

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 462

Short Title: Fuel Tax for Alternative Fuels.

(Public)

Sponsors: Senators Edwards, Plexico and Jordan.

Referred to: Finance

March 22, 1995

A BILL TO BE ENTITLED

AN ACT TO REDUCE THE MOTOR FUEL TAX FOR ALTERNATIVE
TRANSPORTATION FUELS.

The General Assembly of North Carolina enacts:

Section 1. Article 36 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-436.2. Taxation on alcohol fuels.

Sale, distribution, or use of methanol, denatured ethanol, or other alcohols, or mixtures containing at least seventy percent (70%) by volume of methanol, denatured ethanol, and other alcohols with gasoline or other fuels, used to propel a vehicle on the highways of this State, is subject to the tax under G.S. 105-434 except the tax is twelve cents (12¢)."

Sec. 2. G.S. 105-449.16 reads as rewritten:

"§ 105-449.16. Levy of tax and application of tax proceeds.

(a) A tax is imposed upon all of the following fuel:

- (1) Fuel sold or delivered by a supplier to a licensed user-seller.
- (2) Fuel used by a supplier in a motor vehicle owned, leased, or operated by the supplier.
- (3) Fuel delivered by a supplier directly into the fuel supply tank of a motor vehicle.

1 (4) Fuel imported by a user-seller into this State, by a means other than
2 carrying the fuel in a fuel supply tank of a motor vehicle, for resale or to
3 operate a motor vehicle.

4 (5) Fuel acquired tax free by a user-seller or user in this State for resale or
5 to operate a motor vehicle.

6 The tax on liquid fuel that is not an alternative fuel is at the rate established under
7 G.S. 105-434. The tax on liquid alternative fuel is twelve cents (12¢). The tax on non-
8 liquid fuel is at a rate equivalent to the rate of tax on liquid fuel, as determined by the
9 Secretary. A supplier who consigns fuel to a reseller may elect to report and pay the tax
10 due on the fuel when the reseller sells or dispenses the fuel instead of when the supplier
11 delivers the fuel to the reseller.

12 The primary purposes of this levy and this Article are to provide a more efficient and
13 effective method of collecting the tax now imposed and collected pursuant to G.S. 105-
14 435, by providing for the collection of the tax from the supplier instead of the user. The
15 tax levied by this Article is in lieu of rather than in addition to the tax levied by G.S. 105-
16 435; payment of the tax levied by this Article constitutes compliance with G.S. 105-435.

17 (b) The same percentage amounts of revenue collected under this Article shall be
18 credited to the Highway Fund and to the Highway Trust Fund as are credited to those
19 Funds under G.S. 105-445, and the same percentage amounts of refunds allowed under
20 this Article shall be charged to the Highway Fund and to the Highway Trust Fund as are
21 charged to those Funds under that statute.

22 (c) Expired.

23 (d) As used in this section, 'alternative fuel' has the meaning provided in the
24 Energy Policy Act of 1992, 42 U.S.C. § 13201, et seq., except alternative fuel does not
25 include methanol, denatured ethanol, and other alcohols, or mixtures containing at least
26 seventy percent (70%) by volume of methanol, denatured ethanol, and other alcohols
27 with gasoline or other fuels."

28 Sec. 3. G.S. 105-435(a) reads as rewritten:

29 "(a) Every person who owns or operates over the highways of this State, any motor
30 vehicle ~~propelled by a motor which~~ that uses any product for propulsion not included
31 within the definition of 'motor fuels' ~~hereinbefore set out~~ provided in G.S. 105-430, to
32 generate power for the propulsion of ~~said~~ the vehicle, shall pay to the Secretary of
33 Revenue, for the use of the highways of this State, a tax at the rate ~~established pursuant to~~
34 provided in G.S. 105-434(a) on the ~~fuel used in such vehicle upon the highways of this State.~~
35 fuel."

36 Sec. 4. This act is effective for taxable years beginning on or after January 1,
37 1995.