



NC State Ports Tax Credit

Rationale:

The state ports tax credit encourages businesses to use the two State-owned port terminals at Wilmington and Morehead City. The extension of the Ports Tax Credit would allow the Ports to continue offering this business incentive to existing and potential customers and to stimulate economic growth for the State. Extending the NC Ports tax credit costs the State's general fund less than one million dollars each year, and allows companies such as Goodyear, CK International, JB International, Drexel Heritage Furniture, QVC, Martin Marietta, EN Beards Hardwoods Lumber, Edwards Wood Products, Culp, Inc., Broyhill, Kilop USA, Thomasville Furniture, Cormetech, Stein Fibers, Ltd., New South International, and Sonoco to be competitive in world markets. The NC Ports tax credit supports these and other industries and the thousands of jobs and millions of dollars in tax revenues that they contribute to our State.

The NC Ports tax credit makes a difference in whether customers can be profitable in their international trade initiatives. Success in world markets requires ports customers to be cost effective. Plus, they welcome the opportunity to support NC State Ports! As more North Carolina companies use the State Ports, international shipping companies are encouraged to serve these businesses through the Ports, and more NC companies will be able to reach more parts of the world. The NC Ports tax credit also can provide an additional advantage to new and existing businesses considering sites in North Carolina for manufacturing operations. Reducing shipping costs keeps customers competitive in the global marketplace and provides increased business opportunities that create more jobs and a stronger North Carolina

Background:

The state ports tax credit, originally enacted in 1992, encourages exporters and importers to use State-owned port terminals. This credit, extended in 1995, 1997, 2001, 2002 and 2003 expires January 2009. NC State Port Authority seeks legislative consideration of tax credit extension to 2014.

The tax credit equals the amount of wharfage, handling, and throughput charges paid to the North Carolina State Ports Authority in the taxable year that exceeds the average amount of charges paid to the Authority for the current tax year and the two previous tax years. The credit is limited to 50% of the tax imposed on the taxpayer for the taxable year and has a five-year carry forward on excess credit. The maximum cumulative credit that one taxpayer may claim is \$2 million. The estimated cost to the General Fund is less than one million annually.