

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007**

**SESSION LAW 2007-524  
SENATE BILL 1272**

AN ACT TO EXEMPT BIODIESEL THAT IS PRODUCED BY AN INDIVIDUAL FOR PERSONAL USE IN A PRIVATE PASSENGER VEHICLE FROM THE MOTOR FUEL EXCISE TAX.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 105-449.88 is amended by adding a new subdivision to read:

**"§ 105-449.88. Exemptions from the excise tax.**

The excise tax on motor fuel does not apply to the following:

- (1) Motor fuel removed, by transport truck or another means of transfer outside the terminal transfer system, from a terminal for export, if the motor fuel is removed by a licensed distributor or a licensed exporter and the supplier of the motor fuel collects tax on it at the rate of the motor fuel's destination state.
- (1a) Motor fuel removed by transport truck from a terminal for export if the motor fuel is removed by a licensed distributor or licensed exporter, the supplier that is the position holder for the motor fuel sells the motor fuel to another supplier as the motor fuel crosses the terminal rack, the purchasing supplier or its customer receives the motor fuel at the terminal rack for export, and the supplier that is the position holder collects tax on the motor fuel at the rate of the motor fuel's destination state.
- (2) Motor fuel sold to the federal government for its use.
- (3) Motor fuel sold to the State for its use.
- (4) Motor fuel sold to a local board of education for use in the public school system.
- (5) Diesel that is kerosene and is sold to an airport.
- (6) Motor fuel sold to a charter school for use for charter school purposes.
- (7) Motor fuel sold to a community college for use for community college purposes.
- (8) Motor fuel sold to a county or a municipal corporation for its use.
- (9) Biodiesel that is produced by an individual for use in a private passenger vehicle registered in that individual's name pursuant to Chapter 20 of the General Statutes. For the purposes of this subdivision, the term 'private passenger vehicle' has the same meaning as in G.S. 20-4.01."

**SECTION 2.** The Revenue Laws Study Committee and the Joint Legislative Transportation Oversight Committee shall each study the issue of providing adequate funding for transportation infrastructure development and improvement. The studies shall include discussion of ways to ensure that the costs of road construction and maintenance are borne equitably by all motorists in light of ongoing shifts from the use of traditional motor fuels to the use of alternative fuels and technologies. The Committees shall make a report on this issue, including any recommendations or legislative proposals, to the 2008 Regular Session, 2007 General Assembly.

**SECTION 3.** Section 1 of this act becomes effective October 1, 2007. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 2<sup>nd</sup> day of August, 2007.

s/ Beverly E. Perdue  
President of the Senate

s/ Joe Hackney  
Speaker of the House of Representatives

s/ Michael F. Easley  
Governor

Approved 11:31 a.m. this 31<sup>st</sup> day of August, 2007