

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

**BILL NUMBER:** SB 60, PCS

**SHORT TITLE:** Advanced Disposal Tax on White Goods

**SPONSOR(S):** Representatives R. Thompson, Barnhill, Bowen, DeVane, Hightower, Hackney, and Hunter

**FISCAL IMPACT:** Expenditures: (State & Local) Increase (X) Decrease ( )  
Revenues: (State & Local) Increase (X) Decrease ( )  
No Impact ( )  
Estimate Available (X)

**FUND AFFECTED:** General Fund (X) Highway Fund ( ) Local Govt. (X)  
Other Funds (X)

**BILL SUMMARY:**

The proposed act imposes an privilege tax on new white goods sold in the State. The tax is to be paid by resident wholesale merchants, or by resident retail merchants if the tax is not paid on the good at the wholesale level. An excise tax is to be levied in the same amount as the privilege tax on the purchase of white goods purchased outside of the State for consumption within the State. (The excise tax is not in addition to the privilege license tax.) The tax is \$10.00 for those white goods containing refrigerants and \$5.00 for those that do not contain refrigerants. The tax is to be remitted monthly to the Department of Revenue in the same manner as the sales and use tax.

The act authorizes a person who buys at least 50 new white goods in the same purchase a refund equal to 80% of the tax when all of the white goods purchased are to be placed in new or remodeled dwellings.

The act limits the amount the Department of Revenue can charge for administering the tax to \$225,000 annually. The Secretary of Revenue is to make the following distributions quarterly:

(1) 5% to the Solid Waste Management Trust Fund

\* The proceeds credited to the Fund are to be used in accordance with the provisions of G.S. 130A-309.12.

(2) 20% to the White Goods Management Account

\* The proceeds credited to the Account are to be used as grants for local units of government for assistance in managing discarded white goods.

(3) 75% distributed among the counties based on per capita

\* The proceeds credited to each county may be used for managing discarded white goods.

**EFFECTIVE DATE:** January 1, 1994 and expires July 1, 1998

**PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:**

Department of Revenue:

- (1) Sales and Use Tax Division
- (2) License and Excise Tax Division
- (3) Department of Environment, Health, and Natural Resources

	<b>FISCAL IMPACT</b>				
	<b>Estimate</b>				
	<b>(\$ Millions)</b>				
	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
	93-94	94-95	95-96	96-97	
97-98					
<b>EXPENDITURES</b>					
Dept. Revenue	\$225,000	225,000	225,000	225,000	
225,000					
Dept. EHNR	100,000	100,000	100,000	100,000	
100,000					
<b>REVENUE</b>					
<b>DISTRIBUTIONS</b>					
5% SWMTF	109,541	237,848	237,848	240,376	
242,944					
20% WGMA	438,165	951,392	951,393	961,502	
971,774					
75% County	1,643,117	3,567,722	3,567,722	3,605,633	
3,644,154					
<b>TOTAL</b>	\$2,515,823	5,081,962	5,081,963	5,132,511	
5,183,872					
SWMTG - Solid Waste Management Trust Fund					
WGMA - White Goods Management Account					

**POSITION:** Department of Environment, Health, and Natural Resources estimates it will take 2 additional staff persons to carry out the responsibilities imposed upon the Department from this legislative action.

Responsibilities include:

1. Reviewing and responding to the procedures developed to provide for management of white goods by counties. Counties will need guidance from the Solid Waste Section on setting up and maintaining white goods management practices that protect the environment and public health and be safe for workers at the sites.
2. Providing additional on site inspections and technical assistance regarding proper management practices for white goods at the county collection sites. This includes responding to citizen complaints regarding white goods.
3. Selecting local governments to be awarded grants that meet requirements as set forth in the bill. This will include

developing procedures for applying and awarding the funds, monitoring and reporting on the grants and the white goods program.

To accomplish these responsibilities it is estimated that .5 staff years would be needed for reviewing and responding to the procedures for white goods management. Another .5 staff years would be required to provide the on-site regulation. A staff year would be needed to manage the grant and reporting program. The additional 2 staff years to accomplish these responsibilities would require approximately \$100,000 which includes salary, fringes, office rent, equipment, travel, supplies and training.

The Solid Waste section can not assume these responsibilities in addition to what they currently have without additional resources. The Section has been reviewed by several study committees of the General Assembly which found that the section did not have sufficient staff to accomplish its responsibilities. Each expansion budget for the past six years (and the current expansion budget) has included a request by the Governor for additional staff for the section.

The Section currently has had to hire contract labor just to process a part of the critical permit backlog, has reduced the number of on-site inspections at permitted facilities by 50% in order to provide quicker response to the every increasing citizen complaints regarding solid waste, has been unable to aggressively respond to groundwater problems at existing sites, has been unable to implement many parts of Senate Bill 111, including the local government planning requirement, and will be faced with implementing the new federal Subtitle D landfill requirements.

The new responsibilities set forth in this bill would require additional resources for the solid waste section in order for these activities to be done in a fashion that would provide the accountability and management that is necessary for a new program.

**ASSUMPTIONS AND METHODOLOGY:**

The revenue impact was estimated based on distributor sales for year 1991 furnished to FRD by the Association of Home Appliance Manufacturers. Growth in sales is expected to be at least 1% a year. The estimate could be overstated if sales in the durable goods area decline from the 1991 level. Such a decline would be due to economic growth in an amount less than 1%. It is not possible to determine from the data supplied by the Association of Home Appliance Manufacturers how much of the total units sold in 1991 were due to contract sales.

**SOURCES OF DATA:** Association of Home Appliance Manufacturers

**TECHNICAL CONSIDERATIONS:**

**FISCAL RESEARCH DIVISION**

733-4910

**PREPARED BY:** H. Warren Plonk

**APPROVED BY:** Tom L. Covington **TOMC**

**DATE:** June 15, 1993



**Official  
Fiscal Research Division  
Publication**

**Signed Copy Located in the NCGA Principal Clerk's Offices**