

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE BILL 667
Finance Committee Substitute Adopted 5/10/07
Third Edition Engrossed 5/15/07

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, AND TO PROVIDE THAT THE PERMISSION
6 GRANTED TO A CIGARETTE MANUFACTURER TO BE RELIEVED OF
7 PAYING THE CIGARETTE EXCISE TAX APPLIES TO ALL TOBACCO
8 PRODUCTS DISTRIBUTED BY THE MANUFACTURER.

9 The General Assembly of North Carolina enacts:

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

11 "**§ 105-113.4. Definitions.**

12 The following definitions apply in this Article:

13 ...

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

19"

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

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

1 Permission granted under this subsection to a manufacturer to be relieved of paying
2 the tax imposed by this section applies to an integrated wholesale dealer with whom the
3 manufacturer is an affiliate. A manufacturer must notify the Secretary of any integrated
4 wholesale dealer with whom it is an affiliate when the manufacturer applies to the
5 Secretary for permission to be relieved of paying the tax and when an integrated
6 wholesale dealer becomes an affiliate of the manufacturer after the Secretary has given
7 the manufacturer permission to be relieved of paying the tax.

8 If a person is both a manufacturer of cigarettes and a wholesale dealer of tobacco
9 products other than cigarettes and the person is granted permission under G.S. 105-
10 113.10 to be relieved of paying the cigarette excise tax, the permission applies to the tax
11 imposed by this section on tobacco products other than cigarettes. A cigarette
12 manufacturer who becomes a wholesale dealer after receiving permission to be relieved
13 of the cigarette excise tax must notify the Secretary of the permission received under
14 G.S. 105-113.10 when applying for a license as a wholesale dealer."

15 **SECTION 3.** This act becomes effective July 1, 2007.