

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

S

D

SENATE DRS85222-RBx-21 (1/14)

Short Title: Rural Enhancement & Sustainability Act.

(Public)

Sponsors: Senator Nesbitt.

Referred to:

A BILL TO BE ENTITLED

1
2 AN ACT TO INCREASE THE EXCISE TAX ON CIGARETTES, BEER, WINE,
3 AND LIQUOR AND TO USE A PORTION OF THE INCREASED REVENUES
4 FROM THESE TAXES TO EXEMPT TOBACCO BUYOUT PAYMENTS FROM
5 STATE CORPORATE AND INDIVIDUAL INCOME TAX, TO APPROPRIATE
6 THIRTY MILLION DOLLARS TO THE AGRICULTURAL ADVANCEMENT
7 CONSORTIUM OF THE RURAL ECONOMIC DEVELOPMENT CENTER FOR
8 MARKET RESEARCH AND DEVELOPMENT OF AGRICULTURAL
9 COMMODITIES AND INVESTMENTS IN VALUE-ADDED PRODUCTS AND
10 BUSINESSES, AND TO APPROPRIATE TWENTY-FIVE MILLION DOLLARS
11 TO THE TRUST FUND FOR MENTAL HEALTH, DEVELOPMENTAL
12 DISABILITIES, AND SUBSTANCE ABUSE SERVICES AND BRIDGE
13 FUNDING NEEDS.

14 The General Assembly of North Carolina enacts:

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

16 "**§ 105-113.5. Tax on cigarettes.**

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

19 This tax does not apply to any of the following:

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

26 **SECTION 1.(b)** This section becomes effective July 1, 2005.

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

3 **"§ 105-113.80A. Surtax on beer, wine, and liquor.**

4 (a) Surtax. – In addition to the excise taxes on beer, wine, and liquor imposed in
5 G.S. 105-113.80, every taxpayer required to file a return under this Article must pay the
6 surtax levied by this section. The surtax is due at the time prescribed for paying the
7 excise taxes under this Article. The amount of the surtax is as follows:

8 (1) Beer. – An additional excise tax of twenty-three and eight-tenths cents
9 (23.8¢) per gallon is levied on the sale of malt beverages.

10 (2) Wine. – An additional excise tax of thirteen cents (13¢) per liter is
11 levied on the sale of unfortified wine, and an additional excise tax of
12 thirteen cents (13¢) per liter is levied on the sale of fortified wine.

13 (3) Liquor. – An additional excise tax of six percent (6%) is levied on
14 liquor sold in ABC stores. The price of liquor on which this surtax is
15 computed is the same as the price on which the excise tax under
16 G.S. 105-113.80 is imposed.

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

20 **SECTION 2.(b)** In order to pay for its costs of postage, printing, and
21 computer programming to implement this section, the Department of Revenue may
22 withhold not more than seventy-five thousand dollars (\$75,000) from collections under
23 this act during the 2005-2006 fiscal year.

24 **SECTION 2.(c)** G.S. 105-113.80A(a)(3), as enacted by this section,
25 becomes effective August 1, 2005. The remainder of this section becomes effective July
26 1, 2005.

27 **SECTION 3.(a)** G.S. 105-130.5(b) is amended by adding a new subdivision
28 to read:

29 "(22) The amount paid to the taxpayer during the taxable year pursuant to
30 P.L. 108-357, Title VI, Fair and Equitable Tobacco Reform Act of
31 2004."

32 **SECTION 3.(b)** G.S. 105-134.6(b) is amended by adding a new subdivision
33 to read:

34 "(18) The amount paid to the taxpayer during the taxable year pursuant to
35 P.L. 108-357, Title VI, Fair and Equitable Tobacco Reform Act of
36 2004."

37 **SECTION 3.(c)** This section is effective for taxable years beginning on or
38 after January 1, 2005.

39 **SECTION 4.** There is appropriated from the General Fund to the
40 Agricultural Advancement Consortium of the Rural Economic Development Center the
41 sum of thirty million dollars (\$30,000,000) for each fiscal year of the 2005-2007
42 biennium to be used for market research and development of agricultural commodities
43 and investments in value-added products and businesses. It is the intent of the General
44 Assembly that this appropriation be a recurring appropriation.

1 **SECTION 5.** There is appropriated from the General Fund to the Trust Fund
2 for Mental Health, Developmental Disabilities, and Substance Abuse Services and
3 Bridge Funding Needs, established by G.S. 143-15.3D, the sum of twenty-five million
4 dollars (\$25,000,000) for each fiscal year of the 2005-2007 biennium.

5 **SECTION 6.** Except as otherwise provided in this act, this act is effective
6 when it becomes law.