

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 1142

Short Title: Raise Beer and Cigarette Tax.

(Public)

Sponsors: Representatives Barnes; Gottovi and Ligon.

Referred to: Finance.

May 1, 1991

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE EXCISE TAXES ON BEER AND CIGARETTES  
AND TO PROVIDE THAT THE ADDITIONAL REVENUE GENERATED BY  
THESE TAX INCREASES MAY BE APPROPRIATED ONLY FOR  
EDUCATION PURPOSES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-113.80(a) reads as rewritten:

"(a) Beer. – An excise tax is levied on the sale of malt beverages at the rate of:

(1) ~~Forty-eight and three hundred eighty-seven one-thousandths cents (48.387¢)~~ Fifty-nine and six one-hundredths cents (59.06¢) per gallon on malt beverages in barrels holding at least seven and three-fourths gallons; and

(2) ~~Fifty-three and three hundred seventy-six one-thousandths cents (53.376¢)~~ Sixty-four and five one-hundredths cents (64.05¢) per gallon on malt beverages in cans, bottles, barrels, or other containers holding less than seven and three-fourths gallons."

Sec. 2. G.S. 105-113.82(a) and the catch line of G.S. 105-113.82 read as rewritten:

**"§ 105-113.82. Appropriation to local governments of amount equal to part of beer and wine taxes.**

(a) Amount, Method. – An amount equal to the following percentages of the net amount of excise taxes collected, during the period that begins the preceding October 1 and ends September 30, on the sale of malt beverages and wine, less the amount of the net proceeds credited to the Department of Agriculture under G.S. 105-113.81A, is

1 annually appropriated from the General Fund to the counties and cities in which the  
2 retail sale of these beverages is authorized:

- 3 (1) Of the tax on malt beverages levied under G.S. 105-113.80(a), ~~twenty-~~  
4 ~~three and three-fourths percent (23 3/4%);~~ nineteen and eight-tenths  
5 percent (19.8%);
- 6 (2) Of the tax on unfortified wine levied under G.S. 105-113.80(b), sixty-  
7 two percent (62%); and
- 8 (3) Of the tax on fortified wine levied under G.S. 105-113.80(b), twenty-  
9 two percent (22%).

10 If malt beverages, unfortified wine, or fortified wine may be licensed to be sold at  
11 retail in both a county and a city located in the county, both the county and city shall  
12 receive a portion of the amount appropriated, that portion to be determined on the basis  
13 of population. If one of these beverages may be licensed to be sold at retail in a city  
14 located in a county in which the sale of the beverage is otherwise prohibited, only the  
15 city shall receive a portion of the amount appropriated, that portion to be determined on  
16 the basis of population. The amount of the appropriation to be distributed under  
17 subdivisions (1), (2), and (3) shall be computed separately."

18 Sec. 3. G.S. 105-113.85 reads as rewritten:

19 **"§ 105-113.85. Discount.**

20 Each wholesaler or importer who remits the excise taxes on malt beverages or wine  
21 may deduct from the amount payable by him a discount of ~~four percent (4%);~~ three and  
22 three-tenths percent (3.3%). This discount covers losses due to spoilage and breakage,  
23 expenses incurred in preparing the records and reports required by this Article, and the  
24 expense of furnishing a bond. No discount is allowed on taxpaid beverages given as free  
25 goods for advertising."

26 Sec. 4. G.S. 105-113.5 reads as rewritten:

27 **"§ 105-113.5. Privilege tax levied.**

28 In addition to all other taxes and fees, a tax is hereby levied upon the sale or  
29 possession for sale within this State, by distributors, of all cigarettes at the rate of one  
30 and one-quarter mill per individual cigarette.

31 The tax hereby levied shall not apply to free distribution of sample cigarettes in  
32 packages containing five or fewer cigarettes nor to any package of cigarettes  
33 customarily donated free of charge by manufacturers of cigarettes to employees in  
34 factories where cigarettes are manufactured in this State where such packages of  
35 cigarettes are not taxed by the federal government."

36 Sec. 5. The purpose of the additional taxes levied in this act is to provide  
37 revenue for education. The additional revenue generated by this act may be appropriated  
38 annually from the General Fund only for public schools, community colleges, and The  
39 University of North Carolina System.

40 Sec. 6. This act becomes effective July 1, 1991.