

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 1868
Committee Substitute Favorable as Amended - Engrossed 6/26/89
Committee Substitute #2 Favorable 7/20/89
Fourth Edition Engrossed 7/25/89

Short Title: N.C. Ports Tax Incentive.

(Public)

Sponsors:

Referred to:

May 10, 1989

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE A TAX CREDIT FOR THE USE OF NORTH CAROLINA
3 PORTS.

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

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

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

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

13 Whereas, the increased use of the State's seaports would enhance and
14 accelerate economic development in the State; Now, therefore,
15 The General Assembly of North Carolina enacts:

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

18 "**§ 105-130.41. Credit for North Carolina State Ports Authority wharfage and**
19 **handling charges.**

20 (a) Any corporation utilizing the deepwater docks at the Wilmington or
21 Morehead City ports for the import or export of cargo that is loaded on or unloaded

1 from an ocean carrier calling at either port shall be allowed a credit against the tax
2 imposed by this Division. The credit shall be equal to the excess of the charges paid by
3 the corporation on processed cargo for the current taxable year over an amount equal to
4 the average of the charges paid by the corporation on processed cargo for the current
5 taxable year and the two preceding taxable years. The credit shall apply to the
6 following charges on processed cargo assessed by the Ports Authority: wharfage or
7 through put, whichever is applicable, and handling charges. This credit may not exceed
8 fifty percent (50%) of the amount of tax imposed by this Division for the taxable year
9 reduced by the sum of all credits allowable under this Division, except tax payments
10 made by or on behalf of the corporation. If the credit allowed by this section exceeds
11 fifty percent (50%) of the tax imposed under this Division, the excess may be carried
12 forward and applied to the tax imposed under this Division for the succeeding five
13 years. To obtain the credit, a corporation shall provide to the Secretary of Revenue a
14 statement from the State Ports Authority certifying the amount of charges paid by the
15 corporation for which a credit is claimed and any other information required by the
16 Secretary to enable the Secretary to determine the amount of credit due the corporation.
17 The maximum cumulative credit that may be claimed by any corporation under this
18 section may not exceed one hundred thousand dollars (\$100,000).

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

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

26 "**§ 105-151.18. Credit for North Carolina State Ports Authority wharfage and**
27 **handling charges.**

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

1 determine the amount of credit due the taxpayer. The maximum cumulative credit that
2 may be claimed by any taxpayer under this section may not exceed one hundred
3 thousand dollars (\$100,000).

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

9 Sec. 3. The North Carolina State Ports Authority shall report annually to the
10 General Assembly regarding the impact of this act on shipping and economic growth.
11 Each report shall show the overall annual increase in shipping at each port affected by
12 this act for the most recent year for which data is available and for each of the previous
13 ten years. Each report shall estimate the number of jobs created at each port and in
14 businesses related to port activity at each port since January 1, 1990, as compared to the
15 number of similar jobs created during the ten years preceding January 1, 1990. Each
16 report shall state the total amount of revenue lost to the State as a result of the allowance
17 of tax credits under this act. The Ports Authority shall file a report on May 1 of 1991,
18 1992, and 1993, by submitting a copy to the Speaker of the House of Representatives
19 and the President Pro Tempore of the Senate. The Department of Revenue and the
20 Department of Commerce shall cooperate with the Ports Authority in providing the
21 information required in the annual reports.

22 Sec. 4. This act is effective for taxable years beginning on or after January 1,
23 1990, and shall expire effective for taxable years beginning on or after January 1, 1993.
24 This act does not affect the rights or liabilities of the State, a taxpayer, or another person
25 arising under a statute repealed by this act before its repeal; nor does it affect the right to
26 any refund or credit of a tax that would otherwise have been available under the
27 repealed statute before its repeal.