

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 1000

Short Title: Cigarette Manufacturers' Tax.

(Public)

Sponsors: Senators Odom, Walker, and Marvin.

Referred to: Manufacturing and Labor.

April 25, 1989

A BILL TO BE ENTITLED

1 AN ACT TO IMPOSE A ONE-HALF CENT PER PACK LICENSE TAX ON
2 CIGARETTE MANUFACTURERS WHEN KENTUCKY AND VIRGINIA
3 ENACT SIMILAR TAXES AND TO ALLOCATE PART OF THE TAX
4 PROCEEDS FOR MARKETING AND PROMOTION OF AGRICULTURAL
5 PRODUCTS AND FOR RESEARCH ON ALTERNATE USES FOR TOBACCO.

6 The General Assembly of North Carolina enacts:

7 Section 1. Article 2 of Chapter 105 of the General Statutes is amended by
8 inserting a new section before G.S. 105-103 to read:

9 **"§ 105-102.5. Cigarette manufacturers.**

10 (a) Tax. Every person engaged in the business of manufacturing cigarettes shall
11 apply for and obtain from the Secretary of Revenue a license for the privilege of doing
12 business in this State. The manufacturer shall pay a tax of five dollars (\$5.00) for this
13 license. In addition, the manufacturer shall, within 10 days after the last day of each
14 month, report to the Secretary the number of cigarettes manufactured by that person
15 during the month and pay a tax at the rate of one-fourth mill per individual cigarette
16 manufactured. This additional tax is due when the report is filed. No county, city, or
17 town may impose a license tax on the business taxed under this section.

18 (b) Cigarette Defined. As used in this section, 'cigarette' means:

19 (1) A roll of tobacco wrapped in paper or a substance that does not contain
20 tobacco; or

21 (2) A roll of tobacco wrapped in a substance that contains tobacco and
22 that, because of its appearance, the type of tobacco used in the filler, or
23

1 its packaging or labeling, is likely to be offered to or purchased by
2 consumers as a cigarette described in subdivision (1).

3 (c) Allocation of Proceeds. The Secretary shall, on a monthly basis, remit one
4 percent (1%) of the proceeds of the tax levied under this section to the Department of
5 Agriculture, to be used for marketing and promotion of North Carolina agricultural
6 products. In addition, the Secretary shall, on a monthly basis, remit one percent (1%)
7 of the proceeds of the tax levied under this section to the Board of Governors of The
8 University of North Carolina, to be allocated among tobacco research programs in the
9 University system for research to develop alternate uses for tobacco. The Secretary
10 shall deposit the remaining proceeds of the tax in the General Fund."

11 Sec. 2. G.S. 105-109.1 reads as rewritten:

12 **"§ 105-109.1. Interest.**

13 With respect to the taxes on gross receipts levied in G.S. 105-37.1(a), 105-38(7),
14 105-39(c) and 105-65.1(b)(2), ~~and~~ the tax on installment paper dealers levied in ~~G.S.~~
15 ~~105-83(b),~~ G.S. 105-83(b), and the tax on cigarette manufacturers levied in G.S. 105-
16 102.5(a), all such taxes, including assessments of taxes or additional taxes, shall bear
17 interest from the time such taxes were due to have been paid until paid, at rates
18 established pursuant to G.S. 105-241.1(i)."

19 Sec. 3. The first monthly report required by G.S. 105-102.5(a), as enacted by
20 this act, is due on or before the 10th day of the first month following the month this act
21 becomes effective.

22 Sec. 4. This act shall become effective July 1, 1990, or on the first day of the
23 first month following the enactment by Kentucky and Virginia of cigarette
24 manufacturer's taxes similar to the tax levied by Section 1 of this act and in amounts
25 equal to or greater than one-fourth mill per individual cigarette, whichever event occurs
26 first.