

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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HOUSE BILL 1442

Short Title: Revise Cigarette Manufacturer Credit.

(Public)

Sponsors: Representative Luebke.

Referred to: Finance.

May 10, 2001

A BILL TO BE ENTITLED

AN ACT 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.

The General Assembly of North Carolina enacts:

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

"§ 105-130.45. (Repealed effective January 1, 2005) Credit for manufacturing cigarettes for exportation.

(a) Definitions. – The following definitions apply in this section:

(1) Base year exportation volume. – The average number of cigarettes manufactured and exported by a corporation during the calendar year 1998, per year for the three-year period ending on the last day of the taxable year for which the credit is claimed.

(2) Exportation. – The shipment of cigarettes manufactured in the United States to a foreign country sufficient to relieve the cigarettes in the shipment of the federal excise tax on cigarettes.

(b) Credit. – A corporation engaged in the business of manufacturing cigarettes for exportation to a foreign country 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. The amount of credit allowed is as follows:

Current Year's Exportation Volume Compared to its Base Year's Exportation Volume	Amount of Credit per Thousand Cigarettes Exported
<u>120%</u> 150% or more	40¢

1	119% — 100% <u>140%-149%</u>	35¢
2	99% — 80% <u>130%-139%</u>	30¢
3	79% — 60% <u>120%-129%</u>	25¢
4	59% — 50% <u>110%-119%</u>	20¢
5	Less than 50% <u>110%</u>	None

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

14 (d) Documentation of Credit. – A corporation that claims the credit under this
15 section must include the following with its tax return:

- 16 (1) A statement of the base year exportation volume.
17 (2) A statement of the exportation volume on which the credit is based.
18 (3) A list of the corporation's export volumes shown on its monthly
19 reports to the Bureau of Alcohol, Tobacco, and Firearms of the United
20 States Treasury for the months in the tax year for which the credit is
21 claimed."

22 **SECTION 2.** This act becomes effective for taxable years beginning on or
23 after January 1, 2002.