

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 67*

Finance Committee Substitute Adopted 7/8/92

Short Title: N.C. Ports Tax Incentive.

(Public)

Sponsors:

Referred to:

February 13, 1991

A BILL TO BE ENTITLED

AN ACT TO PROVIDE A TAX CREDIT FOR THE USE OF NORTH CAROLINA PORTS.

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

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

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

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

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

Section 1. Division I of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-130.41. Credit for North Carolina State Ports Authority wharfage and handling charges on exports.

(a) Credit. – A corporation utilizing the deepwater docks at the Wilmington or Morehead City ports for the export of cargo that is loaded on an ocean carrier calling at either port is allowed a credit against the tax imposed by this Division. The amount of

1 credit allowed is equal to the excess of the charges paid by the corporation on exported,
2 processed cargo for the current taxable year over an amount equal to the average of the
3 charges paid by the corporation on exported, processed cargo for the current taxable
4 year and the two preceding taxable years. The credit applies to the following charges on
5 exported, processed cargo assessed by the Ports Authority: wharfage, handling charges
6 on break bulk cargo or LCL (less-than-container-load) cargo, bulk through put charges,
7 and the equivalent or like charges on container cargo. To obtain the credit, a
8 corporation must provide to the Secretary a statement from the State Ports Authority
9 certifying the amount of charges paid by the corporation for which a credit is claimed
10 and any other information required by the Secretary.

11 (b) Limitations. – This credit may not exceed fifty percent (50%) of the amount
12 of tax imposed by this Division for the taxable year reduced by the sum of all credits
13 allowable under this Division, except tax payments made by or on behalf of the
14 corporation. Any unused portion of the credit may be carried forward for the
15 succeeding five years. The maximum cumulative credit that may be claimed by a
16 corporation under this section is one million dollars (\$1,000,000).

17 (c) Definitions. – For purposes of this section, the terms ‘handling’ and
18 ‘wharfage’ have the meanings provided in the State Ports Tariff Publications,
19 ‘Wilmington Tariff, Terminal Tariff #6,’ and ‘Morehead City Tariff, Terminal Tariff
20 #1.’ For purposes of this section, the term ‘through put’ has the same meaning as
21 ‘wharfage’ but applies only to bulk products, both dry and liquid.”

22 Sec. 2. Division II of Article 4 of Chapter 105 of the General Statutes is
23 amended by adding a new section to read:

24 **"§ 105-151.22. Credit for North Carolina State Ports Authority wharfage and**
25 **handling charges on exports.**

26 (a) Credit. – A taxpayer utilizing the deepwater docks at the Wilmington or
27 Morehead City ports for the export of cargo that is loaded on an ocean carrier calling at
28 either port is allowed a credit against the tax imposed by this Division. The amount of
29 credit allowed is equal to the excess of the charges paid by the taxpayer on exported,
30 processed cargo for the current taxable year over an amount equal to the average of the
31 charges paid by the taxpayer on exported, processed cargo for the current taxable year
32 and the two preceding taxable years. The credit applies to the following charges on
33 exported, processed cargo assessed by the Ports Authority: wharfage, handling charges
34 on break bulk cargo or LCL (less-than-container-load) cargo, bulk through put charges,
35 and the equivalent or like charges on container cargo. To obtain the credit, a taxpayer
36 must provide to the Secretary a statement from the State Ports Authority certifying the
37 amount of charges paid by the taxpayer for which a credit is claimed and any other
38 information required by the Secretary.

39 (b) Limitations. – This credit may not exceed fifty percent (50%) of the amount
40 of tax imposed by this Division for the taxable year reduced by the sum of all credits
41 allowable under this Division, except tax payments made by or on behalf of the
42 taxpayer. Any unused portion of the credit may be carried forward for the succeeding
43 five years. The maximum cumulative credit that may be claimed by a taxpayer under
44 this section is one million dollars (\$1,000,000).

1 (c) Definitions. – For purposes of this section, the terms ‘handling’ and
2 ‘wharfage’ have the meanings provided in the State Ports Tariff Publications,
3 ‘Wilmington Tariff, Terminal Tariff #6,’ and ‘Morehead City Tariff, Terminal Tariff
4 #1.’ For purposes of this section, the term ‘through put’ has the same meaning as
5 ‘wharfage’ but applies only to bulk products, both dry and liquid.”

6 Sec. 3. The North Carolina State Ports Authority shall report annually to the
7 General Assembly regarding the impact of this act on shipping and economic growth.
8 Each report shall show the overall annual increase in shipping at each port affected by
9 this act for the most recent year for which data is available and for each of the previous
10 10 years. Each report shall estimate the number of jobs created at each port and in
11 businesses related to port activity at each port since January 1, 1992, as compared to the
12 number of similar jobs created during the 10 years preceding January 1, 1992. Each
13 report shall state the net economic impact on the State as a result of the allowance of tax
14 credits under this act. Each report shall include the number of persons using the tax
15 credit who have stopped, or are likely to stop, using a North Carolina port when the
16 credit expires and to then use a port in another state. The Ports Authority shall file a
17 report on May 1 of 1993, 1994, and 1995, by submitting a copy to the Speaker of the
18 House of Representatives and the President Pro Tempore of the Senate. The
19 Department of Revenue and the Department of Economic and Community Development
20 shall cooperate with the Ports Authority in providing the information required in the
21 annual reports.

22 Sec. 4. This act is effective for taxable years beginning on or after March 1,
23 1992, and ending on or before February 28, 1996.