

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1575
Committee Substitute Favorable 6/20/00

Short Title: Revenue Laws Technical Changes.

(Public)

Sponsors:

Referred to:

May 18, 2000

A BILL TO BE ENTITLED

1 AN ACT TO MAKE TECHNICAL AND CONFORMING CHANGES TO THE
2 REVENUE LAWS AND RELATED STATUTES AND TO BETTER NOTIFY
3 MOTOR VEHICLE OWNERS OF THE ABILITY TO CONSOLIDATE THEIR
4 VEHICLES' REGISTRATION RENEWAL DATES FOR PURPOSES OF
5 CONSOLIDATING THE VEHICLES' PROPERTY TAXES.
6

7 The General Assembly of North Carolina enacts:

8 Section 1. Section 33 of S.L. 1999-360 reads as rewritten:

9 "Section 33. Affordable Housing Credit. – Part III of this act is effective for taxable
10 years beginning on or after January 1, 2000, ~~and applies 2000.~~ Sections 10 through 15 of
11 Part III apply to buildings to which federal credits are allocated on or after January 1,
12 2000."

13 Section 2.(a) Section 10.2(3) of Chapter 13 of the Session Laws of the 1996
14 Second Extra Session, as amended by Section 1 of S.L. 1999-360, reads as rewritten:

15 "(3) Quality jobs and business expansion tax credits. – Sections 3.5, 3.6, and
16 3.8 through 3.10 of Part III of this act become effective August 1, 1996.
17 G.S. 105-129.11, as enacted by Part III of this act, becomes effective for
18 taxable years beginning on or after January 1, 1997, and applies to
19 training expenditures made on or after July 1, 1997. The remainder of

1 Part III of this act is effective for taxable years beginning on or after
2 January 1, 1996, and applies to jobs created on or after August 1, 1996,
3 and property placed in service on or after August 1, 1996. Article 3A of
4 Chapter 105 of the General Statutes is repealed ~~effective for applications~~
5 ~~for credits filed under G.S. 105-129.6 on or after January 1, 2006. G.S. 105-~~
6 ~~129.16 is repealed effective for business property placed in service on or after~~
7 ~~January 1, 2002. The remainder of as provided in that Article.~~ Article 3B
8 of Chapter 105 of the General Statutes is repealed ~~effective for buildings~~
9 ~~to which federal credits are allocated on or after January 1, 2006. as provided~~
10 ~~in that Article. "~~

11 Section 2.(b) Section 4 of S.L. 1997-277, as amended by Section 18.1 of S.L.
12 1999-360, is recodified as G.S. 105-129.2A(b), (c), and (d).

13 Section 2.(c) G.S. 105-129.2A, as enacted by this act, reads as rewritten:

14 "**§ 105-129.2A. Sunset; studies.**

15 (a) Sunset. – This Article is repealed effective for applications for credits filed
16 under G.S. 105-129.6 on or after January 1, 2006."

17 (b) Equity Study. – The Department of Commerce shall study the effect of the tax
18 incentives provided in the ~~William S. Lee Quality Jobs and Business Expansion Act, codified~~
19 ~~as Article 3A of Chapter 105 of the General Statutes,~~ this Article on tax equity. This study
20 shall include the following:

- 21 (1) Reexamining the formula in G.S. 105-129.3(b) used to define enterprise
22 tiers, to include consideration of alternative measures for more equitable
23 treatment of counties in similar economic circumstances.
- 24 (2) Considering whether the assignment of tiers and the applicable
25 thresholds are equitable for smaller counties, for example those under
26 50,000 in population.
- 27 (3) Compiling any available data on whether expanding North Carolina
28 businesses receive fewer benefits than out-of-State businesses that
29 locate to North Carolina.

30 (c) Impact Study. – The Department of Commerce shall study the effectiveness of
31 the tax incentives provided in the ~~William S. Lee Quality Jobs and Business Expansion Act,~~
32 ~~codified as Article 3A of Chapter 105 of the General Statutes.~~ this Article. This study shall
33 include:

- 34 (1) Study of the distribution of tax incentives across new and expanding
35 industries.
- 36 (2) Examination of data on economic recruitment for the period 1994
37 through 2000 by county, by industry type, by size of investment, and by
38 number of jobs, and other relevant information to determine the pattern
39 of business locations and expansions before and after the enactment of
40 the William S. Lee Act incentives.
- 41 (3) Measuring the direct costs and benefits of the tax incentives.
- 42 (4) Compiling available information on the current use of incentives by
43 other states and whether that use is increasing or declining.

1 (d) Report. – The Department of Commerce shall report the results of these
2 studies and its recommendations to the 2001 General Assembly by April 1, 2001."

3 Section 2.(d) Article 3B of Chapter 105 of the General Statutes is amended by
4 adding a new section to read:

5 "**§ 105-129.15A. Sunset.**

6 G.S. 105-129.16 is repealed effective for business property placed in service on or
7 after January 1, 2002. The remainder of this Article is repealed effective January 1, 2006.
8 The repeal of G.S. 105-129.16A applies to renewable energy property placed in service
9 on or after January 1, 2006. The repeal of G.S. 105-129.16B applies to buildings to
10 which federal credits are allocated on or after January 1, 2006."

11 Section 3.(a) G.S. 105-129.17(b) reads as rewritten:

12 "(b) Cap. —~~A total~~The credits allowed in this Article may not exceed fifty percent
13 (50%) of the tax against which they are claimed for the taxable year, reduced by the sum
14 of all other credits allowed against that tax, except tax payments made by or on behalf of
15 the taxpayer. This limitation applies to the cumulative amount of credit, including
16 carryforwards, claimed by the taxpayer under this Article against each tax for the taxable
17 year. Any unused portion of the credits may be carried forward for the succeeding five
18 years."

19 Section 3.(b) G.S. 105-129.18 reads as rewritten:

20 "**§ 105-129.18. Substantiation.**

21 To claim a ~~credits~~credit allowed by this Article, the taxpayer must provide any
22 information required by the Secretary of Revenue. Every taxpayer claiming a credit under
23 this Article must maintain and make available for inspection by the Secretary of Revenue
24 any records the Secretary considers necessary to determine and verify the amount of the
25 credit to which the taxpayer is entitled. The burden of proving eligibility for a credit and
26 the amount of the credit rests upon the taxpayer, and no credit may be allowed to a
27 taxpayer that fails to maintain adequate records or to make them available for
28 inspection."

29 Section 3.(c) G.S. 105-129.19 reads as rewritten:

30 "**§ 105-129.19. Reports.**

31 The Department of Revenue shall report to the Legislative Research Commission and
32 to the Fiscal Research Division of the General Assembly by May 1 of each year the
33 following information for the 12-month period ending the preceding April 1:

34 (1) The number of taxpayers that claimed the credits allowed in this Article.
35 (2) The cost of business property and renewable energy property with
36 respect to which ~~business property~~ credits were claimed.

37 (2a) The location of each qualified North Carolina low-income building with
38 respect to which a low-income housing credit was claimed.

39 (3) The total cost to the General Fund of the credits claimed."

40 Section 4. The catchline of G.S. 105-40 reads as rewritten:

41 "**§ 105-40. Amusements – Certain exhibitions, performances, and entertainments**
42 **exempt from license-tax.**"

43 Section 5. Effective July 1, 2000, G.S. 105-88(e) reads as rewritten:

1 "(e) Counties, cities, and towns may levy a license tax on the business taxed under
2 ~~this section not in excess of section.~~ Except as provided in G.S. 160A-211 and G.S. 153A-
3 152, the tax may not exceed one hundred dollars (\$100.00)."

4 Section 6. G.S. 105-113.21(a) reads as rewritten:

5 "(a) Discount. – A distributor who files a timely report under G.S. 105-113.18 and
6 who sends a timely payment may deduct from the amount due with the report a discount
7 of four percent (4%). This discount covers expenses incurred in preparing the records
8 and reports required by this Part, and the expense of furnishing a bond."

9 Section 7. G.S. 105-113.39 reads as rewritten:

10 **"§ 105-113.39. Discount.**

11 A wholesale dealer or a retail dealer who is primarily liable under G.S. 105-113.35(b)
12 for the excise taxes imposed by this Part and who files a timely report under
13 G.S. 105-113.37 and who sends a timely payment may deduct from the amount due with
14 the report a discount of four percent (4%). This discount covers losses due to damage to
15 tobacco products, expenses incurred in preparing the records and reports required by this
16 Part, and the expense of furnishing a bond."

17 Section 8. G.S. 105-113.82 reads as rewritten:

18 **"§ 105-113.82. Distribution of part of beer and wine taxes.**

19 (a) Amount, Method. – The Secretary shall distribute annually the following
20 percentages of the net amount of excise taxes collected on the sale of malt beverages and
21 wine during the preceding 12-month period ending March 31, less the amount of the net
22 proceeds credited to the Department of Agriculture and Consumer Services under G.S.
23 105-113.81A, to the counties and cities in which the retail sale of these beverages is
24 ~~authorized:~~ authorized in the entire county or city:

- 25 (1) Of the tax on malt beverages levied under G.S. 105-113.80(a), twenty-
26 three and three-fourths percent (23 3/4%);
27 (2) Of the tax on unfortified wine levied under G.S. 105-113.80(b), sixty-
28 two percent (62%); and
29 (3) Of the tax on fortified wine levied under G.S. 105-113.80(b), twenty-
30 two percent (22%).

31 If malt beverages, unfortified wine, or fortified wine may be licensed to be sold at
32 retail in both a county and a city located in the county, both the county and city shall
33 receive a portion of the amount distributed, that portion to be determined on the basis of
34 population. If one of these beverages may be licensed to be sold at retail in a city located
35 in a county in which the sale of the beverage is otherwise prohibited, only the city shall
36 receive a portion of the amount distributed, that portion to be determined on the basis of
37 population. The amounts distributed under subdivisions (1), (2), and (3) shall be
38 computed separately.

39 ~~(b) Reduction in Amount Distributed. — Where the sale of malt beverages,~~
40 ~~unfortified wine, or fortified wine is prohibited in a defined area of a city or county in~~
41 ~~which the sale of the beverage is authorized, the amount that would otherwise be~~
42 ~~distributed to the city or county on the basis of population under subsection (a) shall be~~
43 ~~reduced in the same ratio that the area of the defined area bears to the total area of the~~

1 city or county, unless the defined area is a city. If the defined area in a county is a city,
2 the reduction in the amount that would otherwise be distributed to the county under
3 subsection (a) shall be based on population instead of area.

4 (c) Exception. – Notwithstanding subsection (a), in a county in which ABC stores
5 have been established by petition, the revenue shall be distributed as though the entire
6 county had approved the retail sale of a beverage whose retail sale is authorized in part of
7 the county.

8 (d) Time. – The revenue shall be distributed to cities and counties within 60 days
9 after March 31 of each year.

10 (e) Population Estimates. – To determine the population of a city or county for
11 purposes of the distribution required by this section, the Secretary shall use the most
12 recent annual estimate of population certified by the State Planning Officer.

13 (f) City Defined. – As used in this section, the term "city" means a city as defined
14 in G.S. 153A-1(1) or an urban service district defined by the governing body of a
15 consolidated city-county.

16 (g) Use of Funds. – Funds distributed to a county or city under this section may be
17 used for any public purpose.

18 (h) Disqualification. – No municipality may receive any funds under this section if
19 it was incorporated with an effective date of on or after January 1, 2000, and is
20 disqualified from receiving funds under G.S. 136-41.2. No municipality may receive any
21 funds under this section, incorporated with an effective date on or after January 1, 2000,
22 unless a majority of the mileage of its streets are open to the public. The previous
23 sentence becomes effective with respect to distribution of funds on or after July 1, 1999."

24 Section 9. G.S. 105-113.84 reads as rewritten:

25 "**§ 105-113.84. ~~Invoices; report~~ Report of resident brewery, resident winery, or
26 nonresident vendor.**

27 (a) ~~Invoice.~~—A resident brewery, resident winery, or nonresident vendor that sells
28 or delivers wine or malt beverages to a North Carolina wholesaler or importer shall give
29 that wholesaler or importer two copies of the sales invoice and shall also file one copy
30 with the Secretary. The invoice shall state all of the following:

31 (1) ~~The name and address of the permit holder making the sale or delivery.~~

32 (2) ~~The name, address, and permit number of the wholesaler or importer
33 receiving the beverages.~~

34 (3) ~~The kind of beverage sold or delivered, including the number of cases.~~

35 (4) ~~The exact quantities of beverages sold or delivered, specified by size
36 and type of containers.~~

37 (5) ~~The total gallons of malt beverages, the total liters of unfortified wine,
38 and the total liters of fortified wine.~~

39 (b) ~~Monthly Report.~~—Each resident brewery, resident winery, or nonresident
40 vendor that sells or delivers wine or malt beverages in North Carolina shall prepare and
41 file with the Secretary a monthly report, on a form provided by the Secretary, stating the
42 exact quantities of those beverages sold to North Carolina wholesalers or importers

1 during the previous month. The report shall be filed on or before the 15th day of the
2 month following the month in which the beverages are sold or delivered.

3 A resident brewery, resident winery, and nonresident vendor must file a monthly
4 report with the Secretary. The report must list the amount of beverages delivered to North
5 Carolina wholesalers and importers during the month. The report is due by the 15th day
6 of the month following the month covered by the report. The report must be filed on a
7 form approved by the Secretary and must contain the information required by the
8 Secretary."

9 Section 10. G.S. 105-113.85 reads as rewritten:

10 **"§ 105-113.85. Discount.**

11 Each wholesaler or importer ~~who remits the excise taxes on malt beverages or wine who~~
12 files a timely return and sends a timely payment may deduct from the amount payable by
13 him a discount of four percent (4%). This discount covers losses due to spoilage and
14 breakage, expenses incurred in preparing the records and reports required by this Article,
15 and the expense of furnishing a bond. ~~No discount is allowed on taxpaid beverages given as~~
16 ~~free goods for advertising."~~

17 Section 11. G.S. 105-113.88 reads as rewritten:

18 **"§ 105-113.88. ~~Record-keeping~~ Record-keeping requirements.**

19 (a) ~~Requirement.~~ — ~~Every person licensed under this Article shall maintain~~
20 ~~complete and accurate records of all purchases and sales of alcoholic beverages taxable~~
21 ~~under this Article. These records shall be kept separate from all other records the person~~
22 ~~keeps. Each person shall also maintain copies of all reports filed with the Secretary and~~
23 ~~invoices, sales tickets, and other data that substantiate those reports.~~

24 (b) ~~Length of Time Records Shall Be Kept.~~ — ~~Every person licensed under this~~
25 ~~Article shall keep the records, reports, and other information required by this section for~~
26 ~~three years.~~

27 A person who is required to file a report or return under this Article must keep a
28 record of all documents used to determine information the person provides in a report or
29 return. The records must be kept for three years from the due date of the report or return
30 to which the records apply."

31 Section 12. G.S. 105-116(d) reads as rewritten:

32 "(d) ~~Distribution.~~ — ~~Part of the taxes imposed by this section on electric power~~
33 ~~companies, natural gas companies, and regional natural gas districts companies~~ is distributed
34 to cities under G.S. 105-116.1."

35 Section 13. G.S. 105-119 and G.S. 105-120.1 are repealed.

36 Section 14. G.S. 105-114 reads as rewritten:

37 **"§ 105-114. Nature of taxes; definitions.**

38 (a) ~~Nature of Taxes.~~ — ~~The taxes levied in this Article upon persons and~~
39 ~~partnerships are for the privilege of engaging in business or doing the act named.~~

40 (a1) Scope. — The taxes levied in this Article upon corporations are privilege or
41 excise taxes levied upon:

42 (1) Corporations organized under the laws of this State for the existence of
43 the corporate rights and privileges granted by their charters, and the

1 enjoyment, under the protection of the laws of this State, of the powers,
2 rights, privileges and immunities derived from the State by the form of
3 such existence; and

- 4 (2) Corporations not organized under the laws of this State for doing
5 business in this State and for the benefit and protection which these
6 corporations receive from the government and laws of this State in
7 doing business in this State.

8 If

9 (a2) Condition for Doing Business. – If the corporation is organized under the laws
10 of this State, the payment of the taxes levied by this Article ~~shall be~~ is a condition
11 precedent to the right to continue in the corporate form of ~~organization; and if~~ If the
12 corporation is not organized under the laws of this State, payment of these taxes ~~shall be~~
13 is a condition precedent to the right to continue to engage in doing business in this State.

14 (a3) Tax Year. – The taxes levied in this Article are for the fiscal year of the State
15 in which the taxes become ~~due; due,~~ due, except that the taxes levied in G.S. 105-122 are for
16 the income year of the corporation in which the taxes become due.

17 G.S. 105-122

18 (a4) No Double Taxation. – G.S. 105-122 does not apply to ~~street transportation~~
19 ~~systems taxed under G.S. 105-120.1 or~~ holding companies taxed under G.S. 105-120.2. G.S.
20 105-122 applies to a corporation taxed under another section of this Article only to the
21 extent the taxes levied on the corporation in G.S. 105-122 exceed the taxes levied on the
22 corporation in other sections of this Article.

23 (b) Definitions. – The following definitions apply in this Article:

24 (1) City. – Defined in G.S. 105-228.90.

25 (1a) Code. – Defined in G.S. 105-228.90.

26 (2) Corporation. – A domestic corporation, a foreign corporation, an
27 electric membership corporation organized under Chapter 117 of the
28 General Statutes or doing business in this State, or an association that is
29 organized for pecuniary gain, has capital stock represented by shares,
30 whether with or without par value, and has privileges not possessed by
31 individuals or partnerships. The term includes a mutual or capital stock
32 savings and loan association or building and loan association chartered
33 under the laws of any state or of the United States. The term does not
34 include a limited liability company.

35 (3) Doing business. – Each and every act, power, or privilege exercised or
36 enjoyed in this State, as an incident to, or by virtue of the powers and
37 privileges granted by the laws of this State.

38 (4) Income year. – Defined in G.S. 105-130.2(5)."

39 Section 15.(a) G.S. 105-130.15(a) reads as rewritten:

40 "(a) The net income of a corporation shall be computed in accordance with the
41 method of accounting it regularly employed ~~employs~~ in keeping the books of such
42 ~~corporation, but such method of accounting must~~ its books. The method must be consistent
43 with respect to both income and ~~deductions, but if in any case such~~ deductions. If this

1 method does not clearly reflect the income, the computation shall be made in accordance
2 with ~~such method as in the opinion of the Secretary of Revenue a method that, in the~~
3 Secretary's opinion, does clearly reflect the income, but shall follow as nearly as
4 practicable the federal practice, unless contrary to the context and intent of this Part.

5 The Secretary may ~~in his discretion~~ adopt the rules and regulations and any guidelines
6 administered or established by the Internal Revenue Service unless contrary to any
7 provisions of this Part."

8 Section 15.(b) G.S. 105-130.17(a) reads as rewritten:

9 "(a) Returns must be filed as prescribed by the Secretary at the place prescribed by
10 the Secretary. Returns must be in the form prescribed by the Secretary. The Secretary
11 shall furnish forms in accordance with G.S. 105-254. shall be in such form as the Secretary
12 of Revenue may from time to time prescribe, and shall be filed with the Secretary at his office, or
13 at any branch office which he may establish. The Secretary shall cause to be prepared blank
14 forms for the said returns, and shall cause them to be distributed throughout the State, and shall
15 furnish them upon request; but failure to receive or secure the form shall not relieve any
16 corporation from the obligation of making any return herein required."

17 Section 15.(c) G.S. 105-130.18 reads as rewritten:

18 "**§ 105-130.18. Failure to file returns; supplementary returns.**

19 If the Secretary of Revenue ~~shall be of the opinion that any~~ determines that a corporation
20 has failed to file a return or to include in a return filed, either intentionally or through
21 error, items of taxable income he may require of such income, the Secretary may require
22 from the corporation a return or supplementary return, under affirmation, in such form as
23 he shall prescribe, of all the items of income which that the corporation received during the
24 year for which the return is made, whether or not taxable under this Part. If from a
25 supplementary return or otherwise the Secretary finds that any items of income, taxable
26 under this Part, have been omitted from the original return, or that any items returned as
27 taxable that are not taxable, or that any item of taxable income is overstated or
28 understated, he may require any such item to be disclosed to him the Secretary may require
29 that the item be disclosed under affirmation of the corporation, and to be added to or
30 deducted from the original return. Such ~~The filing of a supplementary return and the~~
31 correction of the original return shall does not relieve the corporation from any of the
32 penalties to which it may be liable under the provisions of under G.S. 105-236. The Secretary
33 may proceed under the provisions of G.S. 105-241.1, whether or not the Secretary he
34 requires a return or a supplementary return under this section."

35 Section 16. G.S. 105-134.6(b) is amended by adding a new subdivision to read:

36 "(b) Deductions. – The following deductions from taxable income shall be made in
37 calculating North Carolina taxable income, to the extent each item is included in taxable
38 income:

39 ...

40 (5b) The amount received during the taxable year from one or more State,
41 local, or federal government retirement plans to the extent the amount is
42 exempt from tax under this Part pursuant to a court order entered in
43 Wake County in settlement of the following cases: Bailey v. State, 92

1 CVS 10221, 94 CVS 6904, 95 CVS 6625, 95 CVS 8230; Emory v.
2 State, 98 CVS 0738; and Patton v. State, 95 CVS 04346. Amounts
3 deducted under this subdivision may not also be deducted under
4 subdivision (6) of this subsection."

5 Section 17. G.S. 105-163.44 is repealed.

6 Section 18. G.S. 105-164.3(8a) reads as rewritten:

7 "(8a) 'Manufactured home' means a structure that is designed to be used as a
8 dwelling and is manufactured in accordance with the specifications for
9 manufactured homes issued by the United States Department of
10 Housing and Urban Development. and:

11 a. ~~Is built on a permanent chassis;~~

12 b. ~~Is transportable in one or more sections;~~

13 c. ~~When transported, is at least eight feet wide or forty feet long;~~
14 ~~and~~

15 d. ~~When erected on a site, has at least 320 square feet."~~

16 Section 19.(a) G.S. 105-164.4(c) reads as rewritten:

17 "(c) Certificate of Registration. – Before a person may engage in business as a

18 ~~Before a person may engage in business as a retailer or a wholesale merchant, the~~
19 ~~person must obtain a certificate of registration from the Department. To obtain a~~
20 ~~certificate of registration, a person must register with the Department.~~

21 ~~A certificate of registration is valid unless it is revoked for failure to comply with the~~
22 ~~provisions of this Article or becomes void. A certificate issued to a retailer who makes~~
23 ~~taxable sales becomes void if, for a period of 18 months, the retailer files no returns or~~
24 ~~files returns showing no sales. Department in accordance with G.S. 105-164.29."~~

25 Section 19.(b) G.S. 105-164.29 reads as rewritten:

26 "**§ 105-164.29. Application for ~~licenses~~ certificate of registration by wholesale**
27 **merchants and retailers.**

28 (a) ~~Application. – Every application for a license by a wholesale merchant or~~
29 ~~retailer shall be made upon a form prescribed by the Secretary and shall set forth all~~
30 ~~information the Secretary may require. To obtain a certificate of registration, a person~~
31 ~~must register with the Department. A wholesale merchant or retailer who has more than~~
32 ~~one business is required to obtain only one certificate of registration to cover all~~
33 ~~operations of the business throughout the State. An application for registration must The~~
34 ~~application shall be signed as follows:~~

35 (1) By the owner, if the owner is an individual.

36 (2) By a manager, member, or partner, if the owner is an association, a
37 partnership, or a limited liability company.

38 (3) By an executive officer or some other person specifically authorized by
39 the corporation to sign the application, if the owner is a corporation. If
40 the application is signed by a person authorized to do so by the
41 corporation, written evidence of the person's authority must be attached
42 to the application.

1 A wholesale merchant or retailer whose business extends into more than one county is
2 required to secure only one license to cover all operations of the business throughout the
3 State.

4 (b) Issuance. — ~~When the required application has been made the Secretary shall~~
5 ~~issue a license to the applicant. A license~~ A certificate of registration is not assignable
6 and is valid only for the person in whose name it is issued ~~and for the transaction of~~
7 ~~business at the place designated in the license. The license holder shall display the license~~
8 ~~conspicuously at all times at the place for which it was issued.~~ issued. A copy of the
9 certificate of registration must be displayed at each place of business.

10 (c) ~~Reissuance. Term.~~ Term. — A certificate of registration is valid unless it is revoked for
11 failure to comply with the provisions of this Article or becomes void. A certificate issued
12 to a retailer who makes taxable sales becomes void if, for a period of 18 months, the
13 retailer files no returns or files returns showing no sales. A person whose license has been
14 previously suspended or revoked shall pay the Secretary fifteen dollars (\$15.00) for the
15 reissuance of the license. A wholesale merchant whose annual license has been previously
16 suspended or revoked shall pay the Secretary twenty five dollars (\$25.00) for the reissuance of
17 the license for the remainder of the license year.

18 (d) Revocation. — ~~Whenever a license holder~~ wholesale merchant or retailer fails to
19 comply with this Article or violates G.S. 14-401.18, the Secretary, upon hearing, after
20 giving ~~the license holder~~ 10 days' notice in writing, specifying the time and place of
21 hearing and requiring the ~~license holder~~ wholesale merchant or retailer to show cause why
22 the ~~license~~ certificate of registration should not be revoked, may revoke or suspend the
23 ~~license~~ certificate of registration. The notice may be served personally or by registered
24 mail directed to the last known address of the ~~license holder~~ wholesale merchant or
25 retailer. All provisions with respect to review and appeals of the Secretary's decisions as
26 provided by G.S. 105-241.2, 105-241.3, and 105-241.4 apply to this section.

27 ~~Any wholesale merchant or retailer who engages in business as a seller in this State~~
28 ~~without a license or after the license has been suspended or revoked, and each officer of~~
29 ~~any corporation that so engages in business shall be guilty of a Class 3 misdemeanor and~~
30 ~~only subject to a fine of up to five hundred dollars (\$500.00) for each offense."~~

31 Section 19.(c) G.S. 105-164.38 reads as rewritten:

32 "**§ 105-164.38. Tax shall be is a lien.**

33 (a) The tax imposed by this Article ~~shall be is~~ is a lien upon all personal property of
34 any person who is required by this Article to obtain a ~~license~~ certificate of registration to
35 engage in business and who stops engaging in the business by transferring the business,
36 transferring the stock of goods of the business, or going out of business. A person who
37 stops engaging in business ~~shall~~ must file the return required by this Article within 30
38 days after transferring the business, transferring the stock of goods of the business, or
39 going out of business.

40 (b) Any person to whom the business or the stock of goods was transferred ~~shall~~
41 must withhold from the consideration paid for the business or stock of goods an amount
42 sufficient to cover the taxes due until the person selling the business or stock of goods
43 produces a statement from the Secretary showing that the taxes have been paid or that no

1 taxes are due. If the person who buys a business or stock of goods fails to withhold an
2 amount sufficient to cover the taxes and the taxes remain unpaid after the 30-day period
3 allowed, the buyer is personally liable for the unpaid taxes to the extent of the greater of
4 the following:

5 (1) The consideration paid by the buyer for the business or the stock of
6 goods.

7 (2) The fair market value of the business or the stock of goods.

8 (c) The period of limitations for assessing liability against the buyer of a business
9 or the stock of goods of a business and for enforcing the lien against the property shall
10 ~~expire~~ expire one year after the end of the period of limitations for assessment against the
11 person who sold the business or the stock of goods. Except as otherwise provided in this
12 section, a person who buys a business or the stock of goods of a business and that
13 person's liability for unpaid taxes are subject to the provisions of G.S. 105-241.1, 105-
14 241.2, 105-241.3, and 105-241.4 and to other remedies for the collection of taxes to the
15 same extent as if the person had incurred the original tax liability."

16 Section 20.(a) G.S. 105-187.1 is amended by adding a new subdivision to read:

17 "(3a) Retailer. – A retailer as defined in G.S. 105-164.3 who is engaged in the
18 business of selling, leasing, or renting motor vehicles."

19 Section 20.(b) G.S. 105-187.5(a) reads as rewritten:

20 "(a) Election. – A retailer ~~who is engaged in the business of leasing or renting motor~~
21 ~~vehicles~~ may elect not to pay the tax imposed by this Article at the rate set in G.S. 105-
22 187.3 when applying for a certificate of title for a motor vehicle purchased by the retailer
23 for lease or rental. A retailer who makes this election shall pay a tax on the gross receipts
24 of the lease or rental of the vehicle. Like the tax imposed by G.S. 105-187.3, this
25 alternate tax is a tax on the privilege of using the highways of this State. The tax is
26 imposed on a retailer, but is to be added to the lease or rental price of a motor vehicle and
27 thereby be paid by the person who leases or rents the vehicle."

28 Section 20.(c) G.S. 20-4.01(5) reads as rewritten:

29 "(5) Dealer. – Every person engaged in the business of buying, selling,
30 distributing, or exchanging motor vehicles, ~~trailers—trailers,~~ or
31 semitrailers in this State, and having an established place of business in
32 this State and being subject to the tax levied by G.S. 105-89. State.

33 The terms 'motor vehicle dealer,' 'new motor vehicle dealer,' and 'used
34 motor vehicle dealer' ~~shall~~ as used in Article 12 of this Chapter have the
35 meaning set forth in G.S. 20-286."

36 Section 21. G.S. 105-187.6(b) reads as rewritten:

37 "(b) Partial Exemptions. – A maximum tax of forty dollars (\$40.00) applies when a
38 certificate of title is issued as the result of a transfer of a motor vehicle:

39 (1) To a secured party who has a perfected security interest in the motor
40 vehicle.

41 (2) To a partnership, limited liability company, or corporation as an
42 incident to the formation of the partnership, limited liability company,
43 or corporation, and no gain or loss arises on the transfer of the motor

1 vehicle under section 351 or section 721 of the ~~Internal Revenue Code as~~
2 ~~defined in G.S. 105-228.90, Code,~~ or to a partnership, limited liability
3 company, or corporation by merger, conversion, or consolidation in
4 accordance with applicable law."

5 Section 22. G.S. 105-228.90(b) is amended by adding a new subdivision to
6 read:

7 "(2) Department. – The Department of Revenue."

8 Section 23. G.S. 105-236(10) reads as rewritten:

9 "(10) Failure to File Informational Returns. –

10 a. Repealed by Session Laws 1998-212, s. 29A.14(m).

11 b. The Secretary may request a person who fails to file timely
12 statements of payment to another person with respect to wages,
13 dividends, rents, or interest paid to that person to file the
14 statements by a certain date. If the payer fails to file the
15 statements by that date, the amounts claimed on the payer's
16 income tax return as deductions for salaries and wages, or rents
17 or interest shall be disallowed to the extent that the payer failed
18 to comply with the Secretary's request with respect to the
19 statements.

20 c. For failure to file an informational return required by Article 36C
21 or 36D of this Chapter by the date the return is due, there shall be
22 assessed a penalty of fifty dollars (\$50.00)."

23 Section 24. G.S. 105-259(b)(15) reads as rewritten:

24 "(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who
25 has access to tax information in the course of service to or employment by the State may
26 not disclose the information to any other person unless the disclosure is made for one of
27 the following purposes:

28 ...

29 (15) To exchange information concerning a tax imposed by Articles 2A, 2C,
30 or 2D of this Chapter with one of the following agencies when the
31 information is needed to fulfill a duty imposed on the Department or the
32 agency:

33 a. The North Carolina Alcoholic Beverage Control Commission.

34 b. The Division of Alcohol Law Enforcement of the Department of
35 Crime Control and Public Safety.

36 c. The Bureau of Alcohol, Tobacco, and Firearms of the United
37 States Treasury Department.

38 d. Law enforcement agencies.

39 e. The Division of Adult Probation and Parole of the Department of
40 Correction."

41 Section 25. G.S. 105-275(40) reads as rewritten:

42 "(40) Computer software and any documentation related to the computer
43 software. As used in this subdivision, the term "computer

1 software”means any program or routine used to cause a computer to
2 perform a specific task or set of tasks. The term includes system and
3 application programs and database storage and management programs.

4 The exclusion established by this subdivision does not apply to
5 computer software and its related documentation if the computer
6 software meets one or more of the following descriptions:

- 7 a. It is embedded software. "Embedded software”means computer
8 instructions, known as microcode, that reside permanently in the
9 internal memory of a computer system or other equipment and
10 are not intended to be removed without terminating the operation
11 of the computer system or equipment and removing a computer
12 chip, a circuit, or another mechanical device.
- 13 b. It is purchased or licensed from a person who is unrelated to the
14 taxpayer and it is capitalized on the books of the taxpayer in
15 accordance with generally accepted accounting principles,
16 including financial accounting standards issued by the Financial
17 Accounting Standards Board. A person is unrelated to a taxpayer
18 if (i) the taxpayer and the person are not subject to any common
19 ownership, either directly or indirectly, and (ii) neither the
20 taxpayer nor the person has any ownership interest, either
21 directly or indirectly, in the other.

22 ~~This~~

23 This subdivision does not affect the value or taxable status of any
24 property that is otherwise subject to taxation under this
25 Subchapter.

26 The provisions of the exclusion established by this subdivision
27 are not severable. If any provision of this subdivision or its
28 application is held invalid, the entire subdivision is repealed."

29 Section 26. Effective January 1, 2001, G.S. 105-369(b1) reads as rewritten:

30 "(b1) Notice to Owner. – After the governing body orders the tax collector to
31 advertise the tax liens, the tax collector must send a notice to the listing owner and to the
32 record owner of each affected parcel of property, as determined as of December 31 of the
33 fiscal year for which the taxes are due. The notice must be sent to each owner's last
34 known address by first-class mail at least 30 days before the date the advertisement is to
35 be published. The notice must state the principal amount of unpaid taxes that are a lien on
36 the parcel to be advertised and inform the owner that the names of the listing owner and
37 the record owner ~~listing owner that his or her name~~ will appear in a newspaper
38 advertisement of delinquent taxes if the taxes are not paid before the publication date.
39 Failure to mail the notice required by this section to the correct listing owner or record
40 owner does not affect the validity of the tax lien or of any foreclosure action."

41 Section 27. G.S. 105-449.37(a)(1a) reads as rewritten:

1 "(1a) Motor vehicle. – A motor vehicle as defined in G.S. ~~105-164.3(8e)~~, 105-
2 164.3 other than special mobile equipment as defined in G.S. ~~105-~~
3 ~~164.3(16b)~~, 105-164.3."

4 Section 28. G.S. 105-449.44 reads as rewritten:

5 "**§ 105-449.44. How to determine the amount of fuel used in the State; presumption**
6 **of amount used.**

7 (a) Calculation. – The amount of motor fuel or alternative fuel a motor carrier
8 ~~carries-uses~~ in its operations in this State for a reporting period is the ratio of the number
9 of miles the motor carrier travels in this State during that period to the total number of
10 miles the motor carrier travels inside and outside this State during that period, multiplied
11 by the total amount of fuel the motor carrier uses in its operations inside and outside the
12 State during that period.

13 (b) Presumption. – The Secretary ~~shall~~ must check reports filed under this Article
14 against the weigh station records and other records of the Division of Motor Vehicles of
15 the Department of Transportation concerning motor carriers to determine if motor
16 carriers that are operating in this State are filing the reports required by this Article. The
17 Department may assess a motor carrier for the amount payable based on the presumed
18 mileage. A motor carrier that does either of the following for a quarter is presumed to
19 have traveled in this State during that quarter the number of miles equal to 10 trips of 450
20 miles each for each of the motor carrier's vehicles:

21 (1) Fails to file a report for the quarter and the records of the Division
22 indicate the carrier operated in this State during the quarter.

23 (2) Files a report for the quarter that, based on the records of the Division,
24 understates by at least twenty-five percent (25%) the carrier's mileage
25 in this State for the quarter.

26 (c) Vehicles. – The number of vehicles of a motor carrier that is registered under
27 this Article is the number of identification markers issued to the carrier. The number of
28 vehicles of a carrier that is not registered under this Article is the number of vehicles
29 registered by the motor carrier in the carrier's base state under the International
30 Registration Plan. ~~The Department shall assess a motor carrier for the amount payable based on~~
31 ~~the presumed mileage."~~

32 Section 29.(a) Effective July 1, 2000, G.S. 105-449.60(31) and (40) read as
33 rewritten:

34 "**§ 105-449.60. Definitions.**

35 The following definitions apply in this Article:

36 ...

37 (31) Supplier. – Any of the following:

- 38 a. A position holder or a person who receives motor fuel pursuant
39 to a two-party ~~transaction~~ exchange.
40 b. A fuel alcohol provider.

41 ...

42 (40) Two-party ~~transaction~~ exchange. – A transaction in which motor fuel
43 is transferred ~~between two licensed suppliers as the motor fuel crosses~~

1 ~~the terminal rack as the result of an exchange agreement or a sale~~
2 ~~between the suppliers that requires the supplier that is the position~~
3 ~~holder from one licensed supplier to another licensed supplier~~
4 pursuant to an exchange agreement under which the supplier that is
5 the position holder agrees to deliver motor fuel to the other supplier or
6 the other supplier's customer at the rack of the terminal at which the
7 delivering supplier is the position holder."

8 Section 29.(b) Effective July 1, 2000, G.S. 105-449.88 is amended by adding a new
9 subdivision to read:

10 **"§ 105-449.88. Exemptions from the excise tax.**

11 The excise tax on motor fuel does not apply to the following:

12 ...

13 (1a) Motor fuel removed by transport truck from a terminal for export if
14 the motor fuel is removed by a licensed distributor or licensed
15 exporter, the supplier that is the position holder for the motor fuel
16 sells the motor fuel to another supplier as the motor fuel crosses the
17 terminal rack, the purchasing supplier or its customer receives the
18 motor fuel at the terminal rack for export, and the supplier that is the
19 position holder collects tax on the motor fuel at the rate of the motor
20 fuel's destination state."

21 Section 30.(a) G.S. 105-449.60(41) reads as rewritten:

22 **"§ 105-449.60. Definitions.**

23 The following definitions apply in this Article:

24 ...

25 (41) User. – A person who owns or operates a licensed highway vehicle
26 that has a registered gross vehicle weight of at last 10,001 pounds and
27 who ~~and~~ does not maintain storage facilities for motor fuel."

28 Section 30.(b) G.S. 105-449.68 reads as rewritten:

29 **"§ 105-449.68. Restrictions on who can get a license as a distributor.**

30 A bulk-end user of motor fuel may not be licensed as a distributor unless the bulk-end
31 user also acquires motor fuel from a supplier or from another distributor for subsequent
32 sale. This restriction does not apply to a bulk-end user that was licensed as a distributor
33 on January 1, 1996. If a distributor license held by a bulk-end user on January 1, 1996, is
34 subsequently cancelled, the bulk-end user is subject to the restriction set in this section."

35 Section 30.(c) G.S. 105-449.97(c) reads as rewritten:

36 "(c) Percentage Discount. – A supplier that sells motor fuel directly to an
37 unlicensed distributor or to the bulk-end user, the retailer, or the user of the fuel may take
38 the same percentage discount on the fuel that a licensed distributor may take under G.S.
39 105-449.93(b) when making deferred payments of tax to the supplier."

40 Section 31. G.S. 105-449.88(1) reads as rewritten:

41 **"§ 105-449.88. Exemptions from the excise tax.**

42 The excise tax on motor fuel does not apply to the following:

- 1 (1) Motor fuel removed, by transport truck or another means of transfer
2 outside the terminal transfer system, from a terminal for export, if the
3 motor fuel is removed by a licensed distributor or a licensed exporter
4 and the supplier of the motor fuel collects tax on it at the rate of the
5 motor fuel's destination state."

6 Section 32. The catchline of G.S. 105-449.105 reads as rewritten:

7 "**§ 105-449.105. Refunds upon application for tax paid on exempt fuel, lost fuel, and**
8 **fuel unsalable for highway use, and undyed diesel fuel used in boats. use.**"

9 Section 33. G.S. 105-449.105A reads as rewritten:

10 "**§ 105-449.105A. Monthly refunds for kerosene.**

11 (a) Refund. – A distributor who sells kerosene to any of the following may obtain
12 a refund for the excise tax the distributor paid on the kerosene, less the amount of any
13 discount allowed on the kerosene under G.S. 105-449.93:

- 14 (1) The end user of the kerosene, if the distributor dispenses the kerosene
15 into a storage facility of the end user that contains fuel used only for
16 heating.
- 17 (2) A retailer of kerosene, if the distributor dispenses the kerosene into a
18 storage facility that is marked ~~for nonhighway use in accordance with the~~
19 ~~requirements in G.S. 105-449.123(a)(1) through (a)(3) and~~ with the phrase
20 'Undyed, Untaxed Kerosene, Nontaxable Use Only' and either has a
21 dispensing device that is not suitable for use in fueling a highway
22 ~~vehicle. vehicle~~ or is kept locked by the retailer and must be unlocked
23 by the retailer for each sale of kerosene.

24 (b) Liability. – If the Secretary determines that the Department overpaid a
25 distributor by refunding more tax to the distributor than is due under this section, the
26 distributor is liable for the amount of the overpayment. This liability applies regardless
27 of whether the actions of a retailer of kerosene contributed to the overpayment."

28 Section 34. G.S. 105-449.121(b)(2) reads as rewritten:

29 "(b) Inspection. – The Secretary or a person designated by the Secretary may do
30 any of the following to determine tax liability under this Article:

- 31 ...
- 32 (2) Audit a ~~distributor~~ distributor, a retailer, a bulk-end user, or a motor
33 fuel user that is not licensed under this Article."

34 Section 35. Section 14 of S.L. 1998-22 reads as rewritten:

35 "Section 14. (a) Notwithstanding G.S. 105-187.44(b), as enacted by this act, the
36 amount distributed to a city under G.S. 105-187.44(b) for taxes collected for each of the
37 quarters in the ~~fiscal year~~ 1999-2000 and 2000-2001 fiscal years may not exceed its
38 benchmark amount until each city receives an amount equal to its benchmark amount.
39 Each quarter, the Secretary of Revenue shall determine a city's benchmark amount and
40 the amount it would receive under G.S. 105-187.44(b) if not for the redistribution
41 required by this section. The Secretary shall identify those cities whose distribution
42 amounts under G.S. 105-187.44(b) are less than their benchmark amounts and shall
43 determine the total dollar amount of the shortfall. The Secretary shall reduce the amount

1 to be distributed to those cities whose distribution amount under G.S. 105-187.44(b)
2 exceeds their benchmark amount by the total dollar amount of the shortfall determined
3 for that quarter in proportion to each city's excess. However, in no event may a city's
4 distribution amount be reduced below its benchmark amount. The Secretary will
5 redistribute these monies to the cities whose distribution amounts under G.S. 105-
6 187.44(b) are less than their benchmark amounts in proportion to each city's shortfall. In
7 any quarter that a city does not have a prior year's distribution for the corresponding
8 quarter in fiscal year 1998-99, that city is excluded from the redistribution required under
9 this section for that quarter. In that case, the city will receive the amount it is entitled to
10 receive under G.S. 105-187.44(b), as enacted by this act.

11 For the purposes of this subsection, the term 'benchmark amount' means the amount a
12 city received under G.S. 105-116.1 attributable to piped natural gas for the corresponding
13 quarter during the fiscal year 1998-99.

14 (b) The Department of Revenue must calculate the amount a city received for
15 taxes collected for each of the ~~first three~~ quarters in fiscal year 1998-99 under G.S. 105-
16 116.1 that was attributable to piped natural gas. The Department must also calculate the
17 amount each city would have received under G.S. 105-187.44(b), as enacted by this act,
18 for taxes collected for each of the ~~first three~~ quarters in fiscal year 1999-2000. The
19 Department shall give this information to the Revenue Laws Study Committee. The
20 Revenue Laws Study Committee shall study the impact of this act on the distribution of
21 part of the proceeds of the excise tax on piped natural gas to the cities and report its
22 findings, and any recommendation, to the ~~2000 Session of the 1999-2001~~ General
23 Assembly."

24 Section 36. G.S. 62-302 reads as rewritten:

25 "**§ 62-302. Regulatory fee.**

26 (a) Fee Imposed. – It is the policy of the State of North Carolina to provide fair
27 regulation of public utilities in the interest of the public, as provided in G.S. 62-2. The
28 cost of regulating public utilities is a burden incident to the privilege of operating as a
29 public utility. Therefore, for the purpose of defraying the cost of regulating public
30 utilities, every public utility subject to the jurisdiction of the Commission shall pay a
31 quarterly regulatory fee, in addition to all other fees and taxes, as provided in this section.
32 The fees collected shall be used only to pay the expenses of the Commission and the
33 Public Staff in regulating public utilities in the interest of the public.

34 It is also the policy of the State to provide limited oversight of certain electric
35 membership corporations as provided in G.S. 62-53. Therefore, for the purpose of
36 defraying the cost of providing the oversight authorized by G.S. 62-53 and G.S. 117-18.1,
37 each fiscal year each electric membership corporation whose principal purpose is to
38 furnish or cause to be furnished bulk electric supplies at wholesale as provided in G.S.
39 117-16 shall pay an annual fee as provided in this section.

40 (b) Public Utility Rate. –

41 (1) ~~For the 1989-90 fiscal year, the regulatory fee shall be the greater of~~
42 ~~(i) twelve hundredths percent (0.12%) of each public utility's North~~

1 Carolina jurisdictional revenues for each quarter or (ii) six dollars and
2 twenty-five cents (\$6.25) each quarter.

- 3 (2) ~~For fiscal years beginning on or after July 1, 1990, the~~ The public utility
4 regulatory fee for each fiscal year shall be the greater of (i) a
5 percentage rate, established by the General Assembly, of each public
6 utility's North Carolina jurisdictional revenues for each quarter or (ii)
7 six dollars and twenty-five cents (\$6.25) each quarter.

8 When the Commission prepares its budget request for the
9 upcoming fiscal year, the Commission shall propose a percentage rate of
10 the public utility regulatory fee. For fiscal years beginning in an odd-
11 numbered year, that proposed rate shall be included in the budget
12 message the Governor submits to the General Assembly pursuant to
13 G.S. 143-11. For fiscal years beginning in an even-numbered year, that
14 proposed rate shall be included in a special budget message the
15 Governor shall submit to the General Assembly. The General Assembly
16 shall set the percentage rate of the public utility regulatory fee by law.

17 The percentage rate may not exceed the amount necessary to
18 generate funds sufficient to defray the estimated cost of the operations
19 of the Commission and the Public Staff for the upcoming fiscal year,
20 including a reasonable margin for a reserve fund. The amount of the
21 reserve may not exceed the estimated cost of operating the Commission
22 and the Public Staff for the upcoming fiscal year. In calculating the
23 amount of the reserve, the General Assembly shall consider all relevant
24 factors that may affect the cost of operating the Commission or the
25 Public Staff or a possible unanticipated increase or decrease in North
26 Carolina jurisdictional revenues.

- 27 (3) If the Commission, the Public Staff, or both experience a revenue
28 shortfall, the Commission shall implement a temporary public utility
29 regulatory fee surcharge to avert the deficiency that would otherwise
30 occur. In no event may the total percentage rate of the public utility
31 regulatory fee plus any surcharge established by the Commission exceed
32 twenty-five hundredths percent (0.25%).

- 33 (4) As used in this section, the term 'North Carolina jurisdictional revenues'
34 means all revenues derived or realized from intrastate tariffs, rates, and
35 charges approved or allowed by the Commission or collected pursuant
36 to Commission order or rule, but not including tap-on fees or any other
37 form of contributions in aid of construction.

38 (b1) Electric Membership Corporation Rate. — ~~For the purpose of providing the~~
39 ~~oversight authorized by G.S. 62-53 and G.S. 117-18.1, beginning with the 1999-2000~~
40 ~~fiscal year the North Carolina Electric Membership Corporation shall pay an annual flat~~
41 ~~fee to the fund established in subsection (d) of this section. The amount of the annual~~
42 electric membership corporation regulatory fee for each fiscal year shall be a dollar
43 amount as established by the General Assembly by law.

1 When the Commission prepares its budget request for the upcoming fiscal year, the
2 Commission shall propose the amount of the electric membership corporation regulatory
3 fee. For fiscal years beginning in an odd-numbered year, the proposed amount shall be
4 included in the budget message the Governor submits to the General Assembly pursuant
5 to G.S. 143-11. For fiscal years beginning in an even-numbered year, the proposed
6 amount shall be included in a special budget message the Governor shall submit to the
7 General Assembly.

8 The amount of the electric membership corporation regulatory fee proposed by the
9 Commission may not exceed the amount necessary to defray the estimated cost of the
10 operations of the Commission and the Public Staff for the regulation of the electric
11 membership corporations in the upcoming fiscal year, including a reasonable margin for
12 a reserve fund. The amount of the reserve may not exceed the estimated cost of the
13 Commission and the Public Staff for the regulation of the electric membership
14 corporations for the upcoming fiscal year. ~~The fee will be assessed on a quarterly basis and
15 will be due and payable to the Commission on or before the 15th day of the second month
16 following the end of each quarter.~~

17 (c) When Due. – The electric membership corporation regulatory fee imposed
18 under this section shall be paid in quarterly installments. The fee is due and payable to
19 the Commission on or before the 15th day of the second month following the end of each
20 quarter.

21 The public utility regulatory fee imposed under this section, ~~except the fee imposed by~~
22 ~~subsection (b1) of this section,~~ section is due and payable to the Commission on or
23 before the 15th day of the second month following the end of each quarter. Every public
24 utility subject to the public utility regulatory fee shall, on or before the date the fee is due
25 for each quarter, prepare and render a report on a form prescribed by the Commission.
26 The report shall state the public utility's total North Carolina jurisdictional revenues for
27 the preceding quarter and shall be accompanied by any supporting documentation that the
28 Commission may by rule require. Receipts shall be reported on an accrual basis.

29 If a public utility's report for the first quarter of any fiscal year shows that application
30 of the percentage rate would yield a quarterly fee of twenty-five dollars (\$25.00) or less,
31 the public utility shall pay an estimated fee for the entire fiscal year in the amount of
32 twenty-five dollars (\$25.00). If, after payment of the estimated fee, the public utility's
33 subsequent returns show that application of the percentage rate would yield quarterly fees
34 that total more than twenty-five dollars (\$25.00) for the entire fiscal year, the public
35 utility shall pay the cumulative amount of the fee resulting from application of the
36 percentage rate, to the extent it exceeds the amount of fees, other than any surcharge,
37 previously paid.

38 (d) Use of Proceeds. – A special fund in the office of State Treasurer, the Utilities
39 Commission and Public Staff Fund, is created. The fees collected pursuant to this section
40 and all other funds received by the Commission or the Public Staff, except for the clear
41 proceeds of civil penalties collected pursuant to G.S. 62-50(d) and the clear proceeds of
42 funds forfeited pursuant to G.S. 62-310(a), shall be deposited in the Utilities Commission
43 and Public Staff Fund. The Fund shall be placed in an interest bearing account and any

1 interest or other income derived from the Fund shall be credited to the Fund. Moneys in
2 the Fund shall only be spent pursuant to appropriation by the General Assembly.

3 The Utilities Commission and Public Staff Fund shall be subject to the provisions of
4 the Executive Budget Act except that no unexpended surplus of the Fund shall revert to
5 the General Fund. All funds credited to the Utilities Commission and Public Staff Fund
6 shall be used only to pay the expenses of the Commission and the Public Staff in
7 regulating public utilities in the interest of the public as provided by this Chapter and in
8 regulating electric membership corporations as provided in G.S. 117-18.1.

9 The clear proceeds of civil penalties collected pursuant to G.S. 62-50(d) and the clear
10 proceeds of funds forfeited pursuant to G.S. 62-310(a) shall be remitted to the Civil
11 Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2."

12 Section 37.(a) G.S. 62A-5(d) reads as rewritten:

13 "(d) Any taxes due on 911 service provided by the service supplier will be billed to
14 the local government subscribing to that service. ~~State and local taxes do not apply to 911~~
15 ~~charges billed to subscribers under this Article."~~

16 Section 37.(b) G.S. 105-130.5(b)(17) reads as rewritten:

17 "(17) The amount of 911 charges collected under G.S. 62A-5 and remitted to
18 a local government under G.S. 62A-6, and the amount of wireless
19 Enhanced 911 service charges collected under G.S. 62A-23 and remitted
20 to the Wireless Fund under G.S. 62A-24."

21 Section 38. Section 3 of S.L. 1999-321 is repealed.

22 Section 39. G.S. 159-13(b)(6) reads as rewritten:

23 "(6) The estimated percentage of collection of property taxes shall not be
24 greater than the percentage of the levy actually realized in cash as of
25 June 30 during the preceding fiscal year. For purposes of the calculation
26 under this subdivision only, the levy for the registered motor vehicle tax
27 under Article ~~22C-22A~~ of Chapter 105 of the General Statutes shall be
28 based on the nine-month period ending March 31 of the preceding fiscal
29 year, and the collections realized in cash with respect to this levy shall
30 be based on the twelve-month period ending June 30 of the preceding
31 fiscal year."

32 Section 40. G.S. 20-66(i) reads as rewritten:

33 "(i) Property Tax Consolidation. – The Division must develop an application form
34 for an owner of motor vehicles to use when the owner wants to consolidate the vehicles'
35 registration renewal dates for the purpose of consolidating the property taxes payable on
36 the vehicles by the owner. The Division must notify motor vehicle owners of the ability
37 to consolidate their vehicles' registration renewal dates through information on the
38 registration renewal cards and on the Division's web site. A copy of the application form
39 must also be made available on the Division's web site. ~~When~~

40 When the Division receives an application under subsection (a) for the renewal of
41 registration before the current registration expires, the Division shall grant the application
42 if it is made for the purpose of consolidating the property taxes payable by the applicant
43 on classified motor vehicles, as defined in G.S. 105-330. The registration fee for a motor

1 vehicle whose registration cycle is changed under this subsection shall be reduced by a
2 prorated amount. The prorated amount is one-twelfth of the registration fee in effect
3 when the motor vehicle's registration was last renewed multiplied by the number of full
4 months remaining in the motor vehicle's current registration cycle, rounded to the nearest
5 multiple of twenty-five cents (25¢)."

6 Section 41. Except as otherwise provided in this act, this act is effective when
7 it becomes law.