

March 24, 2009

S 777. TOBACCO PRODUCTS TAX REVISIONS. Filed 3/24/09. *TO CLARIFY THE SCOPE OF TOBACCO PRODUCT MANUFACTURERS AND WHOLESALER DEFINITIONS.*

Exempts tobacco products that are under a federal excise tax bond from the 10% tax imposed by GS 105-113.35. Defines *federal excise tax bond* in GS 105-113.4 as a bond securing the payment of taxes imposed by sections 5701 or 7652 of the federal code and that is required by the US Department of Treasury in order to possess a Tobacco Manufacturer's Permit. Modifies the definitions of wholesale dealer and *manufacturer* in GS 105-113.4 to include any person who "causes" the manufacture of tobacco products. Removes from the definition of *integrated wholesale dealer* language that limits the application of the term to only one wholesale buyer of products.

Effective July 1, 2009, and applicable to tobacco products subject to the tax imposed by GS 105-113.35 that are sold or distributed on or after that date.

Intro. by Garrou.

GS 105

May 5, 2009

S 777. AFFILIATE LIABILITY FOR OTP EXCISE TAX (NEW). Filed 3/24/09. Senate committee substitute makes the following changes to 1st edition. Amends GS 105-113.4 to clarify the definition for *integrated wholesale dealer* to mean a wholesale dealer who is an affiliate of a manufacturer of tobacco products other than cigarettes and is not a retail dealer (was, term also applied to an affiliate to whom the manufacturer sells its products). Modifies the definition for *manufacturer* to mean a person who manufactures tobacco products (was, manufactures or produces tobacco products), or contracts with another person to manufacture tobacco products (was, or causes tobacco products to be manufactured or produced). Amends the definition for *wholesale dealer* to encompass either of the following: (1) a person who acquires (was, manufactures or produces) tobacco products, other than cigarettes, for sale to another wholesale or retail dealer; or (2) a manufacturer of tobacco products other than cigarettes. Deletes definition added in the 1st edition for *federal excise tax bond*. Deletes proposed change to GS 105-113.35(a). Deletes the severability clause. Changes the title to *AN ACT TO ALLOW AFFILIATES OF A TOBACCO PRODUCTS MANUFACTURER TO BE TREATED THE SAME AS THE MANUFACTURER FOR PURPOSES OF PAYMENT OF THE EXCISE TAX ON OTHER TOBACCO PRODUCTS*. Effective July 1, 2009 (was, effective July 1, 2009, and applies to tobacco products subject to the tax imposed by GS 105-113.35 that are sold or distributed on or after that date).

July 8, 2009

S 777. AFFILIATE LIABILITY FOR OTP EXCISE TAX. Filed 3/24/09. House amendment makes the following changes to 2nd edition. Changes the effective date to September 1, 2009 (was, July 1, 2009).

August 5, 2009

S 777. AFFILIATE LIABILITY FOR OTP EXCISE TAX. Filed 3/24/09. House committee substitute makes the following changes to 2nd edition, as amended. Changes title to *AN ACT TO ALLOW AFFILIATES OF A TOBACCO PRODUCTS MANUFACTURER TO BE TREATED THE SAME AS THE MANUFACTURER FOR PURPOSES OF PAYMENT OF THE EXCISE TAX ON OTHER TOBACCO PRODUCTS, TO PROHIBIT INTEGRATED WHOLESALER DEALERS FROM SELLING, BORROWING, LOANING, OR EXCHANGING NON-TAX-PAID TOBACCO PRODUCTS OTHER THAN CIGARETTES TO, FROM, OR WITH OTHER INTEGRATED WHOLESALER DEALERS, AND TO REQUIRE PERSONS TRANSPORTING OTHER TOBACCO PRODUCTS TO FILE A SHIPPING REPORT WITH THE SECRETARY OF REVENUE.*

Changes definition of *manufacturer* in GS 105-113.4(6) to cover persons who produce (was, manufactures or produces) tobacco products or who contract with another person to produce tobacco products and is the exclusive purchaser of those products. Adds subsection to GS 105-113.35 to prohibit integrated wholesale dealers from selling, borrowing, loaning or exchanging

non-tax-paid tobacco products other than cigarettes to, from, or with other such dealers. Adds subsection to GS 105-113.37 requiring transporters of other tobacco products to file a report with the Secretary of Revenue when so requested.

September 1, 2009

SL 2009-559 (S 777). AFFILIATE LIABILITY FOR OTP EXCISE TAX. AN ACT TO ALLOW AFFILIATES OF A TOBACCO PRODUCTS MANUFACTURER TO BE TREATED THE SAME AS THE MANUFACTURER FOR PURPOSES OF PAYMENT OF THE EXCISE TAX ON OTHER TOBACCO PRODUCTS, TO PROHIBIT INTEGRATED WHOLESALE DEALERS FROM SELLING, BORROWING, LOANING, OR EXCHANGING NON-TAX-PAID TOBACCO PRODUCTS OTHER THAN CIGARETTES TO, FROM, OR WITH OTHER INTEGRATED WHOLESALE DEALERS, AND TO REQUIRE PERSONS TRANSPORTING OTHER TOBACCO PRODUCTS TO FILE A SHIPPING REPORT WITH THE SECRETARY OF REVENUE.

Summarized in *Daily Bulletin* 3/24/09, 5/5/09, 7/8/09, and 8/5/09. Enacted August 28, 2009. Effective September 1, 2009.