

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

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HOUSE BILL 45

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

Sponsors: Representatives Baker; Lewis, Pate, and Daughtridge.

Referred to: Finance.

February 20, 2003

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."

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

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

- 6 a. The Settlement Reserve Fund created by G.S. 143-16.4.
7 b. The Golden L.E.A.F. (Long-term Economic Advancement
8 Foundation), Inc., created pursuant to S.L. 1999-2 and to the
9 consent decree entered into on December 21, 1998, in the civil
10 action State of North Carolina v. Philip Morris Incorporated, et
11 al. (98 CVS 14377).
12 c. A tobacco manufacturer, pursuant to a voluntary agreement
13 with the State.
14 d. A trust described in subdivision (15) of this subsection.
15 e. A federal government program to make payments to eligible
16 persons for the reduction in quantity of quota allocated to
17 certain farms."

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