-2001~~. Section 6 of this act becomes
15 effective July 1, ~~1998-2001~~. Sections 7, 8, and 9 of this act become effective July 1,
16 ~~1999-2002~~.

17 The repeal of the tax imposed by Section 3 of this act does not affect the rights or
18 liabilities of the State, a taxpayer, or another person that arose during the time the tax was
19 in effect. The first report submitted by the Department to the Environmental Review
20 Commission under G.S. 130A-309.85, as enacted by this act, shall cover the period from
21 January 1, 1994, to June 30, 1994."

22 Section 8. G.S. 130A-309.87(a), as enacted by this act, becomes effective
23 January 1, 1999, and applies to collections made on or after that date. The remainder of
24 this act becomes effective July 1, 1998.