

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

H

1

HOUSE BILL 1705

Short Title: Exempt Biodiesel from Motor Fuels Taxes. (Public)

Sponsors: Representatives Hackney, Tolson (Primary Sponsors); Insko, Luebke, McLawhorn, Wainwright, and Weiss.

Referred to: Finance.

May 27, 2004

A BILL TO BE ENTITLED
AN ACT TO EXEMPT BIODIESEL FROM MOTOR FUELS TAXES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-449.81 reads as rewritten:

"§ 105-449.81. Excise tax on motor fuel.

An excise tax at the motor fuel rate is imposed on motor fuel other than biodiesel that is:

- (1) Removed from a refinery or a terminal and, upon removal, is subject to the federal excise tax imposed by § 4081 of the Code.
- (2) Imported by a system transfer to a refinery or a terminal and, upon importation, is subject to the federal excise tax imposed by § 4081 of the Code.
- (3) Imported by a means of transfer outside the terminal transfer system for sale, use, or storage in this State and would have been subject to the federal excise tax imposed by § 4081 of the Code if it had been removed at a terminal or bulk plant rack in this State instead of imported.
- (3a) Fuel grade ethanol that meets any of the following descriptions:
 - a. Is removed from a terminal or another storage and distribution facility, unless the removed fuel is received by a supplier for subsequent sale.
 - b. Is imported to this State outside the terminal transfer system by a means other than a marine vessel, a transport truck, or a railroad tank car.
- (4) Blended fuel made in this State or imported to this State.
- (5) Transferred within the terminal transfer system and, upon transfer, is subject to the federal excise tax imposed by section 4081 of the Code."

SECTION 2. G.S. 119-18(a) reads as rewritten:

1 (a) Tax. – An inspection tax of one fourth of one cent (1/4 of 1¢) per gallon is
2 levied upon all of the fuel listed in this subsection regardless of whether the fuel is
3 exempt from the per-gallon excise tax imposed by Article 36C or 36D of Chapter 105 of
4 the General Statutes. The inspection tax on motor fuel is due and payable to the
5 Secretary of Revenue at the same time that the per gallon excise tax on motor fuel is due
6 and payable under Article 36C of Chapter 105 of the General Statutes. The inspection
7 tax on alternative fuel is due and payable to the Secretary of Revenue at the same time
8 that the excise tax on alternative fuel is due and payable under Article 36D of Chapter
9 105 of the General Statutes. The inspection tax on kerosene is payable monthly to the
10 Secretary by a supplier that is licensed under Part 2 of Article 36C of Chapter 105 of the
11 General Statutes and by a kerosene supplier. A monthly report is due by the 22nd of
12 each month and applies to kerosene sold during the preceding month by a supplier
13 licensed under that Part and to kerosene received during the preceding month by a
14 kerosene supplier. A kerosene terminal operator must file a return in accordance with
15 the provisions of G.S. 105-449.100.

16 (1) Motor ~~fuel.~~fuel other than biodiesel.

17 (2) Alternative fuel used to operate a highway vehicle.

18 (3) Kerosene."

19 **SECTION 3.** This act becomes effective July 1, 2004, and expires July 1,
20 2009.