

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: House Bill 1062 (Senate Finance Committee Substitute)

SHORT TITLE: Correct Dry-Cleaning/White Goods Laws

SPONSOR(S): Representative Gibson

FISCAL IMPACT

Yes (X) No () No Estimate Available ()

FY 2001-02 FY 2002-03 FY 2003-04 FY 2004-05 FY 2005-06

REVENUES

Dry-Cleaning Solvent
Cleanup Fund
-Solvent Tax Increase \$87,572

EXPENDITURES

Dry-Cleaning Solvent
Cleanup Fund
DENR and DOJ \$35,029*

* These departments may spend 40% of revenue

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Department of Revenue (DOR); Department of Environment & Natural Resources (DENR); Department of Justice (DOJ); and Environmental Management Commission.

EFFECTIVE DATE: Sections 1,3,4, and 7 of this bill are effective when the act becomes law. Section 2 is effective retroactively to January 1, 2000. Section 5 is effective retroactively to July 13, 2000. Section 6 is effective retroactively to July 1, 1998.

BILL SUMMARY: This act corrects certain environmental laws relating to the dry-cleaning solvent tax and the tax on white goods. An increase in the dry-cleaning solvent tax scheduled for October 1, 2001 will be moved to August 1, 2001 in Section 1 of the bill.

ASSUMPTIONS AND METHODOLOGY:

Dry-Cleaning Solvent Tax

Passage of House Bill 1326 in the 2000 General Assembly (SL 2000, chapter 19) increased the tax from \$5.85 to \$10 per gallon of chlorine based dry-cleaning solvent and from 80 cents to \$1.35 per gallon of hydrocarbon based dry-cleaning solvent effective October 1, 2001. Section 1 of this bill will move the effective date to August 1, 2001 and thus deposit two additional months of revenue into the Dry- Cleaning Solvent Cleanup Fund. From April 2000 through March 2001, the Department of Revenue reported sales of 106,083 gallons of chlorinated solvent (perchloroethylene or perc) and 154,905 gallons of hydrocarbon (petroleum) based solvent. Based on this 12-month period, the average monthly sales were 8,840 gallons of chlorine solvent and 12,909 gallons of hydrocarbon solvent. Assuming these recent sales figures will continue in the first quarter of FY 2001-02, a \$4.15 per gallon tax increase on chlorine solvent for 2 months at 8,840 gallons a month will yield \$73,372. Similarly, a 55 cent per gallon tax increase for 2 months at 12,909 gallons a month will yield \$14,200. The total revenue gain from the change in effective dates is \$87,572. The Department of Environment and Natural Resources (DENR) and the Department of Justice (DOJ) may spend 40% of this increased revenue in FY 2001-02 to administer the cleanup program.

Other Changes

Sections 5 and 6 restore a prohibition on the taxation of white goods by local governments that was mistakenly repealed by legislation in 1998. Since no local governments have taken advantage of this oversight to create their own white goods tax, there is no fiscal impact from these sections. Section 4 extends the temporary rulemaking date for the Environmental Management Commission and has no fiscal impact.

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