

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 912
Committee Substitute Favorable 7/16/15
Senate Finance Committee Substitute Adopted 9/21/15
Fourth Edition Engrossed 9/22/15

Short Title: Taxation of Tribal Land and Tobacco Products.

(Public)

Sponsors:

Referred to:

April 20, 2015

A BILL TO BE ENTITLED

AN ACT TO EXEMPT REAL AND PERSONAL PROPERTY LOCATED ON TRIBAL LANDS FROM PROPERTY TAX REGARDLESS OF OWNERSHIP AND TO AUTHORIZE THE DEPARTMENT OF REVENUE TO ENTER INTO AN AGREEMENT WITH THE EASTERN BAND OF CHEROKEE INDIANS REGARDING THE TAXATION OF TOBACCO PRODUCTS, AND TO AMEND THE REQUIREMENTS FOR DISTILLERY PERMIT HOLDERS TO SELL SPIRITUOUS LIQUOR DISTILLED ON PREMISES TO VISITORS OF THE DISTILLERY.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 105-275 is amended by adding a new subdivision to read:

"§ 105-275. Property classified and excluded from the tax base.

The following classes of property are designated special classes under Article V, Sec. 2(2), of the North Carolina Constitution and are excluded from tax:

...

(48) Real and personal property located on lands held in trust by the United States for the Eastern Band of Cherokee Indians, regardless of ownership."

SECTION 1.(b) Article 1 of Chapter 1E is amended by adding a new section to read:

"§ 1E-2. County services.

A county is not compelled to provide services on lands held in trust by the United States for the Eastern Band of Cherokee Indians unless there is an agreement between the Eastern Band of Cherokee Indians and the county describing each party's responsibilities and any compensation for services provided. The agreement must be approved by the Tribal Council of the Eastern Band of Cherokee Indians and signed by the Principal Chief of the Eastern Band of Cherokee Indians on behalf of the Eastern Band of Cherokee Indians and must be signed by the chair of the board of county commissioners on behalf of the county. The agreement may be effective for a definite period of time or an indefinite period of time, as specified in the agreement."

SECTION 1.(c) This section is effective July 1, 2016, and subsection (a) of this section applies to for taxes imposed for taxable years beginning on or after July 1, 2016.

SECTION 2. The Department of Revenue may enter into an agreement with the Eastern Band of Cherokee Indians in regards to the excise tax on tobacco products administered under Article 2A of Chapter 105 of the General Statutes. The agreement must be approved by the Tribal Council of the Eastern Band of Cherokee Indians and signed by the Principal Chief



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1 of the Eastern Band of Cherokee Indians on behalf of the Eastern Band of Cherokee Indians
2 and must be signed by the Secretary of Revenue on behalf of the Department of Revenue. The
3 agreement may be effective for a definite period of time or an indefinite period, as specified in
4 the agreement.

5 **SECTION 3.(a)** G.S. 18B-1105(a)(4), as amended by S.L. 2015-98, reads as
6 rewritten:

7 "(4) Sell spirituous liquor distilled at the distillery in closed containers to visitors
8 who tour the distillery for consumption off the ~~premises if the distillery~~
9 ~~manufactures less than 100,000 proof gallons per year.~~ ~~premises.~~ Sales under
10 this subdivision are allowed only in a county where the establishment of a
11 county or municipal ABC store has been approved pursuant to G.S. 18B
12 602(g) and are subject to the time and day restrictions in G.S. 18B 802.
13 Spirituous liquor sold under this subdivision shall (i) be listed as a code item
14 for sale in the State, (ii) be sold at the price set by the Commission for the
15 code item pursuant to G.S. 18B 804(b), and (iii) have affixed to its bottle a
16 sticker that bears the words "North Carolina Distillery Tour Commemorative
17 Spirit" in addition to any other labeling requirements set by law. Consumers
18 purchasing spirituous liquor under this subdivision are limited to purchasing,
19 and the selling distillery is limited to selling to each consumer, no more than
20 one bottle of spirituous liquor per 12 month period. The distillery shall use a
21 commonly adopted standard point of sale system to maintain searchable
22 electronic records captured at the point of sale, to include the purchaser's
23 name, drivers license number, and date of birth for at least 12 months from
24 the date of purchase. The Commission shall adopt rules regulating the retail
25 sale of spirituous liquor under this subdivision."

26 **SECTION 3.(b)** G.S. 18B-804 is amended by adding a new subsection to read:

27 "(b1) Price of Spirituous Liquor Sold at Distillery. – When the holder of a distillery
28 permit sells spirituous liquor distilled at the distillery pursuant to G.S. 18B-1105(a)(4), the
29 retail price of the spirituous liquor shall be the uniform State price set by subsection (a) of this
30 section. However, the holder of the distillery permit shall not be required to remit the
31 components of the price set forth by subdivisions (2), (3), (5), (6), (6a), (6b), and (7) of
32 subsection (b) of this section."

33 **SECTION 4.** Except as otherwise provided, this act is effective when it becomes
34 law.