

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

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SENATE BILL 994

Short Title: Change Gas Tax Rates/Increase Tank Fees.

(Public)

Sponsors: Senator Clodfelter.

Referred to: Finance.

March 24, 2005

A BILL TO BE ENTITLED

AN ACT TO STABILIZE THE MOTOR FUEL TAX BY IMPOSING A CAP ON THE VARIABLE WHOLESALE COMPONENT OF THE MOTOR FUELS TAX RATE AT ITS CURRENT RATE, TO ADJUST THE MOTOR FUEL EXCISE TAX RATE, AND TO INCREASE THE ANNUAL OPERATING FEES FOR PETROLEUM COMMERCIAL UNDERGROUND STORAGE TANKS IN ORDER TO PROTECT REVENUES AVAILABLE TO THE HIGHWAY FUND AND HIGHWAY TRUST FUND AND TO PROVIDE ADEQUATE FUNDS FOR THE CLEANUP OF PETROLEUM CONTAMINATED PROPERTY.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 105-449.80(a) reads as rewritten:

"(a) Rate. – The motor fuel excise tax rate is a flat rate of ~~seventeen and one-half cents (17 1/2¢)~~ eighteen and one-half cents (18 1/2¢) a gallon plus a variable wholesale component. The variable wholesale component is either three and one-half cents (3 1/2¢) a gallon or seven percent (7%) of the average wholesale price of motor fuel for the applicable base period, whichever is greater. In no case may the variable wholesale component be greater than nine and one-tenth cents (9.1¢) a gallon.

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

**SECTION 2.** G.S. 105-449.125 reads as rewritten:

**"§ 105-449.125. Distribution of tax revenue among various funds and accounts.**

The Secretary shall allocate the amount of revenue collected under this Article from an excise tax of ~~one-half cent (1/2¢)~~ one cent (1¢) a gallon to the following funds and accounts in the fraction indicated:

1	<u>Fund or Account</u>	<u>Amount</u>
2	Commercial Leaking Petroleum	
3	Underground Storage Tank Cleanup Fund	<del>Nineteen thirty seconds</del>
4		<u>Twenty-three thirty-seconds</u>
5	Noncommercial Leaking Petroleum	
6	Underground Storage Tank Cleanup Fund	<del>Three thirty seconds</del> <u>One-eighth</u>
7	Water and Air Quality Account	<del>Five sixteenths</del> <u>Five thirty-seconds</u> .

8 The Secretary shall allocate seventy-five percent (75%) of the remaining excise tax  
 9 revenue collected under this Article to the Highway Fund and shall allocate twenty-five  
 10 percent (25%) to the Highway Trust Fund.

11 The Secretary shall charge a proportionate share of a refund allowed under this  
 12 Article to each fund or account to which revenue collected under this Article is credited.  
 13 The Secretary shall credit revenue or charge refunds to the appropriate funds or  
 14 accounts on a monthly basis."

15 **SECTION 3.** G.S. 143-215.94C(a) reads as rewritten:

16 "(a) For purposes of this subsection, each compartment of a commercial  
 17 underground storage tank that is designed to independently contain a petroleum product  
 18 is a separate petroleum commercial underground storage tank. The owner or operator of  
 19 a commercial petroleum underground storage tank shall pay to the Secretary for deposit  
 20 into the Commercial Fund an annual operating fee according to the following schedule:

- 21 (1) For each petroleum commercial underground storage tank of 3,500  
 22 gallons or less capacity —~~two hundred dollars (\$200.00)~~. — three  
 23 hundred dollars (\$300.00).
- 24 (2) For each petroleum commercial underground storage tank of more  
 25 than 3,500 gallon capacity —~~three hundred dollars (\$300.00)~~. — four  
 26 hundred fifty dollars (\$450.00)."

27 **SECTION 4.** Sections 1, 2, and 4 of this act become effective 1 July 2005.  
 28 Section 3 of this act becomes effective 1 January 2006.