

N.C. GENERAL ASSEMBLY LEGISLATIVE FISCAL NOTE

Fiscal Research
733-4910

Prepared By: Ruth Sappie	Date Prepared: 7/19/89	Bill No.: HCS 1868	Edition:
Approved By: Tom Covington TOMC	7/20/89		Sponsor: Rep. Vernon Abernethy
Short Title: Tax Incentive for Use of North Carolina State Ports			

TYPE OF FISCAL IMPACT	COUNTY/		FUNDS AFFECTED:		
	State Gov't	Local Gov't	(X) General	() Highway	() Other: Local
			State Fiscal Impact	FY 89-90	FY 90-91
No Fiscal Impact	()	()	State Total Req'ments Receipts/Revenues		
Increase Expenditure	()	()	Net State Expend./Rev.		Min. (\$335,000)
Decrease Expenditure	()	()	No. of Positions		Max. (\$670,000)
			Local Fiscal Impact	FY	FY
Increase Revenue	()	()	Local Total Req'ments Receipts/Revenues		
Decrease Revenue	(X)	()	Net Local Expend./Rev.		
No Estimate Avail.	()	()	No. of Positions		

Description of Legislation

1. Summary of Legislation

A new credit against the individual or corporate income tax is authorized. The amount of credit is equal to the increase in the amount of designated charges paid to the North Carolina State Ports Authority by the taxpayer for use of the deep-water ports of Wilmington or Morehead City. The amount of increase shall be calculated as the excess of charges paid for the taxable over an amount equal to the average of the charges paid for the current taxable year and the two preceding taxable years.

The designated charges upon which the amount of credit is based are handling and wharfage charges. "Wharfage" is defined as an assessment for the use of wharves and transit warehouses in the receipt of cargo from or delivery to ships, barges or other watercraft moved to wharf facilities of the State Ports Authority. "Through put" is a

term similar in meaning to wharfage, but used exclusively in reference to bulk commodities. "Handling" refers to those charges assessed for the physical loading or unloading of cargo to or from rail cars or motor vehicles at point of rest or storage in addition to the physical movement of cargo between any two locations within State Ports facilities.

The credit may not exceed 50% of the taxpayer's total tax liability in any one year. The excess may be carried forward for five succeeding years. The maximum credit that can be taken in one year cannot exceed \$100,000.

2. Effective Date
January 1, 1990

3. Fund or Tax Affected
Individual and corporate income tax, State General Fund

4. Principal Department/Program Affected
North Carolina Department of Revenue and the North Carolina State Ports Authority.

Cost or Revenue Impact on State

	FY 88-89	FY 89-90	FY 90-91
1. Non-Recurring Costs/Revenues			
2. Recurring Costs/Revenues			Min. (\$335,000)
3. Fiscal/Revenue Assumptions			Max. (\$670,000)

The revenue loss will depend upon the amount of increased usage of the State ports which occurs as a result of several factors in addition to the availability of the new credit. The continued strength of the economies of other developed nations and the ability of U.S. industry to compete in world markets are additional factors which are difficult to project.

The North Carolina State Ports Authority annually estimates total collections from all fees assessed by the Authority on a fiscal year basis. Their estimate for collections of wharfage and handling charges for FY 1989-90 is \$6.7 million. If it is assumed that wharfage and handling fees collected will increase in the range of 5% to 10% in FY 1990-91, the minimum and maximum bounds for the expected revenue loss to the General Fund for FY 1990-91 is between \$335,000 and \$670,000.

Cost/Revenue Impact on County or Local Government

FY
88-89

FY
89-90

FY

1. Non-Recurring Costs/Revenues

2. Recurring Costs/Revenues

3. Fiscal/Revenue Assumptions

Sources of Data for Fiscal Note

North Carolina State Ports Authority

Technical Considerations/Comments

Official
Fiscal Research Division
Publication



Signed Copy Located in the NCGA Principal Clerk's Offices