

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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HOUSE BILL 1606

Short Title: Raise Alcohol/Cigarette Rev. to Save Services. (Public)

Sponsors: Representatives Insko, Weiss, Luebke (Primary Sponsors); and Alexander.

Referred to: Finance.

June 11, 2002

A BILL TO BE ENTITLED

AN ACT TO RAISE THE EXCISE TAX ON CIGARETTES FROM FIVE CENTS TO THIRTY CENTS A PACK; TO RESTORE THE PREVIOUS RATE OF EXCISE TAX ON LIQUOR; AND TO RAISE BEER AND WINE TAXES.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 105-113.5 reads as rewritten:

"§ 105-113.5. Tax on cigarettes.

A tax is levied on the sale or possession for sale in this State, by a distributor, of all cigarettes at the rate of ~~two and one-half mills~~ one and one-half cents (1 1/2¢) per individual cigarette.

This tax does not apply to any of the following:

- (1) Sample cigarettes distributed without charge in packages containing five or fewer cigarettes.
- (2) Cigarettes in a package of cigarettes given without charge by the manufacturer of the cigarettes to an employee of the manufacturer who works in a factory where cigarettes are made, if the cigarettes are not taxed by the federal government."

SECTION 1.(b) This section becomes effective July 1, 2002.

SECTION 2.(a) G.S. 105-113.80(c) reads as rewritten:

"(c) Liquor. – An excise tax of ~~twenty-five percent (25%)~~ twenty-eight percent (28%) is levied on liquor sold in ABC stores. Pursuant to G.S. 18B-804(b), the price of liquor on which this tax is computed is the distiller's price plus (i) the State ABC warehouse freight and bailment charges, and (ii) a markup for local ABC boards."

SECTION 2.(b) This section becomes effective October 1, 2002.

SECTION 3.(a) Part 4 of Article 2C of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-113.80A. Surtax on beer and wine.

(a) Surtax. – In addition to the excise taxes on beer and wine imposed in G.S. 105-113.80(a) and (b), every taxpayer required to file a return under those subsections

1 must pay the surtax levied by this section. The surtax is due at the time prescribed for
2 paying the excise taxes under this Article. The amount of the surtax is as follows:

3 (1) Beer. – An additional excise tax of fifty-three cents (53¢) per gallon is
4 levied on the sale of malt beverages.

5 (2) Wine. – An additional excise tax of twenty-one cents (21¢) per liter is
6 levied on the sale of unfortified wine, and an additional excise tax of
7 twenty-four cents (24¢) per liter is levied on the sale of fortified wine.

8 (b) Distribution. – The surtax levied by this section is not subject to the
9 distribution under G.S. 105-113.81A or G.S. 105-113.82. The Secretary must credit the
10 proceeds of the surtax levied by this section to the General Fund."

11 **SECTION 3.(b)** In order to pay for its costs of postage, printing, and
12 computer programming to implement this section, the Department of Revenue may
13 withhold not more than seventy-five thousand dollars (\$75,000) from collections under
14 this section during the 2002-2003 fiscal year.

15 **SECTION 3.(c)** This section becomes effective August 1, 2002.
16 Notwithstanding G.S. 105-113.83, the payment of the surtax imposed by this section for
17 August 2002 is due when the taxpayer remits the excise tax under G.S. 105-113.80 for
18 September 2002.

19 **SECTION 4.** Except as otherwise provided in this act, this act is effective
20 when it becomes law.