

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: Senate Bill 700 (Second Edition)

SHORT TITLE: Dry-Cleaning Solvent Act Amends.

SPONSOR(S): Senator Rand

FISCAL IMPACT					
	Yes (x)	No ()	No Estimate Available ()		
	Money in Millions				
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
REVENUES					
General Fund		(\$7.5)	(\$7.4)	(\$7.2)	(\$7.1)
Dry Cleaning Solvent Cleanup Fund	\$0.3	\$8.1	\$7.9	\$7.7	\$7.6
EXPENDITURES					
Department of Revenue		up to \$125,000 annually			
Dry Cleaning Solvent Cleanup Fund		up to \$1.8 million annually			
Administrative Expenses for Attorney General & DENR					
POSITIONS (cumulative):	no new positions anticipated				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Environment and Natural Resources; all state-owned property with dry-cleaning solvent contamination; Department of Revenue; Department of Justice					
EFFECTIVE DATE: July 1, 2009					

BILL SUMMARY:

S.B. 700 amends GS 143-215.104I to add a new subsection (b1) that (1) provides that other state and local land-use controls and notifications may be used in lieu of land use restrictions for properties in the area of a dry-cleaning solvent contamination site; (2) requires that, if such controls are used, a Notice of Dry-Cleaning Solvent Remediation must be prepared and filed in accordance with GS 143-215.104M by the owner or the North Carolina Environmental Management Commission (Commission); and (3) provides that state and land-use controls and

notifications may not be used on properties on which a dry-cleaning facility is or was located which was the source of the contamination. The bill amends GS 143-215.104L to (1) require the Commission or its private contractor to mail a copy of the summary of a Notice of Intent to enter into a dry-cleaning solvent remediation agreement to each owner of property located within the contamination site and to each owner of property that is contiguous to the site (rather than filing a copy of the summary with the Codifier of Rules, as is currently required), (2) require publication of the summary of Notice of Intent in a newspaper of general circulation only (rather than the newspaper and in the North Carolina Register), (3) reduce from 60 days to 30 days the public comment period that begins from the date of publication of the summary of the Notice of Intent, (4) reduce from 30 days to 21 days the deadline (after the public comment period begins) for a request for a public meeting on a proposed dry-cleaning solvent remediation agreement, (5) reduce from 30 days to 15 days before the date of the meeting the time in which the Commission must mail notice of the meeting and in which the Commission shall publish notice of the meeting in the newspaper; and (6) requiring the minutes from the meeting to include any written comments received during the meeting.

Section 4 of the bill amends GS 143-215.104N(b) by deleting subsection (9), removing the limitation on disbursement of monies from the Dry-Cleaning Solvent Cleanup Fund for costs incurred in connection with dry-cleaning solvent contamination from a facility or site owned by the state or a state agency.

Section 5 of the bill amends section 8 of SL 1997-392 by extending the sunset dates of Sections 1 (Part 6 to Article 21A of Chapter 143) and 4.1 [GS 105-259(b)(20)] of that law from January 1, 2012, to January 1, 2022, and extending the sunset date of Section 4 (Article 5D of Chapter 143) of that law from January 1, 2010, to January 1, 2020. Section 6 mends Section 23 of SL 2000-19 by extending the sunset dates of Sections 1.1 (GS 105-164.44E) and 1.2 (amending GS 105-187.31) of that law from January 1, 2010, to January 1, 2020. These amendments effectively extend the sunset for the dry-cleaning solvent tax and the transfer of 15% of the sales tax on dry cleaning to the Dry Cleaning Solvent Cleanup Fund.

ASSUMPTIONS AND METHODOLOGY:

Revenues

Sales Tax Transfer

S.B. 700 extends the sunset on the transfer of 15% of the next sales and use tax collected on dry cleaning. In the absence of GS 105-164.44E, this revenue would be credited to the General Fund. The 15% dry-cleaning sales tax transfer was originally set to sunset on June 30, 2010 and would sunset June 30, 2020 under S.B. 700. Using a growth trend projection, an estimate of revenue from the 15% sales tax transfer for the next five years is as follows:

2009-10	2010-11	2011-12	2012-13	2013-14
\$7,643,854	\$7,495,510	\$7,350,044	\$7,207,402	\$7,067,527

Under current law, the transfer will not expire until the end of the FY 2009-10 fiscal year, on June 30, 2010. Thus, this note does not reflect revenue for FY 2009-10 on the first page.

Dry Cleaning Solvent Tax

S.B. 700 extends the sunset on the dry cleaning solvent taxes. These taxes were originally set to expire January 1, 2010 and under S.B. 700 would sunset January 1, 2020. Using a growth trend projection, an estimate of revenue from the dry cleaning solvent tax transfer for the next five years is as follows:

<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
\$614,419	\$565,035	\$519,620	\$477,855	\$532,894

Under current law, the tax expires mid-way through FY 2009-10. Thus, new revenue for FY 2009-10 from this bill will be half the amount shown, or \$307,209.

Expenditures

Administrative Expenses

GS 105-187.34 allows the Department of Revenue to retain up to \$125,000 to cover its costs of collection of the tax. S.B. 700 extends the sunset from January 1, 2010 to January 1, 2020 for this statute.

GS 143-215.104C allows the Department of Environment and Natural Resources and the Attorney General’s Office to use up to 20% of the revenue credited to the fund each year for administrative costs. S.B. 700 extends the sunset for this statute from January 1, 2012 to January 1, 2022. The only revenue into the fund after 2020 will come from interest earned on the fund balance and any gifts or donations; it is estimated that revenue after 2020 will be minimal.

Additional Uses of Fund

Section 4 of the bill removes the limitation that the Fund cannot be used for State-owned sites. DENR currently knows of two State-owned sites with dry cleaning solvent contamination – one in Charlotte at UNC-Charlotte and one owned by DOT in Winston-Salem. However, DENR estimates there are over 900 abandoned dry cleaning sites in the State and some of these may potentially be on State property. The average estimate to clean up each abandoned dry cleaning site is \$330,000.

SOURCES OF DATA: Department of Environment and Natural Resources

TECHNICAL CONSIDERATIONS: None

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