

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

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SENATE BILL 1576

Short Title: Motor Fuel Tax Initiatives. (Public)

Sponsors: Senators Jenkins; and Cowell.

Referred to: Finance.

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO REQUIRE A REDUCTION AND DISPLACEMENT OF PETROLEUM  
PRODUCT DEPENDENCE, CREATE AN ALTERNATIVE FUELS TAX  
CREDIT, PROTECT CONSUMERS FROM EXTREME PRICING PRACTICES,  
AND TO TRANSFER FUNDS FROM THE GENERAL FUND TO THE  
HIGHWAY TRUST FUND.

The General Assembly of North Carolina enacts:

**SECTION 1.** Chapter 143 of the General Statutes is amended by adding a  
new Part to Article 3B to read:

"Part 3. Reduction and Displacement of Petroleum Product Dependence.

**"§ 143-64.18. State Motor Fleet to reduce dependence on petroleum products.**

(a) All State agencies, universities, and community colleges that have State-owned vehicle fleets shall develop and implement plans to improve the State's use of alternative fuels, synthetic lubricants, and efficient vehicles. The plans shall achieve a twenty percent (20%) reduction or displacement of the current petroleum products consumed by January 1, 2010. Before implementation of any plan, all affected agencies shall report their plan to the Department of Administration. The Department of Administration shall compile a report on the plans submitted and report to the Joint Legislative Commission on Governmental Operations. Agencies shall implement their plans by January 1, 2006. Reductions may be met by petroleum or oils displaced through the use of biodiesel, ethanol, synthetic oils or lubricants, other alternative fuels, the use of hybrid electric vehicles, other fuel-efficient or low-emission vehicles, or additional methods as may be approved by the State Energy Office, thereby reducing the amount of harmful emissions. The plan shall not impede mission fulfillment of the agency and shall specifically address a long-term cost-benefit analysis, allowances for changes in vehicle usage, total miles driven, and exceptions due to technology, budgetary limitations, and emergencies.

(b) For the purposes of this section, a State-owned vehicle fleet consists of more than 10 motor vehicles, as defined by G.S. 20-4.01, that are designed for highway use

1 and titled to one of the aforementioned entities. Specialty vehicles, as defined by  
2 G.S. 20-4.01, that are used for educational purposes, and vehicles exempted under U.S.  
3 Executive Order 13149 are subject to ten percent (10%) reductions.

4 (c) Agencies shall report by September 1, 2006, and annually thereafter on  
5 September 1, to the Department of Administration on the efforts undertaken to achieve  
6 the reductions. The Department of Administration shall compile and forward a report to  
7 the Joint Legislative Commission on Governmental Operations by November 1, 2006,  
8 and annually thereafter on November 1, on the agencies' progress in meeting their  
9 plans."

10 **SECTION 2.** Chapter 105 of the General Statutes is amended by adding a  
11 new Article to read:

12 "Article 3H.

13 "Alternative Fuel Vehicle Tax Credit.

14 **"§ 105-129.70. Definitions.**

15 The following definitions apply in this Article:

- 16 (1) Alternative fuel vehicle. – An original equipment manufactured motor  
17 vehicle that operates on compressed natural gas, propane, or electricity  
18 or a hybrid electric vehicle.  
19 (2) Hybrid electric vehicle. – A motor vehicle with a hybrid propulsion  
20 system that operates on both electricity and a petroleum-based motor  
21 fuel.  
22 (3) Long-term lease. – Defined in G.S. 105-187.1.  
23 (4) Motor vehicle. – Defined in G.S. 105-164.3.

24 **"§ 105-129.71. Credit for purchasing or leasing an alternative fuel vehicle.**

25 A taxpayer that purchases or leases, pursuant to a long-term lease, a new alternative  
26 fuel vehicle is allowed a credit in the amount of two thousand dollars (\$2,000). In order  
27 to be eligible for the credit allowed by this section, the vehicle shall have a gross vehicle  
28 weight of less than 10,000 pounds and shall be registered in this State. A taxpayer may  
29 claim a credit under this section for each qualified purchase or lease. The credit allowed  
30 under this section is allowed only to the first individual to take title to the motor vehicle  
31 other than for resale. A taxpayer may not take the credit allowed in this section for an  
32 alternative fuel vehicle the taxpayer leases from another unless the taxpayer obtains the  
33 lessor's written certification that the lessor will not claim a credit under this Article with  
34 respect to the alternative fuel vehicle.

35 **"§ 105-129.72. Tax credited; limitations.**

36 (a) Tax Credited. – The credit allowed in this Article is allowed against the  
37 franchise tax levied in Article 3 of this Chapter or the income taxes levied in Article 4  
38 of this Chapter. The taxpayer shall elect the tax against which a credit will be claimed  
39 when filing the return on which the credit is first claimed. This election is binding. Any  
40 carryforwards of a credit shall be claimed against the same tax.

41 (b) Limitations. – A credit shall be taken for the taxable year in which the  
42 property is purchased or leased. A credit allowed under this Article may not exceed the  
43 amount of the tax against which it is claimed for the taxable year reduced by the sum of

1 all credits allowed. Any unused portion of the credit may be carried forward for the  
2 succeeding five years.

3 **"§ 105-129.73. Substantiation.**

4 To claim a credit allowed by this Article, the taxpayer shall provide any information  
5 required by the Secretary of Revenue. The burden of proving eligibility for a credit and  
6 the amount of the credit rests upon the taxpayer, and no credit may be allowed to a  
7 taxpayer that fails to maintain adequate records or to make them available for  
8 inspection.

9 **"§ 105-129.74. Reports.**

10 The Department of Revenue shall report to the Revenue Laws Study Committee and  
11 to the Fiscal Research Division of the General Assembly by May 1 of each year the  
12 following information for the 12-month period ending the preceding December 31:

13 (1) The number of vehicles for which taxpayers claimed the credit allowed  
14 in this Article, by taxpayer type.

15 (2) The total cost to the General Fund of the credits claimed.

16 **"§ 105-129.75. Sunset.**

17 This Article is repealed effective for alternative fuel vehicles purchased or leased on  
18 or after January 1, 2011."

19 **SECTION 3.** G.S. 75-38 reads as rewritten:

20 **"§ 75-38. Prohibit excessive pricing during states of ~~disaster~~, ~~disaster~~, states of**  
21 **emergency, or abnormal market disruption.**

22 (a) Upon a triggering event, ~~It is prohibited and~~ shall be a violation of  
23 G.S. 75-1.1 for any person to sell or rent or offer to sell or rent at retail during a state of  
24 disaster, in the area for which the state of disaster has been declared, any merchandise  
25 or services which are consumed or used as a direct result of an emergency or which are  
26 consumed or used to preserve, protect, or sustain life, health, safety, or ~~comfort~~  
27 economic well-being of persons or their property ~~with the knowledge and intent to~~  
28 charge a at a price that is unreasonably excessive under the circumstances. In  
29 determining whether a price is unreasonably excessive, it shall be considered whether:

30 (1) The price charged by the seller is attributable to additional costs  
31 imposed by the seller's supplier or other costs of providing the good or  
32 service during the state of disaster; and

33 (2) The seller offered to sell or rent the merchandise or service at a price  
34 that was below the seller's average price in the preceding 60 days  
35 before the ~~state of disaster~~ triggering event.

36 If the seller did not sell or rent or offer to sell or rent the merchandise or service in  
37 question prior to the time ~~the state of disaster was declared~~, of the triggering event, the  
38 price at which the merchandise or service was generally available in the trade area shall  
39 be used as a factor in determining if the seller is charging an unreasonably excessive  
40 price. This prohibition shall apply to all parties in the chain of distribution, including but  
41 not limited to a manufacturer, supplier, wholesaler, distributor, or retail seller of  
42 merchandise or services.

43 (b) In the event the Attorney General investigates a complaint for a violation of  
44 this section and determines that the seller has not violated the provisions of this section

1 and if the seller so requests, the Attorney General shall promptly issue a signed  
2 statement indicating that the Attorney General has not found a violation of this section.

3 (c) For the purposes of this section, the end of a ~~state of disaster triggering event~~  
4 is the earlier of 45 days after the triggering event occurs or the expiration or termination  
5 of the triggering event.~~a natural or man-made disaster or emergency as declared in~~  
6 ~~accordance with G.S. 166A-6 or G.S. 166A-8.~~

7 (d) A "triggering event" means the declaration of a state of emergency pursuant  
8 to G.S. 166A-8, the proclamation of a state of disaster pursuant to Article 36A of  
9 Chapter 14, G.S.166A-6, or a finding of abnormal market disruption pursuant to  
10 G.S.75-38(e).

11 (e) An "abnormal market disruption" means a significant disruption, whether  
12 actual or imminent, to the production, distribution, or sale of goods and services in  
13 North Carolina which are consumed or used as a direct result of an emergency or used  
14 to preserve, protect, or sustain the life, health, safety or economic well-being of a person  
15 or his or her property. A significant disruption may result from a declaration of a state  
16 of emergency, state of disaster, or similar declaration by the President of the United  
17 States or an issuance of Code Red/Severe Risk of Attack in the Homeland Security  
18 Advisory System by the Department of Homeland Security, whether or not such  
19 declaration or issuance applies to North Carolina. A significant disruption may also  
20 result from a natural disaster, weather, acts of nature, strike, power or energy failures or  
21 shortages, civil disorder, war, terrorist attack, national or local emergency, or other  
22 extraordinary adverse circumstances.

23 (f) The existence of an abnormal market disruption shall be found and declared  
24 by the Governor pursuant to the definition in subsection (e) of the section. The duration  
25 of an abnormal market disruption shall be 45 days from the triggering event, but may be  
26 renewed by the Governor if the Governor finds and declares the disruption continues to  
27 affect the economic well-being of North Carolinians beyond the initial 45-day period."

28 **SECTION 4.** There is appropriated from the General Fund to the Highway  
29 Trust Fund the sum of one hundred twenty-five million dollars (\$125,000,000) to ensure  
30 the integrity of the Highway Trust Fund and maintain the trust of the people that the  
31 fund will remain solvent.

32 **SECTION 5.** This act becomes effective July 1, 2006.