

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

H

1

HOUSE BILL 1066

Short Title: Nonrecycling Plastics Producers Pay.

(Public)

Sponsors: Representative Luebke.

Referred to: Business & Labor, if favorable, Finance.

May 15, 1995

A BILL TO BE ENTITLED

1 AN ACT TO IMPOSE A DISPOSAL TAX ON CONTAINERS THAT FAIL TO
2 RECYCLE SUFFICIENTLY AND TO DISTRIBUTE THE REVENUE FROM THE
3 DISPOSAL TAX ON CONTAINERS TO THE SOLID WASTE MANAGEMENT
4 TRUST FUND.
5

6 The General Assembly of North Carolina enacts:

7 Section 1. G.S. 130A-290(a) is amended by adding two new subdivisions in
8 the appropriate alphabetical order to read:

9 "(4a) 'Container' means the individual, separate, and sealed glass, plastic,
10 plastic-coated paper, steel, aluminum, or other metal can, bottle, jar, or
11 container, including containers composed of more than one material,
12 which is not less than five ounces or greater than one gallon by volume
13 in capacity and in which the contents have been sealed by the
14 manufacturer. The term does not include containers for medical
15 devices, drugs, medicine, or other medical items.

16 (4b) 'Container material type' means the material used in the manufacture of
17 a container, including plastic, glass, plastic-coated paper, steel,
18 aluminum, or other metals."

19 Sec. 2. Effective July 1, 1996, Chapter 105 of the General Statutes is amended
20 by adding a new Article to read:

"ARTICLE 5D.
"DISPOSAL TAX ON CONTAINERS.

"§ 105-187.30. Definitions.

The definitions in G.S. 105-164.3 apply to this Article and the following definitions apply to this Article:

- (1) Container. – Defined in G.S. 130A-290(a)(4a).
- (2) Container material type. – Defined in G.S. 130A-290(a)(4b).
- (3) Sustained recycling rate. – Defined in G.S. 130A-309.06(d).

"§ 105-187.31. Tax imposed.

(a) Tax. – A privilege tax is imposed on a retailer at a flat rate for each container that is sold by the retailer. An excise tax is imposed on a container purchased outside the State for storage, use, or consumption in this State. The rate of the privilege tax and the excise tax is three cents (\$0.03) for each container. This tax is in addition to all other taxes.

(b) Exemptions. – Reuseable and refillable containers are exempt from this tax. Containers in a container material type that have a sustained recycling rate that meets or exceeds the following percentages are exempt from this tax:

<u>Container Material Type</u>	<u>Percentage Rate</u>
<u>Glass & Aluminum</u>	<u>35%</u>
<u>Paper</u>	<u>30%</u>
<u>Plastic, Steel, & Metal</u>	<u>25%.</u>

"§ 105-187.32. Administration.

The privilege tax this Article imposes on a retailer is an additional State sales tax and the excise tax this Article imposes on the storage, use, or consumption of a container in this State is an additional State use tax. Except as otherwise provided in this Article, these taxes shall be collected and administered in the same manner as the State sales and use taxes imposed by Article 5 of this Chapter. As under Article 5 of this Chapter, the additional State sales tax paid when a container is sold at retail is a credit against the additional State use tax imposed on the storage, use, or consumption of the same container.

"§ 105-187.33. Use of tax proceeds.

The Secretary shall distribute the net tax proceeds collected under this Article to the Solid Waste Management Trust Fund on a quarterly basis."

Sec. 3. Effective July 1, 1998, G.S. 105-187.31, as enacted by this act, reads as rewritten:

"§ 105-187.31. Tax imposed.

(a) Tax. – A privilege tax is imposed on a retailer at a flat rate for each container that is sold by the retailer. An excise tax is imposed on a container purchased outside the State for storage, use, or consumption in this State. The rate of the privilege tax and the excise tax is ~~three cents (\$0.03)~~ five cents (\$0.05) for each container. This tax is in addition to all other taxes.

1 (b) Exemptions. – Reuseable and refillable containers are exempt from this tax.
2 Containers in a container material type that have a sustained recycling rate that meets or
3 exceeds the following percentages are exempt from this tax:

4 Container Material Type Percentage Rate

5 Glass & Aluminum ~~35%~~ 50%

6 Paper ~~30%~~ 40%

7 Plastic, Steel, & Metal ~~25%~~ 30%."

8 Sec. 4. G.S. 130A-309.06(d) reads as rewritten:

9 "(d) The Department of Environment, Health, and Natural Resources shall prepare
10 by March 1, 1994, and every other year thereafter, a report assessing the recycling
11 industry and recyclable materials markets in the State. The report shall include the
12 sustained recycling rate for each container material type. The sustained recycling rate is
13 the average recycling rate for a container material type, expressed as a percentage, for a
14 period of at least 12 consecutive months. The sustained recycling rate for plastics shall
15 be calculated by type of plastic, according to industry codes. The Department shall notify
16 the Department of Revenue of the sustained recycling rate for each container material
17 type."

18 Sec. 5. G.S. 130A-309.12 reads as rewritten:

19 "**§ 130A-309.12. Solid Waste Management Trust Fund.**

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

22 (1) Funding activities of the Department to promote waste reduction and
23 recycling including but not limited to public education programs and
24 technical assistance to units of local government;

25 (2) Funding research on the solid waste stream in North Carolina;

26 (3) Funding activities related to the development of secondary materials
27 markets;

28 (4) Providing funding for demonstration projects as provided by this Part;
29 and

30 (5) Providing funding for research by The University of North Carolina and
31 independent nonprofit colleges and universities within the State which
32 are accredited by the Southern Association of Colleges and Schools as
33 provided by this Part.

34 (b) **(Effective until June 30, 1997)** The Solid Waste Management Trust Fund
35 shall consist of the following:

36 (1) Funds appropriated by the General Assembly.

37 (2) Contributions and grants from public or private sources.

38 (3) Five percent (5%) of the proceeds of the scrap tire disposal tax imposed
39 under Article 5B of Chapter 105 of the General Statutes.

40 (4) **(Repealed effective July 1, 1999)** Five percent (5%) of the proceeds of
41 the white goods disposal tax imposed under Article 5C of Chapter 105
42 of the General Statutes.

- 1 (5) The proceeds of the container disposal tax imposed under Article 5D of
2 Chapter 105 of the General Statutes.
- 3 (b) **(Effective June 30, 1997)** The Solid Waste Management Trust Fund shall
4 consist of the following:
- 5 (1) Funds appropriated by the General Assembly.
6 (2) Contributions and grants from public or private sources.
7 (3) Ten percent (10%) of the proceeds of the scrap tire disposal tax imposed
8 under Article 5B of Chapter 105 of the General Statutes.
9 (4) **(Repealed effective July 1, 1999)** Five percent (5%) of the proceeds of
10 the white goods disposal tax imposed under Article 5C of Chapter 105
11 of the General Statutes.
12 (5) The proceeds of the container disposal tax imposed under Article 5D of
13 Chapter 105 of the General Statutes.
- 14 (c) The Department shall report annually on or before 1 September to the
15 Environmental Review Commission as to the condition of the Solid Waste Management
16 Trust Fund and as to the use of all funds allocated from the Solid Waste Management
17 Trust Fund."
- 18 Sec. 6. Section 4 of this act becomes effective January 1, 1996. Sections 2 and
19 5 of this act become effective July 1, 1996. Section 3 of this act becomes effective July
20 1, 1998. The remainder of this act is effective upon ratification.