

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 901

Short Title: Used Oil Disposal Tax.

(Public)

Sponsors: Senators Speed; Tally and Plexico.

Referred to: Finance.

May 13, 1991

A BILL TO BE ENTITLED

AN ACT TO IMPOSE A USED OIL DISPOSAL TAX ON THE SALE AND USE OF  
MOTOR OIL AND SIMILAR LUBRICANTS AND TO SPECIFY THE USE OF  
THE PROCEEDS OF THIS TAX.

The General Assembly of North Carolina enacts:

Section 1. Chapter 105 of the General Statutes is amended by adding a new  
Article to read:

**“ARTICLE 5B.**

**“USED OIL DISPOSAL TAX.\***

**“§ 105-187.25. Definitions.**

The definitions in G.S. 105-164.3 apply to this Article, except that the term ‘sale’ does not include lease or rental and, as used in this Article, oil includes oil which has been refined from crude oil or synthetic oil.

**“§ 105-187.26. Tax imposed.**

A privilege tax is imposed on a retailer of motor oil or similar lubricants at the rate of four cents (4¢) per quart of new motor oil or similar lubricant sold at retail by the retailer. An excise tax is imposed on new motor oil or similar lubricants purchased for storage, use, or consumption in this State. This excise tax is at the rate of four cents (4¢) per quart of motor oil or similar lubricant. These taxes are in addition to all other taxes.

**“§ 105-187.27. Administration.**

The privilege tax this Article imposes on a retailer who sells new motor oil or similar lubricants at retail is an additional State sales tax and the excise tax this Article imposes on the storage, use, or consumption of new motor oil or similar lubricants in

1 this State is an additional State use tax. Except as otherwise provided in this Article,  
2 these taxes shall be collected and administered in the same manner as the State sales and  
3 use taxes imposed by Article 5 of this Chapter. As under Article 5 of this Chapter, the  
4 additional State sales tax paid when new motor oil or a similar lubricant is sold is a  
5 credit against the additional State use tax imposed on the storage, use, or consumption  
6 of the same motor oil or similar lubricant.

7 **"§ 105-187.28. Exemptions.**

8 The exemptions in G.S. 105-164.13 and the refunds allowed in G.S. 105-164.14 do  
9 not apply to the taxes imposed by this Article.

10 **"§ 105-187.29. Use of tax proceeds.**

11 (a) The proceeds of the tax levied in this Article may be used only as provided in  
12 this section. The Secretary shall retain from the taxes collected under this Article the  
13 cost of collection as reimbursement to the Department of Revenue. The Secretary shall  
14 distribute the remaining net proceeds collected under this Article in accordance with this  
15 section.

16 (b) Each quarter, the Secretary shall credit seventy-three percent (73%) of the net  
17 tax proceeds to the Solid Waste Management Trust Fund, to be used as provided in G.S.  
18 130A-309.73, and shall credit the remaining twenty-seven percent (27%) of the net tax  
19 proceeds to the General Fund.

20 (c) The General Assembly shall annually appropriate from the General Fund an  
21 amount equal to twenty percent (20%) of the net tax proceeds collected during the  
22 preceding fiscal year to the Solid Waste Section, Solid Waste Management Division,  
23 Department of Environment, Health, and Natural Resources for salaries and necessary  
24 support for positions in the Solid Waste Section. These positions shall be used to  
25 administer and implement the used oil program in the Solid Waste Section. The  
26 General Assembly shall annually appropriate from the General Fund an amount equal to  
27 seven percent (7%) of the net tax proceeds collected during the preceding fiscal year to  
28 the Office of Waste Reduction, Department of Environment, Health, and Natural  
29 Resources for salaries and necessary support for positions in the Office of Waste  
30 Reduction. These positions shall be used to administer and implement the used oil  
31 program in the Office of Waste Reduction."

32 Sec. 2. G.S. 130A-309.12 reads as rewritten:

33 **"§ 130A-309.12. Solid Waste Management Trust Fund.**

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

- 36 (1) Funding activities of the Department to promote waste reduction and  
37 recycling including but not limited to public education programs and  
38 technical assistance to units of local government;
- 39 (2) Funding research on the solid waste stream in North Carolina;
- 40 (3) Funding activities related to the development of secondary materials  
41 markets;
- 42 (4) Providing funding for demonstration projects as provided by this Part;  
43 ~~and~~

- 1 (5) Providing funding for research by The University of North Carolina  
 2 and independent nonprofit colleges and universities within the State  
 3 which are accredited by the Southern Association of Colleges and  
 4 Schools as provided by this ~~Part~~-Part; and  
 5 (6) Funding grants and incentives under the North Carolina Used Oil  
 6 Disposal Act as provided in G.S. 130A-309.73.  
 7 (b) The Solid Waste Management Trust Fund shall consist of:  
 8 (1) Funds appropriated by the General Assembly;  
 9 (2) Contributions and grants from public or private sources; ~~and~~  
 10 (3) Ten percent (10%) of the proceeds of the scrap tire disposal fee  
 11 imposed pursuant to G.S. 130A-309.55 and G.S. ~~130A-309.56.~~130A-  
 12 309.56; and  
 13 (4) Seventy-three percent (73%) of the net proceeds of the used oil  
 14 disposal tax imposed under G.S. 105-187.26, to be used only as  
 15 provided in G.S. 130A-309.73.  
 16 (c) The Department shall report on a quarterly basis to the Joint Legislative  
 17 Commission on Governmental Operations and to the Environmental Review  
 18 Commission as to the condition of the Solid Waste Management Trust Fund and as to  
 19 the use of all funds allocated from the Solid Waste Management Trust Fund. Quarterly  
 20 reports required under this subsection shall be made not later than 60 days after the last  
 21 day of each calendar quarter beginning with the quarter ending 31 December 1989."

22 Sec. 3. Article 9 of Chapter 130A of the General Statutes is amended by  
 23 adding a new Part to read:

24 **"PART 2C. USED OIL DISPOSAL ACT.**

25 **"§ 130A-309.70. Title.**

26 This Part may be cited as the 'North Carolina Used Oil Disposal Act.'

27 **"§ 130A-309.71. Findings; purpose.**

28 (a) The General Assembly finds that:

- 29 (1) Used oil poses a threat to the public health and to the environment  
 30 when improperly disposed.  
 31 (2) A significant amount of used oil is improperly discharged into sewers,  
 32 drainage systems, septic tanks, surface waters, groundwater,  
 33 watercourses, marine waters, or landfills.  
 34 (3) Used oil is a suitable material to recycle.  
 35 (4) Used oil when mixed with hazardous, toxic, or other harmful  
 36 substances is not suitable for recycling.  
 37 (5) It is in the State's best interest to encourage efforts to collect and  
 38 recycle used oil.

39 (b) The purpose of this Part is to encourage the collection and recycling of used  
 40 oil and to prohibit the improper handling, treatment, or disposal of used oil in order to  
 41 protect the public health and the environment.

42 **"§ 130A-309.72. Definitions.**

43 As used in this Part, 'oil' includes oil which has been refined from crude oil or  
 44 synthetic oil.

1 **"§ 130A-309.73. Use of used oil disposal tax proceeds.**

2 (a) Article 5B of Chapter 105 of the General Statutes imposes a tax on new  
3 motor oil or similar lubricants to provide funds for salaries and necessary support for  
4 positions in the Department's Solid Waste Section and the Office of Waste Reduction to  
5 administer and implement the provisions of this Part as provided in G.S. 105-187.29;  
6 and to support the grants programs as provided in subsection (b) of this section.

7 (b) The Department shall use the funds credited to the Solid Waste Management  
8 Trust Fund under G.S. 105-187.29 only as follows:

9 (1) For grants to businesses to encourage the voluntary establishment of  
10 public used oil collection centers and recycling programs in  
11 accordance with G.S. 130A-309.79;

12 (2) For grants to units of local government to encourage the collection,  
13 reuse, and proper disposal of used oil in accordance with G.S. 130A-  
14 309.81;

15 (3) For the public education program regarding used oil in accordance  
16 with G.S. 130A-309.75; and

17 (4) For the incentives program for individuals in accordance with G.S.  
18 130A-309.80.

19 (c) On or before January 1,\* 1992, the Department shall initiate rule making for  
20 any rules needed to implement those provisions of this Part not previously implemented  
21 and to implement the disbursement of funds from the Solid Waste Management Trust  
22 Fund as provided in this section."

23 Sec. 4. G.S. 130A-309.15 through G.S. 130A-309.24 are recodified as G.S.  
24 130A-309.74 through G.S. 130A-309.83 in Part 2C of Article 130A of the General  
25 Statutes, as enacted by Section 2 of this act. The codifier shall amend all cross  
26 references contained in these recodified sections accordingly.

27 Sec. 5. G.S. 130A-309.20(a), recodified as G.S. 130A-309.79(a) in Section 4  
28 of this act, reads as rewritten:

29 "(a) The Department shall develop a grants program for private businesses to  
30 encourage the voluntary establishment of public used oil collection centers and  
31 recycling programs and provide technical assistance to persons who organize such  
32 programs. No grant may be made for any project unless the project is approved by the  
33 Department."

34 Sec. 6. G.S. 130A-309.21(a), recodified as G.S. 130A-309.80(a) in Section 4  
35 of this act, reads as rewritten:

36 "(a) The Department ~~is authorized to establish~~ shall develop an incentives program  
37 for individuals who change their own oil to encourage them to return their used oil to a  
38 used oil collection center."

39 Sec. 7. G.S. 130A-309.22(c), recodified as G.S. 130A-309.81(c) in Section 4  
40 of this act, reads as rewritten:

41 "~~(e) Eligible projects shall be funded according to provisions established by the~~  
42 ~~Department; however, no grant may exceed twenty five thousand dollars (\$25,000)."~~

1           Sec. 8. This act becomes effective January 1, 1992, and applies to all new  
2 motor oil and similar lubricants sold on or after that date or brought into this State for  
3 storage, use, or consumption on or after that date.