

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007

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SENATE BILL 1272  
House Committee Substitute Favorable 7/27/07  
House Committee Substitute #2 Favorable 7/31/07  
Fourth Edition Engrossed 8/1/07

Short Title: Motor Fuel Tax Exemption for Biodiesel.

(Public)

Sponsors:

Referred to:

March 26, 2007

A BILL TO BE ENTITLED

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.

- 1           (6) Motor fuel sold to a charter school for use for charter school purposes.  
2           (7) Motor fuel sold to a community college for use for community college  
3           purposes.  
4           (8) Motor fuel sold to a county or a municipal corporation for its use.  
5           (9) Biodiesel that is produced by an individual for use in a private  
6           passenger vehicle registered in that individual's name pursuant to  
7           Chapter 20 of the General Statutes. For the purposes of this  
8           subdivision, the term 'private passenger vehicle' has the same meaning  
9           as in G.S. 20-4.01."

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

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