# GENERAL ASSEMBLY OF NORTH CAROLINA
## Session 2017
## Legislative Fiscal Note

**BILL NUMBER**:  Senate Bill 220 (First Edition)

**SHORT TITLE**:  Motor Fuel Tax Refund for Joint Agency.

**SPONSOR(S)**:  Senator Sanderson

<table>
<tr><td colspan="6"><b>FISCAL IMPACT</b><br>($ in millions)</td></tr>
<tr><td colspan="6">☑ <b>Yes</b>　　☐ <b>No</b>　　☐ <b>No Estimate Available</b></td></tr>
<tr><td><b>State Impact</b></td><td><b>FY 2017-18</b></td><td><b>FY 2018-19</b></td><td><b>FY 2019-20</b></td><td><b>FY 2020-21</b></td><td><b>FY 2021-22</b></td></tr>
<tr><td>HF/HTF Revenues:</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>HF/HTF Expenditures:</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>State Positions:</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td><b>NET STATE IMPACT</b></td><td colspan="5"><b>De minimis fiscal impact. Please see Assumptions and Methodology Section</b></td></tr>
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**PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFEC**  Department of Transportation

**EFFECTIVE DATE:**  July 1, 2017

**TECHNICAL CONSIDERATIONS:**
None

**BILL SUMMARY**:

Amends G.S. 105-449.106(a) to allow quarterly refunds of motor fuel taxes for regional solid waste management authorities created under G.S. Chapter 153A, Article 22, and joint agencies created by interlocal agreements under G.S. 160A-462 for fire protection, emergency services, or police protection. Makes conforming changes. Effective July 1, 2017, and applicable to purchases made on or after that date.

**ASSUMPTIONS AND METHODOLOGY**:

This bill exempts the Western Carteret Fire & EMS Department, the Albemarle Regional Solid Waste Authority, and the Coastal Regional Solid Waste Authority from paying motor fuel tax. It is not known whether any other joint agencies exist in North Carolina that would qualify for the exemptions described in the bill; this analysis assumes that if any exist, the number is very low.

Motor Fuel Tax Impact
SB 220 creates a new motor fuels excise tax exemption for joint agencies formed to provide fire protection, emergency services, and police protection services. Current law exempts municipalities and counties from paying motor fuel taxes, but it does not exempt municipal and county governments when they form interlocal agreements for these services. Though intended for the

Western Carteret Fire & EMS Department, SB 220 creates a motor fuel tax exemption that extends to multiple agencies. According to the North Carolina State Firemen's Association, 1,259 fire and rescue departments operate in North Carolina. The majority of North Carolina's fire and rescue associations, 1,119 departments, are nonprofit entities with many created through interlocal agreement, however it is not known how much.

The Western Carteret Fire & EMS Department paid $1,300 in motor fuel excise tax in FY 2013-14. Although it is not known how many interlocal governmental units exist, the fiscal impact from this bill is expected to be very minimal.

This bill also expands the motor fuel tax exemption to regional solid waste management authorities created under G.S. 153A-421. Two regional entities exist: Coastal Regional and Albemarle Regional. Coastal Regional purchased 75,000 gallons of diesel and 3,500 gallons of gasoline in FY 2014, thus paying approximately $30,000 in motor fuel tax. Albemarle Regional uses contractors for solid waste collections and would therefore not benefit from the tax change.

Distribution of Motor Fuels Tax:
Seventy-one percent (71%) of motor fuels tax revenue is deposited in the Highway Fund and the remaining twenty-nine percent (29%) is deposited in the Highway Trust Fund. Two formulaic allocations of revenues from the Highway Fund are impacted by this bill. The Wildlife Resources Fund receives one-sixth of one percent (0.167%) and the Shallow Draft Navigational Channel and Lake Dredging Fund receives one percent (1.0%) of Highway Fund motor fuels tax revenues. These two funds will be impacted very minimally.

**SOURCES OF DATA:**
Western Carteret Fire & EMS Department; North Carolina State Fireman's Association; Albemarle Regional Solid Waste Authority; Coastal Regional Solid Waste Authority; North Carolina Chapter of Solid Waste Association of North America

**TECHNICAL CONSIDERATIONS**: None

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