

Express Line

Volume Six, Issue 11 June 1, 2010



CFIC's 2010 Annual Food Drive Nets Record \$625,000 in Donations

CFIC members made the 2010 Annual Legislative Food Drive the best ever in the event's 15 year history. In total, NCRMA and CFIC members contributed **\$625,800 in cash and in-kind donations** to North Carolina's Feeding America chapters, with CFIC

members donating **\$269,500**. This amount is **four times** the amount donated in 2009 (\$133,000) and **six times** more than the 2008 donations (\$85,000).



Each year, the Food Drive is held on the opening day of the Legislative Session, which was Wednesday, May 12. Senate President Pro Tem Marc

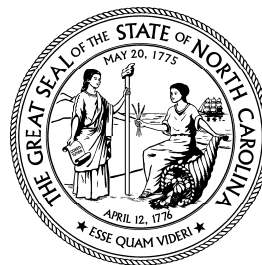
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North Carolina General Assembly Convenes 2010 Short Session

On Wednesday, May 12, 2010, the North Carolina General Assembly convened the Short Session of the 2009-10 Legislative Session. The purpose of this session is to adjust the state budget for the remaining part of the current and upcoming Fiscal Year. Legislators will also debate issues carried over from the previous year's long session, many of which impact the retail industry.

Legislators predict that this will be a truly short session. With

November elections right around the corner, our elected leaders hope to leave Raleigh with little controversy and begin focusing on their campaigns.



The CFIC lobbying team is already hard at work protecting your interests.

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Food Drive

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Basnight (D-Dare), who initiated the first legislative-session food drive in 1995, attended and spoke at the press conference. Other speakers included Agriculture Committee Chairs Senator Bob Atwater (D-Chatham) and Representative Dewey Hill (D-Columbus) who addressed the importance of this annual event and the impact of the generous contributions on the citizens of North Carolina. Speaker Joe Hackney (D-Orange) and all legislators were invited to attend.

CFIC members who generously donated in-kind donations by the truckloads in addition to making cash donations:

	<u>In-Kind</u>	<u>Cash</u>
Food Lion	\$ 5,000	\$ 86,000
Harris Teeter	\$ 3,500	\$125,000

Additionally, CFIC presented a check for \$50,000 to Feeding America of North Carolina, doubling its 2009 donation.

Each donated dollar provides seven meals, so the donations presented at the Annual Food Drive will provide **meals for 4,380,600 empty stomachs** in North Carolina. □



Senate President Pro Tem Marc Basnight with CFIC Executive Director Fran Preston.



Liz Reasoner State Association Chair for Feeding America (NC) receives a check in the amount of \$125,000 from Ed Snyder with Harris Teeter.



From left, Jim Cronkhite, Teross Young and Ricky Weaver (right) representing Food Lion present a check to Liz Reasoner in the amount of \$86,000.

South Carolina Legislators Override Governor's Veto, Pass Cigarette Tax

In May, South Carolina legislators agreed to impose a **2.5¢ tax per cigarette**, equaling **50¢ per pack**. South Carolina legislators proposed the tax as a revenue mechanism to help minimize the deficit during these tough economic times.



Governor Mark Sanford, who had been opposed to the tax since its initial introduction, **vetoed the bill one day after it was approved** by the legislature and given to him for signature. **Legislators** were not deterred, and by a vote of 90-29 in the House and 33-13 in the Senate, they **overrode the veto**.

The new tax will go into effect July 1, 2010. Proceeds from the tax will be distributed as follows:

- **\$5 million** annually to the Medical University of South Carolina Hollings Care Center to be used for **tobacco-related cancer research**.
- **\$5 million** annually to the Smoking Prevention and Cessation Trust Fund.
- The **remaining** annual revenue will be **deposited in the South Carolina Medicaid Reserve Fund**.

For additional information about the new tax, visit the South Carolina General Assembly website: <http://www.scstatehouse.gov>. □

Four NC Counties Increase Local Sales and Use Tax Rate

On **Thursday, July 1**, four counties, **Hertford, Lee, Randolph and Rowan**, will **increase** their **local sales tax by a quarter cent**. These four counties will have a **local sales tax rate of 2.25%** (previously 2.0%), and when combined with the 5.75% **state** sales tax, the total sales tax rate in these four counties will be 8.00%. Major towns and cities in each of these counties that are impacted by this tax increase are listed on the following page. Hertford, Lee, Randolph and Rowan counties join eight other counties with a 2.25% local sales and use tax rate.

In 2007, the North Carolina General Assembly gave counties the **authority to levy an additional 0.25%** local sales and use tax by voter referendum. The local rate of sales and use tax in effect for Alexander, Catawba, Cumberland, Haywood, Martin, Pitt, Sampson, and Surry Counties remains at 2.25% (combined total rate of 8.00%). The local rate of

tax in **Mecklenburg County**, where **Charlotte** is located, continues at 2.5% (combined rate of 8.25%); the local rate of tax in the other eighty-seven counties remains at 2.0% (combined rate of 7.75%).



Retailers who report and pay state and local sales and use tax on the **cash basis** of accounting **are not liable** for remitting the 2.25% local sales and use tax on collections they receive on or after July 1, 2010 **for sales made prior to July 1, 2010** provided there is a separate accounting of the sales transactions and applicable collections. If the retailer is unable to separately account for collections on sales transactions made before and after July 1, 2010, the retailer should remit the 2.25% local sales and use tax rate on all receipts received on or after July 1, 2010.

A retailer who ships or delivers taxable merchandise sold to a purchaser in a county other than the county in which the retailer's business is located is required to collect and remit tax due for the

county to which the property is shipped or delivered.

A retailer who has multiple locations or ships or delivers merchandise sold to purchasers in multiple counties is required to complete and submit **Form E-536**, Schedule of County Sales and Use Taxes.

This schedule reflects the amount of tax collected for each county, and is used to derive the proper amount of tax distributed to local jurisdictions. Form E-536 has been revised to include entries for the 2.25% rate of tax for the counties of Hertford, Lee, Randolph, and Rowan. The revised form will be available on the North Carolina Department of Revenue's website, www.dornrc.com, or can be ordered from the Department's Forms Line at **1-877-252-3052 (toll-free)** after July 1, 2010.

Please note that while this document is intended to help you comply with this new North Carolina law, it is in no way intended to serve as legal advice. Please consult a licensed attorney to address more specific questions which may arise concerning this issue. □

Tax Increase in Cities and Towns of Four Impacted Counties: Effective July 1, 2010

Hertford	Lee	Randolph	Rowan
Ahoskie	Broadway	Archdale	China Grove
Cofield	Cumnock	Asheboro	Cleveland
Como	Lemon Springs	Franklinville	East Spencer
Harrellsville	Sanford	High Point (part)	Faith
Murfreesboro	Tramway	Liberty	Granite Quarry
Winton		Ramseur	Kannapolis
		Randleman	Landis
		Seagrove	Rockwell
		Staley	Salisbury
		Trinity	Spencer

Combined State & Local Tax Rate: 8%

	July 1, 2010
Local	2.25%
State	5.75%
Combined	8.00%

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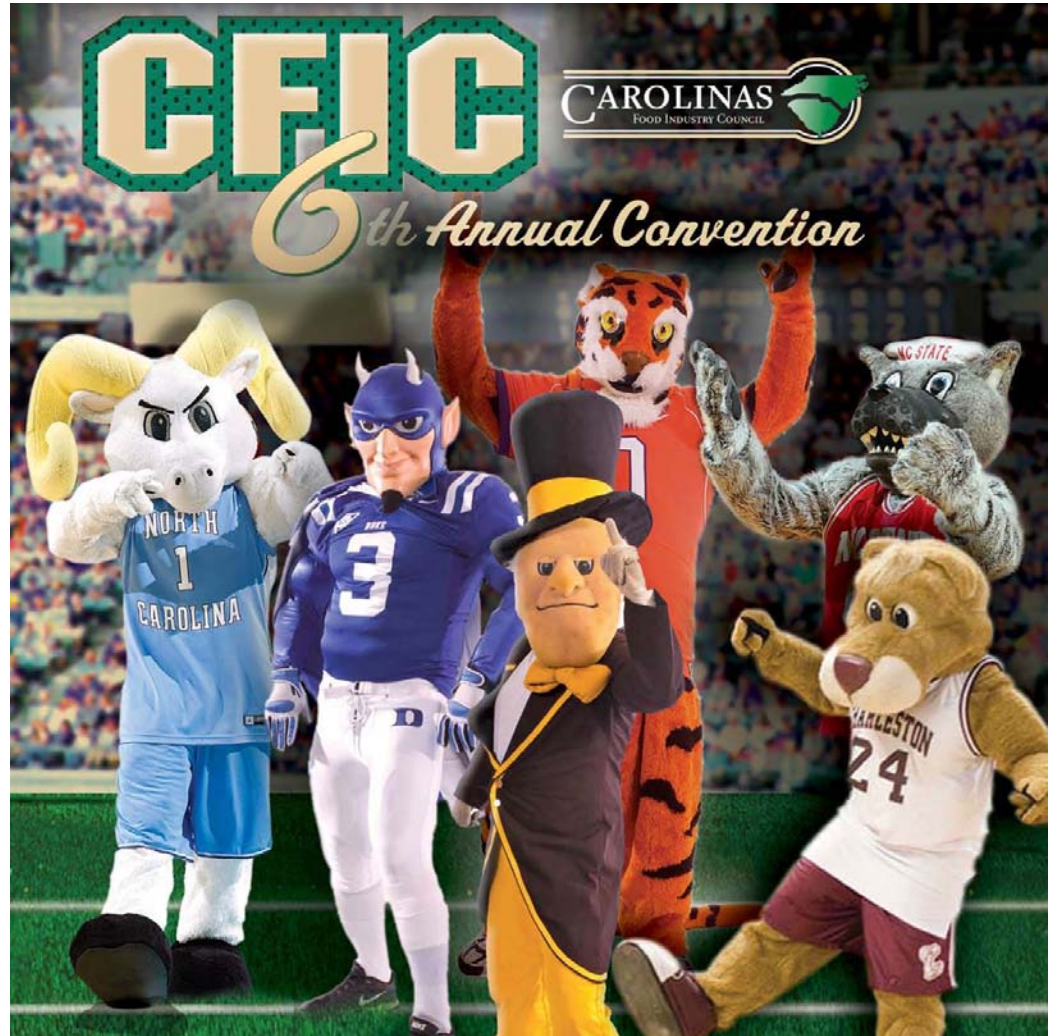
6th Annual CFIC Convention

July 22 - 25

**Hilton Hotel Resort
Myrtle Beach, South Carolina**

Register online:

www.cficweb.org



**Friday's
Key Note Speaker:**

Bobby Cremins
Coach
College of Charleston

Celebrities attending Thursday's Night Reception:

Clemson: Danny Ford
Duke: Mike Gminski
NCSU: David Thompson
UNC: Phil Ford
USC: George Rogers

Also appearing on Thursday Night, Mascots from:

Clemson	UNC-Chapel Hill
College of Charleston	UNC-Charlotte
Duke	University of South Carolina
East Carolina University	Wake Forest
NC State University	

Tax Increase Charts

Continued from page 3

Eight Counties remaining at 2.25% local sales tax (Combined State & Local Tax Rate: 8%)

Alexander Martin
Catawba Pitt
Cumberland Sampson
Haywood Surry

	<u>July 1, 2010</u>
Local	2.25%
State	5.75%
Combined	8.00%

Eighty-seven NC Counties, 2.00% local sales tax (Combined State & Local Rate: 7.75%)

	<u>July 1, 2010</u>
Local	2.00%
State	5.75%
Combined	7.75%


Mecklenburg County, 2.50% local sales tax (Combined State & Local Rate: 8.25%)

	<u>July 1, 2010</u>
Local	2.50%
State	5.75%
Combined	8.25%

***Charlotte
is the major city in
Mecklenburg County**

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Cavalier Telephone**

Providing Phone Service for NCRMA!



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Mandatory Electronic Filing for NC Sales and Use Tax

The North Carolina Department of Revenue now requires the May 2010 sales tax filing due **June 20, 2010** to be filed **electronically**. Retailers should discard the preprinted coupons previously mailed by the Department for May 2010 through September 2010.

For the tax period beginning May 1, 2010, North Carolina taxpayers that remit sales tax on a monthly basis with prepayment filing frequency will be required to electronically file Form E-500, Sales and Use Tax Return, using the E-500 Sales and Use E-File web service. Following is the link to additional E-500 information and the E-500 form.

<http://www.dornrc.com/electronic/salesanduse.html>

To file a return electronically, you **must** choose to enter the **return information online** or **upload an electronic data interchange (EDI) formatted return**. Information about EDI is available here:

<http://www.dornrc.com/electronic/edi/index.html>

Payment Options
North Carolina taxpayers that have a monthly with prepayment filing frequency must continue to remit their payments electronically using one of the following options:

- **Online by Bank Draft, Visa, or MasterCard** by selecting the “**File E-500 and pay online**” option within the E-500 Sales and Use E-File web service. No advance registration is required when using this method.



- **Online by EDI** method by selecting “**File E-500 by EDI and pay online**” or “**File E-500 by EDI and pay by Electronic Funds Transfer (EFT)**” options within the E-500 Sales and Use E-File web service. Registration is necessary prior to filing and paying using this method. Complete Form NC-592, Sales and Use Tax Electronic Filing Registration.
- **By ACH Credit** (check your financial institution for availability). Select the “**File E-500 and pay by Electronic Funds Transfer (EFT)**” option within the E-500 Sales and Use E-File web service. Registration is necessary prior to filing and paying using this method. Complete ACH Credit Payment Method Authorization Agreement (EFT-100C).

If you are currently paying your sales and use tax electronically by touchtone, voice, or PC software methods, you may continue to do so. When paying by one of these methods, you are subject to the same electronic filing requirements as indicated above.

Reminder of Two Payment Transactions Required
Monthly filers with prepayment must continue to execute **two payment transactions**. These

taxpayers will make **one payment for the current period** and a **separate pre-payment for the next reporting period**. Failure to execute two separate payments will result in your account being out of balance and require manual correction by the Department.

When paying online by Bank Draft, Visa or MasterCard select the “**File E-500 and pay online**” option. The Department’s online filing and payment system **automatically creates two payments and routes the two payments to the appropriate periods.**

Retailers engaged in business in more than one county must also submit a Form E-536, Schedule of County Sales and Use Taxes, with their sales and use tax returns.



Further Questions:
Questions about electronic filing and/or online payment should be directed to the **E-Services Support Team** at telephone number **1-877-308-9103** (toll-free), (select Option 1).

Questions about EDI should be directed to **E-File and Development Unit** at telephone number **(919) 733-1674**.

Questions about payment by ACH/EFT should be directed to the **Electronic Funds Transfer Unit** at **1-877-308-9103** (toll-free), (select Option 2 then Option 1). □

NC General Assembly

Continued from Page 1

Below is a sample of just a few issues we are already battling on your behalf:

Contributory Negligence



CFIC is one of four business groups negotiating on behalf of a coalition of 56 organizations and companies who oppose a bill that

would change North Carolina's civil litigation system by moving from a contributory negligence system to a comparative fault system. Contributory negligence bars a plaintiff from recovering any damages if the plaintiff is shown to be 1% at fault while comparative fault allows a plaintiff to recover damages if the plaintiff is found to be less than 50% at fault.

This will be one of the most difficult and controversial debates of this session. Stay tuned for more information as it becomes available.

Cigarette Stamping

North and South Carolina are **two of only three states** in which tobacco wholesalers are not required to apply an excise tax stamp on tobacco products. Many retailers act as their own tobacco wholesaler and receive a 2% discount for remitting the tobacco tax to the North Carolina Department of Revenue.



With the current budget constraints, the North Carolina General Assembly is considering reducing or repealing the tobacco wholesaler's 2% discount and applying those revenues towards budget deficits. CFIC and most tobacco manufacturers are supportive of this legislation, but Philip Morris has proposed legislation that requires tobacco wholesalers to apply excise tax stamps. CFIC will continue working to prevent the introduction of this legislation.

Sweepstakes

After banning video poker, "**Internet Sweepstakes Cafes**" began to pop up around the state and now legislative leaders are seeking to ban their existence as they did with video poker. CFIC has become involved in this issue because many retailers conduct online

sweepstakes or games as in store as promotions. Under current proposals, these legitimate promotions would be banned because of their similarity to "Sweepstakes Cafes."



The CFIC lobbying team is working with legislators to find language that will allow retailers to continue their use of this legitimate form of promotional advertising. □

Who is FBI?
We're Your Neighbor
We know workers compensation
We know North Carolina

fbi first benefits
INSURANCE
A Mutual Insurance Company Providing North Carolina Workers' Comp

First Benefits Insurance Company (FBI) is a mutual insurance company providing workers compensation coverage for North Carolina employers. FBI is an association-based workers compensation program. The North Carolina Retail Merchants Association is a participating organization. NCRMA has endorsed FBI as a member benefit based on our commitment to small and medium-sized businesses.

First Benefits Insurance is based in Raleigh with all operations handled locally. FBI combines sound underwriting with aggressive claims management performed by an experienced staff. We understand your concerns as North Carolina business owners. We have a monthly self-reporting payment option that allows businesses subject to fluctuations due to seasons, tourism or a change in the economy to pay based on actual payroll rather than annual estimated payroll.

Call your local insurance agent or call us directly at 888-393-2667 for a quick, competitive quote.



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shipments, compliments of CFIC



Searching for a fast, easy way to score big on shipping charges? CFIC and FedEx have teamed up to save you money on all FedEx Express and FedEx Ground shipments. To start saving, all you have to do is open an account. Or, if you have an existing FedEx account, just give us a quick call to enroll in this program. It's that simple.

FedEx Express:

Choose FedEx Express — the expert in delivery efficiency for you time-sensitive shipping needs. Your **CFIC discount** will save you money on all of your express shipments — including overnight service, economical 2-day and 3-day delivery and service to 210 countries.

FedEx Ground:

With a money-back guarantee and delivery to every business address in North America, FedEx Ground offers reliable economical ground service to meet all of your business-to-business shipping needs. Another smart shipping option is Multiweight®, FedEx Ground's cost-effective alternative to LTL, ideal if you ship multiple packages to a single consignee.

To have an enrollment form mailed or faxed, call Kristin at (919) 832-0811 or e-mail kristinh@ncrma.org