

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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SENATE BILL 1410*

Short Title: Interstate Air Couriers - Bill Lee.

(Public)

Sponsors: Senators Garrou; Carter, Hagan, Lee, and Rand.

Referred to: Finance.

June 13, 2002

1 A BILL TO BE ENTITLED
2 AN ACT TO AMEND TAX LAWS RELATED TO INTERSTATE AIR COURIERS.
3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** G.S. 105-164.3(13) and (15) read as rewritten:

5 **"§ 105-164.3. Definitions.**

6 The following definitions apply in this Article:

7 ...

8 (13) Hub. – Either of the following:

9 a. An interstate air courier's hub is ~~the airport in this State that~~
10 ~~meets all of the following conditions:~~

11 1. ~~The air courier has allocated to the airport under G.S.~~
12 ~~105-338 more than sixty percent (60%) of its aircraft~~
13 ~~value apportioned to this State.~~

14 2. ~~The air courier's primary function at the airport is to sort~~
15 ~~and distribute letters and packages received from~~
16 ~~multiple consolidation locations.~~

17 3. ~~The air courier's primary function at the airport is not to~~
18 ~~consolidate letters and packages and deliver them to~~
19 ~~another airport for sorting and distribution.~~ the interstate
20 air courier's principal airport within the State for sorting
21 and distributing letters and packages and from which the
22 interstate air courier has, or expects to have upon
23 completion of construction, no less than 150 departures a
24 month under normal operating conditions.

25 b. An interstate passenger air carrier's hub is the airport in this
26 State that meets both of the following conditions:

27 1. The air carrier has allocated to the airport under G.S.
28 105-338 more than sixty percent (60%) of its aircraft
29 value apportioned to this State.

1 2. The majority of the air carrier's passengers boarding at
2 the airport are connecting from other airports rather than
3 originating at that airport.

4 ...
5 (15) Interstate air courier. – A person ~~engaged in the air courier services~~
6 ~~business, as defined in G.S. 105-129.2, in interstate commerce whose~~
7 primary business is the furnishing of air delivery of individually
8 addressed letters and packages for compensation, in interstate
9 commerce, except by the United States Postal Service."

10 **SECTION 2.** G.S. 105-129.2A is amended by adding a new subsection to
11 read:

12 "(a1) Sunset for Interstate Air Couriers. – Notwithstanding subsection (a) of this
13 section, in the case of an interstate air courier that enters into a real estate lease on or
14 before January 1, 2006, with an airport authority that provides for the lease of at least
15 100 acres of real property with a lease term in excess of 15 years, this Article is repealed
16 effective for business activities that occur on or after January 1, 2010."

17 **SECTION 3.** G.S. 105-129.4(b) reads as rewritten:

18 "(b) Wage Standard. – A taxpayer is eligible for the credit for creating jobs or the
19 credit for worker training if, for the calendar year the jobs are created or the worker
20 training is provided, the average wage of the jobs for which the credit is claimed meets
21 the wage standard and the average wage of all jobs at the location with respect to which
22 the credit is claimed meets the wage standard. No credit is allowed for jobs not included
23 in the wage calculation. A taxpayer is eligible for the credit for investing in machinery
24 and equipment, the credit for research and development, the credit for investing in real
25 property for a central office or aircraft facility, or the credit for substantial investment in
26 other property if, for the calendar year the taxpayer engages in the activity that qualifies
27 for the credit, the average wage of all jobs at the location with respect to which the
28 credit is claimed meets the wage standard. In making the wage calculation, the taxpayer
29 must include any positions that were filled for at least 1,600 hours during the calendar
30 year the taxpayer engages in the activity that qualifies for the credit even if those
31 positions are not filled at the time the taxpayer claims the credit. However, in the case of
32 an interstate air courier, the taxpayer may exclude part-time jobs in making the wage
33 calculation.

34 Jobs meet the wage standard if they pay an average weekly wage that is at least
35 equal to the applicable percentage times the applicable average weekly wage for the
36 county in which the jobs will be located, as computed by the Secretary of Commerce
37 from data compiled by the Employment Security Commission for the most recent period
38 for which data are available. The applicable percentage for jobs located in an enterprise
39 tier one area is one hundred percent (100%). The applicable percentage for all other jobs
40 is one hundred ten percent (110%). The applicable average weekly wage is the lowest of
41 the following: (i) the average wage for all insured private employers in the county, (ii)
42 the average wage for all insured private employers in the State, and (iii) the average
43 wage for all insured private employers in the county multiplied by the county
44 income/wage adjustment factor. The county income/wage adjustment factor is the

1 county income/wage ratio divided by the State income/wage ratio. The county
2 income/wage ratio is average per capita income in the county divided by the annualized
3 average wage for all insured private employers in the county. The State income/wage
4 ratio is the average per capita income in the State divided by the annualized average
5 wage for all insured private employers in the State. The Department of Commerce must
6 annually publish the wage standard for each county."

7 **SECTION 4.** G.S. 105-129.4 is amended by adding a new subsection to
8 read:

9 "(h) Special Time Periods for Interstate Air Couriers. – In the case of an interstate
10 air courier that has or is constructing a hub in this State, the terms 'two years' and
11 'two-year' are replaced by the terms 'five years' and 'five-year' respectively each place
12 they occur in this Article."

13 **SECTION 5.** G.S. 105-129.9(b) reads as rewritten:

14 "(b) Eligible Investment Amount. – The eligible investment amount is the lesser
15 of (i) the cost of the eligible machinery and equipment and (ii) the amount by which the
16 cost of all of the taxpayer's eligible machinery and equipment that are in service in this
17 State on the last day of the taxable year exceeds the cost of all of the taxpayer's eligible
18 machinery and equipment that were in service in this State on the last day of the base
19 year. The base year is that year, of the three immediately preceding taxable years, in
20 which the taxpayer had the most eligible machinery and equipment in service in this
21 State. Notwithstanding the other provisions of this subsection, in the case of an
22 interstate air courier that has or is constructing a hub in this State, the eligible
23 investment amount is the cost of the machinery and equipment at the hub that was not
24 used and transferred by the interstate air courier from another location in this State."

25 **SECTION 6.** Section 22 of S.L. 1998-55, as amended by Section 16(a) of
26 S.L. 2001-476, reads as rewritten:

27 "Section 22. Section 10 of this act is effective for taxes imposed for taxable years
28 beginning on or after July 1, 2001. Section 11 of this act becomes effective January 1,
29 1999, and expires January 1, ~~2008~~2010. The remainder of Part III of this act becomes
30 effective January 1, 2001, and applies to sales made on or after that date."

31 **SECTION 7.** It is the intent of the General Assembly that the provisions of
32 this act not be expanded. If a court of competent jurisdiction holds any provision of this
33 act invalid, the section containing that provision is repealed. The repeal of a section of
34 this act under this section does not affect other provisions of this act that may be given
35 affect without the invalid provision.

36 **SECTION 8.** Section 1 of this act becomes effective July 1, 2002, and
37 applies to sales made on or after that date. The remainder of this act is effective for
38 taxable years that begin on or after January 1, 2002.