

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 203

Short Title: Phaseout of Fuel Tax. (Public)

Sponsors: Representatives Jeter, Dobson, B. Brown, and Szoka (Primary Sponsors).

For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Transportation, if favorable, Finance.

March 12, 2015

1 A BILL TO BE ENTITLED
2 AN ACT TO REPLACE THE MOTOR FUELS TAX WITH A TRANSPORTATION USAGE
3 FEE.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-449.80 reads as rewritten:

6 "**§ 105-449.80. Tax rate.**

7 (a) Rate. – The motor fuel excise tax rate is a flat rate of ~~seventeen and one half cents~~
8 ~~(17 1/2¢) a gallon plus a variable wholesale component. The variable wholesale component is~~
9 ~~either three and one half cents (3 1/2¢) a gallon or seven percent (7%) of the average wholesale~~
10 ~~price of motor fuel for the applicable base period, whichever is greater.~~eighteen and one-half
11 cents (18 1/2¢) a gallon.

12 ~~The two base periods are six month periods; one ends on September 30 and one ends on~~
13 ~~March 31. The Secretary must set the tax rate twice a year based on the wholesale price for~~
14 ~~each base period. A tax rate set by the Secretary using information for the base period that ends~~
15 ~~on September 30 applies to the six month period that begins the following January 1. A tax rate~~
16 ~~set by the Secretary using information for the base period that ends on March 31 applies to the~~
17 ~~six month period that begins the following July 1.~~

18 (b) Wholesale Price. — ~~The Secretary must determine the average wholesale price of~~
19 ~~motor fuel for each base period. To do this, the Secretary must use information on refiner and~~
20 ~~gas plant operator sales prices of finished motor gasoline and No. 2 diesel fuel for resale,~~
21 ~~published by the United States Department of Energy in the "Monthly Energy Review", or~~
22 ~~equivalent data.~~

23 ~~The Secretary must compute the average sales price of finished motor gasoline for the base~~
24 ~~period, compute the average sales price for No. 2 diesel fuel for the base period, and then~~
25 ~~compute a weighted average of the results of the first two computations based on the proportion~~
26 ~~of tax collected on each under this Article for the base period. The Secretary must then convert~~
27 ~~the weighted average price to a cents per gallon rate and round the rate to the nearest one tenth~~
28 ~~of a cent (1/10¢). If the converted cents per gallon rate is exactly between two tenths of a cent~~
29 ~~(2/10¢) the Secretary must round the rate up to the higher of the two.~~

30 (c) Notification. — ~~The Secretary must notify affected taxpayers of the tax rate to be in~~
31 ~~effect for each six month period beginning January 1 and July 1."~~

32 **SECTION 2.** Article 36C of Chapter 105 of the General Statutes is repealed. The
33 Codifier of Statutes is instructed to remove or correct cross references and otherwise make
34 conforming changes to the General Statutes to effectuate this section.



1 **SECTION 3.** Article 3 of Chapter 20 of the General Statutes is amended by adding
2 a new section to read:

3 **"§ 20-97.1. Transportation Usage Fee.**

4 (a) Fee. – A fee of eighty-nine dollars (\$89.00) shall be paid to the Division annually at
5 the same time as and in addition to the fees imposed by G.S. 20-87.

6 (b) Use of Proceeds. – The revenue equivalent to twenty-two dollars and twenty-five
7 cents (\$22.25) of the per-vehicle fees collected under this section shall be credited to the North
8 Carolina Highway Trust Fund. The remainder of the fee revenue shall be credited to the North
9 Carolina Highway Fund."

10 **SECTION 4.** G.S. 20-97.1, as enacted by Section 3 of this act, reads as rewritten:

11 **"§ 20-97.1. Transportation Usage Fee.**

12 (a) Fee. – A fee of ~~eighty-nine dollars (\$89.00)~~two hundred one dollars (\$201.00) shall
13 be paid to the Division annually at the same time as and in addition to the fees imposed by
14 G.S. 20-87.

15 (b) Use of Proceeds. – The revenue equivalent to ~~twenty-two dollars and twenty-five~~
16 cents ~~(\$22.25)~~ fifty dollars and twenty-five cents (\$50.25) of the per-vehicle fees collected
17 under this section shall be credited to the North Carolina Highway Trust Fund. The remainder
18 of the fee revenue shall be credited to the North Carolina Highway Fund."

19 **SECTION 5.** The Division of Motor Vehicles shall issue rules to implement this
20 act. The rules shall include provisions for electronic billing and payment and for a payment
21 plan that would allow payment of the Transportation Usage Fee enacted by this act on a
22 monthly or quarterly basis.

23 **SECTION 6.** Sections 2 and 4 of this act are effective July 1, 2016. The remainder
24 of this act is effective July 1, 2015.