

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 163*
Committee Substitute Favorable 6/24/92
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Short Title: N.C. Tax Incentive.

(Public)

Sponsors:

Referred to:

February 25, 1991

A BILL TO BE ENTITLED

AN ACT TO PROVIDE A TAX CREDIT FOR THE USE OF NORTH CAROLINA PORTS.

Whereas, the State of North Carolina ranks first in the Southeast in exporting; and

Whereas, the North Carolina State Ports Authority serves hundreds of industries and businesses in North Carolina by moving over 8 million tons of cargo from its ports on an annual basis; and

Whereas, seventy percent (70%) of the State's imports and exports are shipped from ports outside the State; and

Whereas, the State Ports at Wilmington and Morehead City have the capacity to accommodate additional vessel calls and cargo; and

Whereas, the increased use of the State's seaports would enhance and accelerate economic development in the State; Now, therefore,

The General Assembly of North Carolina enacts:

Section 1. Article IV, Schedule D, Division I of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-130.41. Credit for North Carolina State Ports Authority wharfage and handling charges on exports.

(a) Any corporation utilizing the deepwater docks at the Wilmington or Morehead City ports for the export of cargo that is loaded on an ocean carrier calling at

1 either port shall be allowed a credit against the tax imposed by this Division. The credit
2 shall be equal to the excess of the charges paid by the corporation on exported,
3 processed cargo for the current taxable year over an amount equal to the average of the
4 charges paid by the corporation on exported, processed cargo for the current taxable
5 year and the two preceding taxable years. The credit shall apply to the following
6 charges on exported, processed cargo assessed by the Ports Authority: wharfage,
7 handling charges on break bulk cargo, LCL (less-than-container-load) cargo, bulk
8 through put charges and the equivalent or like charges on container cargo. This credit
9 may not exceed fifty percent (50%) of the amount of tax imposed by this Division for
10 the taxable year reduced by the sum of all credits allowable under this Division, except
11 tax payments made by or on behalf of the corporation. If the credit allowed by this
12 section exceeds fifty percent (50%) of the tax imposed under this Division, the excess
13 may be carried forward and applied to the tax imposed under this Division for the
14 succeeding five years. To obtain the credit, a corporation shall provide to the Secretary
15 of Revenue a statement from the State Ports Authority certifying the amount of charges
16 paid by the corporation for which a credit is claimed and any other information required
17 by the Secretary to enable the Secretary to determine the amount of credit due the
18 corporation. The maximum cumulative credit that may be claimed by any corporation
19 under this section may not exceed one million dollars (\$1,000,000).

20 (b) For purposes of this section, the terms 'handling' and 'wharfage' shall have the
21 meaning as defined in the State Ports Tariff Publications, 'Wilmington Tariff, Terminal
22 Tariff #6,' and 'Morehead City Tariff, Terminal Tariff #1.' For purposes of this section,
23 the term 'through put' shall have the same meaning as 'wharfage' but is applicable only
24 to bulk products, both dry and liquid."

25 Sec. 2. Article IV, Schedule B, Division II of Chapter 105 of the General
26 Statutes is amended by adding a new section to read:

27 "**§ 105-151.22. Credit for North Carolina State Ports Authority wharfage and**
28 **handling charges on exports.**

29 (a) Any person utilizing the deepwater docks at the Wilmington or Morehead
30 City ports for the export of cargo that is loaded on an ocean carrier calling at either port
31 shall be allowed a credit against the tax imposed by this Division. The credit shall be
32 equal to the excess of the charges paid by the taxpayer on exported, processed cargo for
33 the current taxable year over an amount equal to the average of the charges paid by the
34 taxpayer on exported, processed cargo for the current taxable year and the two
35 preceding years. The credit shall apply to the following charges on exported, processed
36 cargo assessed by the Ports Authority: wharfage, handling charges on break bulk cargo,
37 LCL (less-than-container-load) cargo, bulk through put charges and the equivalent or
38 like charges on container cargo. This credit may not exceed fifty percent (50%) of the
39 amount of tax imposed by this Division for the taxable year reduced by the sum of all
40 credits allowable under this Division, except tax payments made by or on behalf of the
41 taxpayer. If the credit allowed by this section exceeds fifty percent (50%) of the tax
42 imposed under this Division, the excess may be carried forward and applied to the tax
43 imposed under this Division for the succeeding five years. To obtain the credit, the
44 taxpayer shall provide to the Secretary of Revenue a statement from the State Ports

1 Authority certifying the amount of charges paid by the taxpayer for which a credit is
2 claimed and any other information required by the Secretary to enable the Secretary to
3 determine the amount of credit due the taxpayer. The maximum cumulative credit that
4 may be claimed by any taxpayer under this section may not exceed one million dollars
5 (\$1,000,000).

6 (b) For purposes of this section, the terms 'handling' and 'wharfage' shall have the
7 meaning as defined in the State Ports Tariff Publications, 'Wilmington Tariff, Terminal
8 Tariff #6,' and 'Morehead City Tariff, Terminal Tariff #1.' For purposes of this section,
9 the term 'through put' shall have the same meaning as 'wharfage' but is applicable only
10 to bulk products, both dry and liquid."

11 Sec. 3. The North Carolina State Ports Authority shall report annually to the
12 General Assembly regarding the impact of this act on shipping and economic growth.
13 Each report shall show the overall annual increase in shipping at each port affected by
14 this act for the most recent year for which data is available and for each of the previous
15 ten years. Each report shall estimate the number of jobs created at each port and in
16 businesses related to port activity at each port since January 1, 1992, as compared to the
17 number of similar jobs created during the ten years preceding January 1, 1992. Each
18 report shall state the net economic impact on the State as a result of the allowance of tax
19 credits under this act. Each report shall include the number of persons using the tax
20 credit who have stopped, or are likely to stop, using a North Carolina port when the
21 credit expires and to then use a port in another state. The Ports Authority shall file a
22 report on May 1 of 1993, 1994, and 1995, by submitting a copy to the Speaker of the
23 House of Representatives and the President Pro Tempore of the Senate. The
24 Department of Revenue and the Department of Economic and Community Development
25 shall cooperate with the Ports Authority in providing the information required in the
26 annual reports.

27 Sec. 4. This act is effective for taxable years beginning on or after 1 July,
28 1992, and ending on or before February 28, 1996.