

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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HOUSE DRH70436-LYx-203 (5/20)

Short Title: Reduce and Eliminate Cigarette Credits. (Public)

Sponsors: Representative Luebke.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO REDUCE AND ELIMINATE THE TAX CREDITS FOR CIGARETTE EXPORTATION.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-130.45(c) reads as rewritten:

"(c) Cap. – The credit allowed under this section may not exceed the lesser of ~~six~~ three million dollars (~~\$6,000,000~~)(\$3,000,000) or fifty percent (50%) of the amount of tax imposed by this Part for the taxable year reduced by the sum of all other credits allowable, except tax payments made by or on behalf of the taxpayer. This limitation applies to the cumulative amount of the credit allowed in any tax year, including carryforwards claimed by the taxpayer under this section for previous tax years. Any unused portion of a credit allowed in this section may be carried forward for the next succeeding five years."

SECTION 2. G.S. 105-130.45(b) reads as rewritten:

"(b) Credit. – A corporation engaged in the business of manufacturing cigarettes for exportation to a foreign country and that waterborne exports cigarettes and other tobacco products through the North Carolina State Ports during the taxable year is allowed a credit against the taxes levied by this Part. The amount of credit allowed under this section is determined by comparing the exportation volume of the corporation in the year for which the credit is claimed with the corporation's base year exportation volume, rounded to the nearest whole percentage. In the case of a successor in business, the amount of credit allowed under this section is determined by comparing the exportation volume of the corporation in the year for which the credit is claimed with all of the corporation's predecessor corporations' combined base year exportation volume, rounded to the nearest whole percentage. The amount of credit allowed may not exceed ~~six~~ three million dollars (~~\$6,000,000~~)(\$3,000,000) and is computed as follows:

Current Year's Exportation

Amount of Credit

| | Volume Compared to its Base Year's Exportation Volume | per Thousand Cigarettes Exported |
|---|--|---|
| 1 | | |
| 2 | | |
| 3 | 120% or more | 40¢ |
| 4 | 119% – 100% | 35¢ |
| 5 | 99% – 80% | 30¢ |
| 6 | 79% – 60% | 25¢ |
| 7 | 59% – 50% | 20¢ |
| 8 | Less than 50% | None" |

9 **SECTION 3.** G.S. 105-130.46(d) reads as rewritten:

10 "(d) Credit. – A corporation that satisfies the employment level requirement under
11 subsection (b) of this section, is engaged in the business of manufacturing cigarettes for
12 exportation, and exports cigarettes and other tobacco products through the North
13 Carolina State Ports during the taxable year is allowed a credit as provided in this
14 section. The amount of credit allowed under this section is equal to forty cents (40¢) per
15 one thousand cigarettes exported. The amount of credit earned during the taxable year
16 may not exceed ~~ten-five~~ million dollars (~~\$10,000,000~~)-(\$5,000,000)."

17 **SECTION 4.** G.S. 105-130.46 is repealed.

18 **SECTION 5.** G.S. 105-130.45, as amended by this act, is repealed.

19 **SECTION 6.** Section 1 of this act is effective for taxable years beginning on
20 or after January 1, 2004. Section 2 of this act is effective for taxable years beginning on
21 or after January 1, 2005. Sections 4 and 5 of this act are effective for taxable years
22 beginning on or after January 1, 2007. The remainder of this act is effective when it
23 becomes law.