

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 163*
Committee Substitute Favorable 6/24/92

Short Title: N.C. Tax Incentive.

(Public)

Sponsors:

Referred to:

February 25, 1991

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE A TAX CREDIT FOR THE USE OF NORTH CAROLINA
3 PORTS.

4 Whereas, the State of North Carolina ranks first in the Southeast in exporting;
5 and

6 Whereas, the North Carolina State Ports Authority serves hundreds of
7 industries and businesses in North Carolina by moving over 8 million tons of cargo
8 from its ports on an annual basis; and

9 Whereas, seventy percent (70%) of the State's imports and exports are
10 shipped from ports outside the State; and

11 Whereas, the State Ports at Wilmington and Morehead City have the capacity
12 to accommodate additional vessel calls and cargo; and

13 Whereas, the increased use of the State's seaports would enhance and
14 accelerate economic development in the State; Now, therefore,
15 The General Assembly of North Carolina enacts:

16 Section 1. Article IV, Schedule D, Division I of Chapter 105 of the General
17 Statutes is amended by adding a new section to read:

18 "§ 105-130.41. Credit for North Carolina State Ports Authority wharfage and
19 handling charges on exports.

20 (a) Any corporation utilizing the deepwater docks at the Wilmington or
21 Morehead City ports for the export of cargo that is loaded on an ocean carrier calling at
22 either port shall be allowed a credit against the tax imposed by this Division. The credit

1 shall be equal to the excess of the charges paid by the corporation on exported,
2 processed cargo for the current taxable year over an amount equal to the average of the
3 charges paid by the corporation on exported, processed cargo for the current taxable
4 year and the two preceding taxable years. The credit shall apply to the following
5 charges on exported, processed cargo assessed by the Ports Authority: wharfage,
6 handling charges on break bulk cargo, LCL (less-than-container-load) cargo, bulk
7 through put charges and the equivalent or like charges on container cargo. This credit
8 may not exceed fifty percent (50%) of the amount of tax imposed by this Division for
9 the taxable year reduced by the sum of all credits allowable under this Division, except
10 tax payments made by or on behalf of the corporation. If the credit allowed by this
11 section exceeds fifty percent (50%) of the tax imposed under this Division, the excess
12 may be carried forward and applied to the tax imposed under this Division for the
13 succeeding five years. To obtain the credit, a corporation shall provide to the Secretary
14 of Revenue a statement from the State Ports Authority certifying the amount of charges
15 paid by the corporation for which a credit is claimed and any other information required
16 by the Secretary to enable the Secretary to determine the amount of credit due the
17 corporation. The maximum cumulative credit that may be claimed by any corporation
18 under this section may not exceed one million dollars (\$1,000,000).

19 (b) For purposes of this section, the terms 'handling' and 'wharfage' shall have the
20 meaning as defined in the State Ports Tariff Publications, 'Wilmington Tariff, Terminal
21 Tariff #6,' and 'Morehead City Tariff, Terminal Tariff #1.' For purposes of this section,
22 the term 'through put' shall have the same meaning as 'wharfage' but is applicable only
23 to bulk products, both dry and liquid."

24 Sec. 2. Article IV, Schedule B, Division II of Chapter 105 of the General
25 Statutes is amended by adding a new section to read:

26 "**§ 105-151.22. Credit for North Carolina State Ports Authority wharfage and**
27 **handling charges on exports.**

28 (a) Any person utilizing the deepwater docks at the Wilmington or Morehead
29 City ports for the export of cargo that is loaded on an ocean carrier calling at either port
30 shall be allowed a credit against the tax imposed by this Division. The credit shall be
31 equal to the excess of the charges paid by the taxpayer on exported, processed cargo for
32 the current taxable year over an amount equal to the average of the charges paid by the
33 taxpayer on exported, processed cargo for the current taxable year and the two
34 preceding years. The credit shall apply to the following charges on exported, processed
35 cargo assessed by the Ports Authority: wharfage, handling charges on break bulk cargo,
36 LCL (less-than-container-load) cargo, bulk through put charges and the equivalent or
37 like charges on container cargo. This credit may not exceed fifty percent (50%) of the
38 amount of tax imposed by this Division for the taxable year reduced by the sum of all
39 credits allowable under this Division, except tax payments made by or on behalf of the
40 taxpayer. If the credit allowed by this section exceeds fifty percent (50%) of the tax
41 imposed under this Division, the excess may be carried forward and applied to the tax
42 imposed under this Division for the succeeding five years. To obtain the credit, the
43 taxpayer shall provide to the Secretary of Revenue a statement from the State Ports
44 Authority certifying the amount of charges paid by the taxpayer for which a credit is

1 claimed and any other information required by the Secretary to enable the Secretary to
2 determine the amount of credit due the taxpayer. The maximum cumulative credit that
3 may be claimed by any taxpayer under this section may not exceed one million dollars
4 (\$1,000,000).

5 (b) For purposes of this section, the terms 'handling' and 'wharfage' shall have the
6 meaning as defined in the State Ports Tariff Publications, 'Wilmington Tariff, Terminal
7 Tariff #6,' and 'Morehead City Tariff, Terminal Tariff #1.' For purposes of this section,
8 the term 'through put' shall have the same meaning as 'wharfage' but is applicable only
9 to bulk products, both dry and liquid."

10 Sec. 3. The North Carolina State Ports Authority shall report annually to the
11 General Assembly regarding the impact of this act on shipping and economic growth.
12 Each report shall show the overall annual increase in shipping at each port affected by
13 this act for the most recent year for which data is available and for each of the previous
14 ten years. Each report shall estimate the number of jobs created at each port and in
15 businesses related to port activity at each port since January 1, 1992, as compared to the
16 number of similar jobs created during the ten years preceding January 1, 1992. Each
17 report shall state the net economic impact on the State as a result of the allowance of tax
18 credits under this act. Each report shall include the number of persons using the tax
19 credit who have stopped, or are likely to stop, using a North Carolina port when the
20 credit expires and to then use a port in another state. The Ports Authority shall file a
21 report on May 1 of 1993, 1994, and 1995, by submitting a copy to the Speaker of the
22 House of Representatives and the President Pro Tempore of the Senate. The
23 Department of Revenue and the Department of Economic and Community Development
24 shall cooperate with the Ports Authority in providing the information required in the
25 annual reports.

26 Sec. 4. This act is effective for taxable years beginning on or after January 1,
27 1992, and ending on or before December 31, 1995.