

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 396
Committee Substitute Favorable 5/23/95

Short Title: Expand Ports Tax Credit/AB.

(Public)

Sponsors:

Referred to:

March 9, 1995

1 A BILL TO BE ENTITLED
2 AN ACT TO MODIFY THE STATE PORTS TAX CREDIT BY EXPANDING IT TO
3 INCLUDE IMPORTS, BY EXTENDING THE SUNSET ON THE CREDIT, AND
4 BY LIMITING THE CREDIT FOR BULK EXPORTS.

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 105-130.41 reads as rewritten:
7 "**§ 105-130.41. Credit for North Carolina State Ports Authority ~~wharfage and~~**
8 **handling charges on exports, wharfage, handling, and throughput charges.**

9 (a) Credit. – A taxpayer ~~who is a~~ whose waterborne cargo owner ~~utilizing the deep~~
10 ~~water docks at the Wilmington or Morehead City port for the movement of export cargo is~~
11 loaded onto or unloaded from an ocean carrier calling at either the State-owned port
12 ~~terminal, terminal at Wilmington or Morehead City, without consideration of the free-on-~~
13 ~~board (FOB) terms under which the export cargo is moved, is allowed a credit against the~~
14 ~~tax imposed by this Division. The amount of credit allowed is equal to the excess of the~~
15 ~~wharfage, handling in, handling (in or out), and through-put-throughput charges assessed on~~
16 ~~the cargo owned by that cargo owner for the current taxable year over an amount equal to~~
17 ~~the average of the charges for the current taxable year and the two preceding taxable~~
18 ~~years. The credit applies to break-bulk cargo, bulk cargo, cargo and container cargo,~~
19 ~~including less than container load cargo, less-than-container-load cargo, that is loaded onto~~

1 or unloaded from an ocean carrier calling at either the Wilmington or Morehead City port
2 terminal and to bulk cargo that is loaded onto or unloaded from an ocean carrier calling at
3 the Morehead City port terminal. To obtain the credit, taxpayers must provide to the
4 Secretary a statement from the State Ports Authority certifying the amount of charges for
5 which a credit is claimed and any other information required by the Secretary.

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

12 (c) Definitions. – For purposes of this section, the terms "~~handling in~~" 'handling' (in
13 or out) and 'wharfage' have the meanings provided in the State Ports Tariff Publications,
14 'Wilmington Tariff, Terminal Tariff #6,' and 'Morehead City Tariff, Terminal Tariff #1.'
15 For purposes of this section, the term ~~'through put'~~ 'throughput' has the same meaning as
16 'wharfage' but applies only to bulk products, both dry and liquid."

17 Sec. 2. G.S. 105-151.22 reads as rewritten:

18 **"§ 105-151.22. Credit for North Carolina State Ports Authority ~~wharfage and~~**
19 **~~handling charges on exports.~~ wharfage, handling, and throughput charges.**

20 (a) Credit. – A taxpayer ~~who is a whose waterborne cargo owner utilizing the deep~~
21 ~~water docks at the Wilmington or Morehead City port for the movement of export cargo is~~
22 loaded onto or unloaded from an ocean carrier calling at either the State-owned port
23 terminal, terminal at Wilmington or Morehead City, without consideration of the ~~free on-~~
24 ~~board (FOB) terms under which the export cargo is moved,~~ is allowed a credit against the
25 tax imposed by this Division. The amount of credit allowed is equal to the excess of the
26 wharfage, ~~handling in,~~ handling (in or out), and ~~through put~~ throughput charges assessed on
27 the cargo ~~owned by that cargo owner~~ for the current taxable year over an amount equal to
28 the average of the charges for the current taxable year and the two preceding taxable
29 years. The credit applies to break-bulk ~~cargo, bulk cargo,~~ cargo and container ~~cargo~~ cargo,
30 including ~~less than container load cargo, less than container-load cargo,~~ that is loaded onto
31 or unloaded from an ocean carrier calling at either the Wilmington or Morehead City port
32 terminal and to bulk cargo that is loaded onto or unloaded from an ocean carrier calling at
33 the Morehead City port terminal. To obtain the credit, taxpayers must provide to the
34 Secretary a statement from the State Ports Authority certifying the amount of charges for
35 which a credit is claimed and any other information required by the Secretary.

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

42 (c) Definitions. – For purposes of this section, the terms "~~handling in~~" 'handling' (in
43 or out) and 'wharfage' have the meanings provided in the State Ports Tariff Publications,

1 'Wilmington Tariff, Terminal Tariff #6,' and 'Morehead City Tariff, Terminal Tariff #1.'
2 For purposes of this section, the term ~~'through put'~~ 'throughput' has the same meaning as
3 'wharfage' but applies only to bulk products, both dry and liquid."

4 Sec. 3. Section 4 of Chapter 977 of the 1991 Session Laws reads as rewritten:

5 "Sec. 4. This act is effective for taxable years beginning on or after March 1, 1992,
6 and ending on or before February 28, ~~1996-1998.~~"

7 Sec. 4. Section 4 of Chapter 681 of the 1993 Session Laws, as amended by
8 Section 17 of Chapter 17 of the 1995 Session Laws, reads as rewritten:

9 "Sec. 4. This act is effective for taxable years beginning on or after January 1, 1994,
10 and ending on or before February 28, ~~1996-1998.~~"

11 Sec. 5. Section 3 of Chapter 977 of the 1991 Session Laws reads as rewritten:

12 "Sec. 3. The North Carolina State Ports Authority shall report annually to the General
13 Assembly regarding the impact of ~~this act~~ the income tax credit enacted by this act on
14 shipping and economic growth. Each report shall show the overall annual increase in
15 shipping at each State port affected by this act for the most recent year for which data is
16 available and for each of the previous 10 years. Each report shall estimate the number of
17 jobs created at each port and in businesses related to port activity at each port since
18 January 1, 1992, as compared to the number of similar jobs created during the 10 years
19 preceding January 1, 1992. Each report shall state the net economic impact on the State
20 as a result of the allowance of ~~tax credits under this act~~ the tax credit. Each report shall
21 include the number of persons using the tax credit who have stopped, or are likely to stop,
22 using a North Carolina port when the credit expires and to then use a port in another state.
23 The Ports Authority shall file a report on May 1 of 1993, 1994, ~~and~~ 1995, 1996, and 1997
24 by submitting a copy to the Fiscal Research Division, the Speaker of the House of
25 ~~Representatives-Representatives,~~ and the President Pro Tempore of the Senate. The
26 Department of Revenue and the Department of Economic and Community Development
27 shall cooperate with the Ports Authority in providing the information required in the
28 annual reports."

29 Sec. 6. This act is effective for taxable years beginning on or after January 1,
30 1995.