

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE BILL 667
Finance Committee Substitute Adopted 5/10/07

Short Title: Tobacco Tax - Affiliated Dealers.

(Public)

Sponsors:

Referred to:

March 12, 2007

A BILL TO BE ENTITLED

1
2 AN ACT TO TREAT CERTAIN AFFILIATES OF A MANUFACTURER OF OTHER
3 TOBACCO PRODUCTS AS IF THEY WERE THE MANUFACTURER FOR
4 PURPOSES OF ADMINISTRATION OF THE EXCISE TAX ON OTHER
5 TOBACCO PRODUCTS.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 105-113.4 reads as rewritten:

8 "**§ 105-113.4. Definitions.**

9 The following definitions apply in this Article:

10 ...

11 (4a) Integrated wholesale dealer. – A wholesale dealer who is an affiliate of
12 a manufacturer of tobacco products, other than cigarettes, is the only
13 person to whom the manufacturer sells its products and is not a retail
14 dealer. An 'affiliate' is a person who directly or indirectly controls, is
15 controlled by, or is under common control with another person.

16"

17 **SECTION 2.** G.S. 105-113.35(d) reads as rewritten:

18 "(d) **Manufacturer's Option.** – A manufacturer who is not a retail dealer and who
19 ships tobacco products other than cigarettes to either a wholesale dealer or retail dealer
20 licensed under this Part may apply to the Secretary to be relieved of paying the tax
21 imposed by this section on the tobacco products. Once granted permission, a
22 manufacturer may choose not to pay the tax until otherwise notified by the Secretary.
23 To be relieved of payment of the tax imposed by this section, a manufacturer must
24 comply with the requirements set by the Secretary.

25 Permission granted under this subsection to a manufacturer to be relieved of paying
26 the tax imposed by this section applies to an integrated wholesale dealer with whom the
27 manufacturer is an affiliate. A manufacturer must notify the Secretary of any integrated
28 wholesale dealer with whom it is an affiliate when the manufacturer applies to the
29 Secretary for permission to be relieved of paying the tax and when an integrated

- 1 wholesale dealer becomes an affiliate of the manufacturer after the Secretary has given
2 the manufacturer permission to be relieved of paying the tax."
3 **SECTION 3.** This act becomes effective July 1, 2007.