

May 10, 2001

H 1442. REVISE CIGARETTE MANUFACTURER CREDIT. TO APPLY THE METHOD FOR DETERMINING THE AMOUNT OF THE PORTS TAX CREDIT TO THE CALCULATION OF THE CREDIT FOR MANUFACTURING CIGARETTES, THEREBY ENSURING THAT THE MANUFACTURERS' CREDIT PROMOTES AN INCREASE IN ECONOMIC ACTIVITY. GS 105-130.45 provides a tax credit for manufacturing cigarettes for exportation that is calculated by comparing the current year's exportation volume to the amount a company exported during 1998 (the base year exportation volume). This bill changes the base year exportation volume to the average number of cigarettes exported per year during the three years ending on the last day of the taxable year for which the credit is claimed. Changes the threshold for qualifying for credit, which is based on current years' exportation volume compared to base year volume, to the following:

150% or more	- 40 cents per 1000 cigarettes
140-149%	- 35 cents
130-139%	- 30 cents
120-129%	- 25 cents
110-119%	- 20 cents
less than 110%	- no credit

Effective for tax years beginning on or after Jan. 1, 2002.

Intro. by Luebke.

Ref. to Finance	GS 105
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