

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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HOUSE DRH35002-LC-5 (12/16)

Short Title: Exempt Tobacco Payments From Income Tax. (Public)

Sponsors: Representative Baker.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO EXEMPT FROM INCOME TAX PAYMENTS MADE TO TOBACCO FARMERS, TOBACCO WORKERS, ALLOTMENT HOLDERS, AND OTHERS, AS COMPENSATION FOR THEIR LOSSES, PURSUANT TO THE TOBACCO SETTLEMENT AND RELATED AGREEMENTS WITH TOBACCO MANUFACTURERS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-130.5(b) is amended by adding a new subdivision to read:

"(22) To the extent included in federal taxable income, the amount paid to the taxpayer during the taxable year directly or indirectly from one of the following sources to compensate the taxpayer for harm done to the tobacco industry as a result of tobacco litigation, federal tobacco legislation, or reduced purchases of tobacco by tobacco manufacturers:

- a. The Settlement Reserve Fund created by G.S. 143-16.4.
- b. The Golden L.E.A.F. (Long-term Economic Advancement Foundation), Inc., created pursuant to S.L. 1999-2 and to the consent decree entered into on December 21, 1998, in the civil action State of North Carolina v. Philip Morris Incorporated, et al. (98 CVS 14377).
- c. A tobacco manufacturer, pursuant to a voluntary agreement with the State.
- d. A trust described in subdivision (18) of this subsection.
- e. A federal government program to make payments to eligible persons for the reduction in quantity of quota allocated to certain farms."

1 **SECTION 2.** G.S. 105-134.6(b) is amended by adding a new subdivision to
2 read:

3 "(18) The amount paid to the taxpayer during the taxable year directly or
4 indirectly from one of the following sources to compensate the
5 taxpayer for harm done to the tobacco industry as a result of tobacco
6 litigation, federal tobacco legislation, or reduced purchases of tobacco
7 by tobacco manufacturers:

8 a. The Settlement Reserve Fund created by G.S. 143-16.4.

9 b. The Golden L.E.A.F. (Long-term Economic Advancement
10 Foundation), Inc., created pursuant to S.L. 1999-2 and to the
11 consent decree entered into on December 21, 1998, in the civil
12 action State of North Carolina v. Philip Morris Incorporated, et
13 al. (98 CVS 14377).

14 c. A tobacco manufacturer, pursuant to a voluntary agreement
15 with the State.

16 d. A trust described in subdivision (15) of this subsection.

17 e. A federal government program to make payments to eligible
18 persons for the reduction in quantity of quota allocated to
19 certain farms."

20 **SECTION 3.** This act is effective for taxable years beginning on or after
21 January 1, 2003.