

SECTION 29 - DISPOSAL TAXES

29-1 WHITE GOODS DISPOSAL TAX

A. General Provisions

1. Tax Imposed

A **“White Goods Disposal Tax”** of \$3.00 is imposed on each new white good sold by a retailer or purchased outside the State for storage, use or consumption in this State.

2. Administration

The white goods disposal tax is an additional State sales and use tax and, except as provided in the Act, shall be collected and administered in the same manner as the State sales and use tax. The tax is to be shown separately from all other taxes and charges on the invoice given to the customer and separately accounted for in the retailer's records. The white goods disposal tax is not a part of the sales price on which the sales tax is computed.

3. Exemptions

The exemptions from sales and use taxes **do not** apply to the white goods disposal tax except for sales to the U.S. Government and sales in interstate commerce.

4. Definition

The term **“white goods”** includes refrigerators, ranges, water heaters, freezers, unit air conditioners, washing machines, dishwashers, clothes dryers and other similar domestic and commercial large appliances.

5. Lease or Rental

The definitions in the Sales and Use Tax Law apply to the white goods disposal tax except that the term **“sale”** does not include lease or rental. Therefore, firms engaged in the business of leasing or renting white goods to users or consumers are liable for paying the tax on the items at the time of purchase. The tax is not to be collected from a lessee or renter.

6. Use of Tax Proceeds

Each quarter the Secretary of Revenue will distribute the net taxes collected, after deducting the Department's allowance for administrative expenses and refunds as follows: 8% to the Solid Waste Management Trust Fund, 20% to the White Goods Management Account and 72% among the counties on a per capita basis. The Department shall not distribute the tax proceeds to a county when notified not to do so by the Department of Environment and Natural Resources under G.S. 130A-309.87. If a county is not entitled to a distribution, the proceeds allocated to that county will be credited to the White Goods Management Account.

7. Reporting and Payment of the Tax

The white goods disposal tax is to be reported separately to the Department of Revenue on the **White Goods Disposal Tax Return, Form E-500H**. This form can be obtained from the North Carolina Department of Revenue website or the Taxpayer Assistance Division. The return shall be filed according to the instructions in Sales and Use Tax Technical Bulletin 1-4.

B. Examples of Items Classified as White Goods and Appliances Not Classified As White Goods

1. Items Classified As White Goods

The following items are representative examples of additional appliances which are classified as white goods:

- a. built-in ovens;
- b. built-in stove surface units;
- c. commercial fry cookers;
- d. commercial refrigeration equipment manufactured and sold as a self-contained unit;
- e. dish sanitizers;
- f. drinking water coolers;
- g. floor-model popcorn machines;
- h. freestanding ice makers;
- i. hot food bar used to keep food hot;
- j. large floor-model humidifiers and dehumidifiers (not small plastic vaporizers);
- k. large floor-model oil, gas and wood-fired heaters and fireplace inserts (not small portable space heaters);
- l. refrigerated soft ice cream dispensers;
- m. steam tables used to keep food hot;
- n. trash compactors;
- o. vending machines (refrigerated, heated, nonrefrigerated and nonheated types - does not include gumball and similar small dispensers); and
- p. water treatment equipment (not small faucet-mounted or under-sink filtering devices).

2. Items Not Classified as White Goods

The following items are representative examples of items which are not classified as white goods:

- a. bread baking machines;
- b. central air conditioners;
- c. central heating systems
- d. charcoal grills;
- e. chillers;
- f. commercial refrigeration component systems;
- g. computer terminals;
- h. electric fans;
- i. food blenders;
- j. food mixers;
- k. food processors;
- l. garbage disposals;
- m. gas grills;
- n. microwave ovens;
- o. office equipment, i.e., copiers, telefax machines, etc.;
- p. propane gas tanks;
- q. radios;
- r. range hoods;
- s. record players;
- t. small portable electric, oil and gas space heaters;
- u. small portable tabletop appliances;
- v. televisions;
- w. toaster ovens;
- x. vacuum cleaners;

- y. video cassette recorders; and
- z. water pumps and tanks.

C. Refunds of White Goods Disposal Tax

A person who buys at least 50 new white goods of any kind in one purchase may obtain a refund of 60% of the amount of the white goods disposal tax paid thereon when all of the white goods are to be placed in new or remodeled dwelling units that are located in this State and do not contain the kind of white goods purchased. The term “**one purchase**” as used herein refers to cases where a purchase order is issued by the purchaser to the retailer, or a written agreement is made between the purchaser and the retailer, providing for the purchase of 50 or more white goods which, according to the terms and conditions set out in the purchase order or agreement, are to be delivered to the purchaser within a definite specified time. For purposes of the refund, delivery of the white goods so ordered within the time specified in the purchase order or agreement will constitute one purchase notwithstanding that multiple deliveries may be necessary to consummate delivery of all of the white goods to the purchaser. In the absence of a written purchase order or written agreement reflecting the foregoing terms and conditions, each individual delivery of white goods constitutes one purchase. Each individual delivery of white goods on purchase orders for indefinite quantities or open-end purchase orders is considered to be one purchase. A change in the original purchase order or agreement for additional white goods will constitute a separate transaction for the purposes described herein.

Claim for Refund of White Goods Disposal Tax, Form E-585H, may be obtained from the North Carolina Department of Revenue website or the Taxpayer Assistance Division.

The refund provisions in the Sales and Use Tax Law for tax paid on purchases for use by interstate carriers, certain nonprofit organizations and certain governmental entities **do not** apply to the white goods disposal tax.

D. White Goods Installed in Manufactured Homes, Recreational Vehicles, Boats, Aircraft and Railway Cars

The white goods disposal tax does not apply to white goods which are installed in and are a part of the sale of new manufactured homes, recreational vehicles, boats, aircraft and railway cars. Separate retail sales of new white goods which are not included in and do not constitute a part of the sale of a manufactured home, recreational vehicle, boat, aircraft or railway car are subject to the white goods tax.

Persons who have paid white goods tax on appliances which were installed in new manufactured homes, recreational vehicles, boats, aircraft and railway cars at the time such items were sold at retail may receive a refund of the tax. Such persons should request a refund from the vendor to whom the tax was paid. The vendor, after refunding its customer, can request a refund from this Department. **Form E-585H, Claim for Refund of White Goods Disposal Tax**, may be requested for use in filing a claim for refund with this Department.

E. Direct Pay Permits Do Not Apply to Purchases of White Goods

Form E-595, Direct Pay Permit For Sales and Use Taxes on Tangible Personal Property, does not apply to the white goods disposal tax and does not constitute authority to exempt a transaction from the tax.

F. Repair Parts and Components of White Goods

Separate retail sales of repair parts or components for white goods are not subject to the white goods disposal tax.

History Note: Authority G.S. 105-187.20; 105-187.21; 105-187.22;
105-187.23; 105-187.24; 105-264; 130A-290(a);
Issued: June 1, 1996;
Revised: December 1, 2008; April 1, 2008; February 1, 2004;
June 1, 2002; November 15, 2000; October 1, 1999;
October 15, 1998.

29-2 SCRAP TIRE DISPOSAL TAX

A. General Provisions

The Scrap Tire Disposal Tax is found in Article 5B of Chapter 105 of the General Statutes. The definitions contained in G.S. 105-164.3 of the Sales and Use Tax Statute are applicable to Article 5B except that the term “**sale**” does not include “**lease or rental.**”

B. Tax Imposed (G.S. 105-187.16)

1. A privilege tax is imposed on a tire retailer at a percentage rate of the sales price of each new tire sold at retail by the retailer. A privilege tax is imposed on a tire retailer and on a tire wholesale merchant at a percentage rate of the sales price of each new tire sold by the retailer or wholesale merchant to a wholesale merchant or retailer for placement on a vehicle offered for sale, lease, or rental by the retailer or wholesale merchant. An excise tax is imposed on the cost price of a new tire purchased for storage, use or consumption in this State or for placement in this State on a vehicle offered for sale, lease, or rental.
2. The scrap tire disposal tax is 2% on tires with a bead diameter of less than 20 inches. The tax rate is 1% on tires with a bead diameter of 20 inches or more. The **bead diameter** is the diameter of the hole in the center of the tire or the diameter of the rim.

C. Exemptions (G.S. 105-187.18)

The scrap tire disposal tax does not apply to:

1. bicycle tires and other tires for vehicles propelled by human power;
2. recapped tires; and
3. tires sold for placement on newly manufactured vehicles.

The exemptions in G.S. 105-164.13 and the refunds allowed in G.S. 105-164.14 do not apply to the scrap tire disposal tax.

D. Lease or Rental

Purchases of new tires from outside North Carolina for storage, use or consumption in North Carolina or to be placed on a vehicle offered for sale, lease or rental are subject to tax at the rate established in Paragraph B. of this Bulletin.

E. Reporting and Payment of the Tax

The scrap tire disposal tax is to be reported separately to the Department of Revenue on the **Scrap Tire Disposal Tax Return, Form E-500G**. This form can be obtained from the North Carolina Department of Revenue website or the Taxpayer Assistance Division. The return shall be filed according to the instructions in Section 1-4 of the Sales and Use Tax Technical Bulletins.

History Note: Authority G.S. 105-187.15 - 105-187.19; 105-264;
Issued: June 1, 1996;
Revised: December 1, 2008; April 1, 2008.

29-3 DRY-CLEANING SOLVENT TAX

A. Tax Imposed

The dry-cleaning solvent tax is imposed on each gallon of dry-cleaning solvent sold by a retailer to a dry-cleaning facility or purchased by a dry-cleaning facility from outside the State for storage, use, or consumption in this State.

The dry-cleaning solvent tax is \$10.00 for each gallon of dry-cleaning solvent that is halogenated hydrocarbon-based and \$1.35 for each gallon of dry-cleaning solvent that is hydrocarbon-based. These taxes are in addition to all other taxes. The tax expires January 1, 2010. G.S. 105-187.31

B. Definitions

1. **Dry-Cleaning Facility** - A place of business located in this State and engaged in on-site dry-cleaning operations, other than a commercial uniform service or commercial linen supply facility.
2. **Dry-Cleaning Solvent** - Perchloroethylene F-1,1,3 or 1,1,1 trichloroethane, a petroleum-based solvent, another comparable product used as a cleaning agent in a dry-cleaning operation, or the degradation products from these hazardous substances.

C. Administration

The dry-cleaning solvent tax is an additional State sales and use tax and, except for the application of exemptions and refunds, is to be collected and administered in the same manner as the State sales and use tax imposed by Article 5 of Chapter 105 of the General Statutes. The tax is to be shown separately from all other charges on an invoice given to the customer and separately accounted for in the retailer's records. G.S. 105-187.32

D. Exemptions

Sales to the United States Government are exempt from the tax. Otherwise, the exemptions in G.S. 105-164.13 **do not** apply to the dry-cleaning solvent tax. G.S. 105-187.33

E. Refunds

The refunds in G.S. 105-164.14 for tax paid on purchases for use by interstate carriers, certain nonprofit organizations, and certain governmental entities **do not** apply to the dry-cleaning solvent tax. G.S. 105-187.33

F. Reporting and Payment of the Tax

The dry-cleaning solvent tax is to be reported separately to the Department of Revenue on the **Dry-Cleaning Solvent Tax Return, Form E-500S**. This form can be obtained from the North

Carolina Department of Revenue website or the Taxpayer Assistance Division. The return shall be filed according to the instructions in Sales and Use Tax Technical Bulletin 1-4.

G. Use of Tax Proceeds

This new tax will provide funds for use in the cleanup of dry-cleaning solvent contamination. The Secretary of Revenue will credit the net tax collected, after expenses, to the Dry-Cleaning Solvent Cleanup Fund, which is administered by the Environmental Management Commission.

H. Transfer to Dry-Cleaning Solvent Cleanup Fund

At the end of each quarter, the Secretary must transfer to the Dry-Cleaning Solvent Cleanup Fund established under G.S. 143-215.104C an amount equal to fifteen percent (15%) of the net State sales and use tax collected under G.S. 105-164.4(a)(4) during the previous fiscal year, as determined by the Secretary based on available data. This transfer to the Dry-Cleaning Solvent Cleanup Fund will expire on June 30, 2010.

History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13;
105-164.14; 105-164.44E; 105-187.30 - 34; 105-264;
Issued: June 1, 1996;
Revised: December 1, 2008; April 1, 2008; October 1, 1999.

29-4 SOLID WASTE DISPOSAL TAX

A. General Provisions

The Solid Waste Disposal Tax is found in Article 5G of Chapter 105 of the General Statutes. The definitions contained in G.S. 105-164.3 and G.S. 130A-290 apply to this Article.

B. Tax Imposed

The solid waste disposal tax is an excise tax imposed on the disposal of municipal solid waste and construction and demolition debris in a permitted landfill. The tax is also imposed on the transfer of municipal solid waste and construction and demolition debris to a permitted transfer station for disposal outside North Carolina.

- Note: The solid waste disposal tax is imposed on landfills and transfer stations permitted under Article 9 of Chapter 130A of the General Statutes.

The rate is \$2.00 per ton of waste. The tax is computed by multiplying the number of tons by \$2.00. Fractions of tons of waste should be multiplied using the amount out to the number of decimal places the scales allow (for example, 2.545 tons).

The solid waste disposal tax is due on municipal solid waste and construction and demolition debris:

1. Received from third parties who deliver waste and debris to landfills or transfer stations.
2. That owners or operators of landfills and transfer stations collect and bring to their own landfills or transfer stations.

The owner or operator of each landfill is liable for paying the tax to the Department of Revenue. The owner or operator of each transfer station that receives waste or debris to transport for

disposal **outside** North Carolina is liable for paying the tax to the Department of Revenue. The owner or operator may add the amount of the solid waste disposal tax due to the charges made to a third party for disposal of municipal solid waste or construction and demolition debris.

- **Note:** The tax is not imposed on the owner or operator of a transfer station for waste or debris that will be transported for disposal **in** North Carolina. The tax is imposed on the owner or operator of the North Carolina landfill receiving the waste.

C. Administration

The owner or operator of each landfill and transfer station must record the weight of the waste when it is delivered to the landfill or transfer station and maintain other records as required by the Secretary of Revenue. The owner or operator must use scales that are approved by the Department of Agriculture and Consumer Services to determine waste tonnage.

The solid waste disposal tax is not imposed on the owner or operator of a transfer station on municipal solid waste or construction or demolition debris that will be transported for disposal **in** North Carolina. The tax is imposed on the owner or operator of the North Carolina landfill receiving the waste. An owner or operator of a transfer station that is not liable for the solid waste disposal tax (because the waste will be transported for disposal **in** North Carolina) may choose to pass through to its customers the amount of the solid waste disposal tax it will ultimately be required to pay when it disposes of the waste at the North Carolina landfill. The transfer station should not represent that the amount being collected is the solid waste disposal tax. The amount is a reimbursement of an expense of the transfer station and should be identified as a fee, surcharge, or similar designation rather than a tax.

D. Definitions

Construction and Demolition Debris – “ ‘Construction’ or ‘demolition’ when used in connection with ‘waste’ or ‘debris’ means solid waste resulting solely from construction, remodeling, repair, or demolition operations on pavement, buildings, or other structures, but does not include inert debris, land-clearing debris or yard debris.” [G.S. 130A-290(a)(4)]

Landfill – “ ‘Landfill’ means a disposal facility or part of a disposal facility where waste is placed in or on land and which is not a land treatment facility, a surface impoundment, an injections well, a hazardous waste long-term storage facility or a surface storage facility.” [G.S. 130A-290(a)(16)]

Municipal Solid Waste – “ ‘Municipal solid waste’ means any solid waste resulting from the operation of residential, commercial, industrial, governmental, or institutional establishments that would normally be collected, processed, and disposed of through a public or private solid waste management service. Municipal solid waste does not include hazardous waste, sludge, industrial waste managed in a solid waste management facility owned and operated by the generator of the industrial waste for management of that waste, or solid waste from mining or agricultural operations.” [G.S. 130A-290(a)(18a)]

Transfer Station (or transfer facility) – “ ‘Transfer facility’ means a permanent structure with mechanical equipment used for the collection or compaction of solid waste prior to the transportation of solid waste for final disposal.” [Section 0.100 of Subchapter 13B of the North Carolina Administrative Code]

E. Reporting and Payment of the Tax

Taxpayers report the solid waste disposal tax to the Department of Revenue using the **Solid Waste Disposal Tax Return, Form E-500K**. This form can be obtained from the North Carolina Department of Revenue website or the Taxpayer Assistance Division.

Beginning in July 1, 2008, taxpayers liable for the solid waste disposal tax will file returns and pay the tax each calendar quarter with the returns and payments due by the last day of the month following the end of the quarter (the first return is due October 31, 2008).

F. Use of Tax Proceeds

The Secretary of Revenue must credit or distribute solid waste disposal taxes received, less the cost of collection not to exceed \$225,000, as follows: (1) 50% to the Inactive Hazardous Sites Cleanup Fund established by G.S. 130A-310.11; (2) 37.5% to cities and counties in this State on a per capita basis and 18.75% to counties in this State on a per capita basis; (3) 12.5% to the Solid Waste Management Trust Fund established by G.S. 130A-309.12. The distributions will be made quarterly.

The distribution to the cities and counties (37.5% of the proceeds) will be made on a per capita basis, using the most recent annual estimate of population certified by the State Budget Officer. One-half must be distributed to cities, and one-half must be distributed to counties. For purposes of this distribution, the population of a county does not include the population of a city located in the county. A city or county is excluded from the distribution under this subdivision if it does not provide solid waste management programs and services and is not responsible by contract for payment for these programs and services, unless it is served by a regional solid waste management authority established under Article 22 of Chapter 153A of the General Statutes. The Department of Environment and Natural Resources must provide the Department of Revenue with a list of the cities and counties that are excluded from the distribution.

The funds distributed to cities and counties must be used for solid waste management programs and services. A city or county that receives funds and is served by a regional solid waste management authority must forward the amount it receives to that authority.

G. Exemption

A transfer station operated by the Federal Government (including military bases) that transfers the waste received at the station to a landfill for disposal is not subject to the solid waste disposal tax. A landfill operated by the Federal Government (including military bases) is not subject to the solid waste disposal tax.

A federal agency that disposes of waste at a landfill or transfer station is also exempt from the solid waste disposal tax. If the landfill or transfer station is not owned or operated by a federal agency, that owner or operator is liable for the tax even though the owner or operator is unable to collect the tax from the federal agency.

H. Bad Debt Deduction

In the event that an owner or operator pays the solid waste disposal tax on tonnage received from a customer and the account of that customer is found to be worthless and charged off for income tax purposes, the owner or operator may recover the tax paid on the tonnage it received but for which it was never compensated. The tax shall be recovered by reducing the overall tonnage on which the owner or operator pays tax in a calendar quarter by the tonnage for which it was never compensated from the worthless account. A local government that has paid tax on an account that is subsequently found to be worthless shall recover the tax paid in the same manner, if it meets all of the conditions for recovery that would apply if the local government were

subject to income tax. If the owner or operator subsequently collects an account that has been declared worthless, any tax recovered must be repaid in the next calendar quarter.

I. Miscellaneous Provisions

The disposal of yard debris, inert debris, and land-clearing debris is subject to the solid waste disposal tax when the landfill operator is "landfilling" any of this debris in a construction and demolition landfill or in a municipal solid waste landfill. If the debris is being composted, mulched, or disposed of in a land clearing and inert debris landfill (LCID landfill), the tax does not apply.

History Note: Authority G.S. 105-164.3; 105-187.60; 105-187.61; 105-187.62;
105-187.63; 105-264; 130A-290;
Issued: May 15, 2008;
Revised: December 1, 2008.