

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015

H

3

HOUSE BILL 912  
Committee Substitute Favorable 7/16/15  
Senate Finance Committee Substitute Adopted 9/21/15

Short Title: Taxation of Tribal Land and Tobacco Products.

(Public)

Sponsors:

Referred to:

April 20, 2015

1 A BILL TO BE ENTITLED  
2 AN ACT TO EXEMPT REAL AND PERSONAL PROPERTY LOCATED ON TRIBAL  
3 LANDS FROM PROPERTY TAX REGARDLESS OF OWNERSHIP AND TO  
4 AUTHORIZE THE DEPARTMENT OF REVENUE TO ENTER INTO AN  
5 AGREEMENT WITH THE EASTERN BAND OF CHEROKEE INDIANS REGARDING  
6 THE TAXATION OF TOBACCO PRODUCTS, AND TO AMEND THE  
7 REQUIREMENTS FOR DISTILLERY PERMIT HOLDERS TO SELL SPIRITUOUS  
8 LIQUOR DISTILLED ON PREMISES TO VISITORS OF THE DISTILLERY.

9 The General Assembly of North Carolina enacts:

10 **SECTION 1.(a)** G.S. 105-275 is amended by adding a new subdivision to read:  
11 "**§ 105-275. Property classified and excluded from the tax base.**

12 The following classes of property are designated special classes under Article V, Sec. 2(2),  
13 of the North Carolina Constitution and are excluded from tax:

14 ...

15 (48) Real and personal property located on lands held in trust by the United  
16 States for the Eastern Band of Cherokee Indians, regardless of ownership."

17 **SECTION 1.(b)** This section is effective for taxes imposed for taxable years  
18 beginning on or after July 1, 2016.

19 **SECTION 2.** The Department of Revenue may enter into an agreement with the  
20 Eastern Band of Cherokee Indians in regards to the excise tax on tobacco products administered  
21 under Article 2A of Chapter 105 of the General Statutes. The agreement must be approved by  
22 the Tribal Council of the Eastern Band of Cherokee Indians and signed by the Principal Chief  
23 of the Eastern Band of Cherokee Indians on behalf of the Eastern Band of Cherokee Indians  
24 and must be signed by the Secretary of Revenue on behalf of the Department of Revenue. The  
25 agreement may be effective for a definite period of time or an indefinite period, as specified in  
26 the agreement.

27 **SECTION 3.(a)** G.S. 18B-1105(a)(4), as amended by S.L. 2015-98, reads as  
28 rewritten:

29 "(4) Sell spirituous liquor distilled at the distillery in closed containers to visitors  
30 who tour the distillery for consumption off the ~~premises if the distillery~~  
31 ~~manufactures less than 100,000 proof gallons per year premises.~~ Sales under  
32 this subdivision are allowed only in a county where the establishment of a  
33 county or municipal ABC store has been approved pursuant to G.S. 18B  
34 602(g) and are subject to the time and day restrictions in G.S. 18B 802.  
35 Spirituous liquor sold under this subdivision shall (i) be listed as a code item



1 for sale in the State, (ii) be sold at the price set by the Commission for the  
2 code item pursuant to G.S. 18B 804(b), and (iii) have affixed to its bottle a  
3 sticker that bears the words "North Carolina Distillery Tour Commemorative  
4 Spirit" in addition to any other labeling requirements set by law. Consumers  
5 purchasing spirituous liquor under this subdivision are limited to purchasing,  
6 and the selling distillery is limited to selling to each consumer, no more than  
7 one bottle of spirituous liquor per 12 month period. The distillery shall use a  
8 commonly adopted standard point of sale system to maintain searchable  
9 electronic records captured at the point of sale, to include the purchaser's  
10 name, drivers license number, and date of birth for at least 12 months from  
11 the date of purchase. The Commission shall adopt rules regulating the retail  
12 sale of spirituous liquor under this subdivision."

13 **SECTION 3.(b)** G.S. 18B-804 is amended by adding a new subsection to read:

14 "(b1) Price of Spirituous Liquor Sold at Distillery. – When the holder of a distillery  
15 permit sells spirituous liquor distilled at the distillery pursuant to G.S. 18B-1105(a)(4), the  
16 retail price of the spirituous liquor shall be the uniform State price set by subsection (a) of this  
17 section. However, the holder of the distillery permit shall not be required to remit the  
18 components of the price set forth by subdivisions (2), (3), (5), (6), (6a), (6b), and (7) of  
19 subsection (b) of this section."

20 **SECTION 4.** Except as otherwise provided, this act is effective when it becomes  
21 law.