

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

**BILL NUMBER:** SB 54; PCS

**SHORT TITLE:** Tax Hazardous Household Items

**SPONSOR(S):** Senator(s) Odom, Speed

<b>FISCAL IMPACT:</b>	<b>Expenditures:</b>	<b>Increase (X)</b>	<b>Decrease ( )</b>
	<b>Revenues:</b>	<b>Increase (X)</b>	<b>Decrease ( )</b>
	<b>No Impact ( )</b>		
	<b>No Estimate Available (X)</b>		

**FUND AFFECTED:** General Fund ( ) Highway Fund ( ) Local Govt. ( )  
Other Funds (X)

**BILL SUMMARY:**

Adds a new GS Ch. 105, Art. 5C to establish a 10 cent per container tax on sales of household hazardous items (defined in the statute).

Exempts items sold in large quantities too big for household consumers. Exemptions to state sales tax provided in existing law do not apply to this tax. Proceeds of tax (less collection costs not to exceed 0.7%) shall be credited quarterly 10% to the Solid Waste Management Fund to be used for the purposes set out in GS 130A-309.12, and 90% to counties on a per capita basis for use in providing for safe disposal of household hazardous waste under new Part 2D of GS 130A described below. Adds a new Part 2D of GS 130A to require counties to provide for safe disposal of household hazardous waste. Makes each county responsible for collecting and disposing of household hazardous waste within its boundaries and requires each county to provide at least one collection site. Counties may enter into cooperative and contractual arrangements for collection. Each county must develop procedures for collection and disposal to be included in its solid waste management plan. Prohibits disposal of household hazardous waste in landfills or by incineration unless permit specifically allows, but allows disposal of empty containers that are triple rinsed and contain no residue. Requires retailers that offer household hazardous items for sale to post notice that state law requires counties to provide collection sites and stating the site location in that county. Dept. of EHNR may assess civil penalties for violation of retailer notice requirement.

Statute pre-empts local regulation regarding disposal of household hazardous waste inconsistent with statute, and prohibits local governments from imposing any fees for disposal of household hazardous waste.

**AMENDMENTS/COMMITTEE SUBSTITUTES-May 27, 1993**

Senate committee substitute redefines household hazardous "items" and "waste" to provide non-exhaustive list (was, exhaustive) of items and waste covered. Changes rate of tax on household hazardous items to 1% of sales price for items sold at retail and wholesale and adds a 1%

excise tax (was 10 cents per container on first dealer to handle item). Deletes provisions requiring reports and licensing of manufacturers and wholesale and retail dealers; provides that collection and administration of taxes shall be in same manner as sales and use taxes imposed by GS Ch. 105, Art. 5. Adds provision for the manufacturer of a taxed product to petition for non-taxed status of an item and adds provision allowing unit of local government to contract with private parties for management of applicable waste. Deletes provision requiring counties to provide at least one site for the collection of household hazardous waste for that county, but retains language requiring county to provide for the collection and disposal of household hazardous waste and requiring retailers to post notice that State law requires counties to provide a site for collection. Adds that retailer notice must state that disposal of household hazardous waste in a landfill or incinerator is prohibited by law. Changes penalty provision for prohibited disposal from the criminal penalties provisions of GS Ch. 14-399 to civil penalties in accordance with GS 130A-309.22; adds to penalty provision for failure to post notice, in new GS 130A-309.85(b), that \$50 per violation per day penalty shall not exceed \$500.

**EFFECTIVE DATE:** January 1, 1994

**PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:**

Department of Revenue  
 Department of Environment, Health, and Natural Resources  
 Solid Waste Management Trust Fund

**FISCAL IMPACT**

<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	
<u>FY</u>				
93-94	94-95	95-96	96-97	97-98

**REVENUES:**

**EXPENDITURES:**

**POSITIONS:** No Estimate Available

**ASSUMPTIONS AND METHODOLOGY:** The available sources for the information needed to prepare the fiscal impact associated with this proposed legislation are the Census of Retail Trade; U.S. Department of Commerce and the State Sales and Use Tax Statistics prepared by the Department of Revenues. However, neither of these publications provide the annual sales figures associated with the individual household hazardous items set out in the bill.

The State Department of Revenue compiles sales tax statistic by type of business and not by type of product sold. Many if not all of the products specified in the bill are sold by more than one retailer. Examples: Automotive products, more specifically motor oils are sold in automotive speciality stores as well as general merchandise stores. Paint and related products are also sold in speciality stores and paint is grouped in both the Census publication and revenue report along with wallpaper and glass stores.

The Census summary of statistics for the State of North Carolina groups automotive products with automotive supply stores, home supply stores, and gasoline service stations. Pesticides and herbicides for home use are defined in the census publication under the classification of "Retail nurseries, lawn, and garden supply stores".

Neither publication provides the researcher with enough information to determine the value of retail sales associated with each of the products defined in the bill as household hazardous items to prepare a defensible estimate.

**SOURCES OF DATA:** Census of Retail Trade  
State Sales and Use Tax Report

**TECHNICAL CONSIDERATIONS:** Due to the inability to estimate the fiscal impact associated with this legislation, if this act were to be passed the distribution of revenue should not be made for at least 12 months after collections begin.

**FISCAL RESEARCH DIVISION**  
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**APPROVED BY:** Tom L. Covington      **TOMC**  
**DATE:** June 14, 1993



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