

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011**

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**SENATE BILL 826*
Finance Committee Substitute Adopted 5/31/12**

Short Title: Revenue Laws Tech., Clarifying, & Admin Chngs.

(Public)

Sponsors:

Referred to:

May 21, 2012

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE TECHNICAL, CLARIFYING, AND ADMINISTRATIVE CHANGES
3 TO THE TAX AND RELATED LAWS.

4 The General Assembly of North Carolina enacts:

5
6 **PART I. TECHNICAL CHANGES**

7 **SECTION 1.1.** G.S. 105-130.5(b) reads as rewritten:

8 "(b) The following deductions from federal taxable income shall be made in determining
9 State net income:

10 ...

11 (14) The amount by which the basis of a depreciable asset is required to be
12 reduced under the Code for federal tax purposes because of a tax credit
13 allowed against the corporation's federal income tax ~~liability~~ liability or
14 because of a grant allowed under section 1603 of the American Recovery
15 and Reinvestment Tax Act of 2009, P.L. 111-3. This deduction may be
16 claimed only in the year in which the Code requires that the asset's basis be
17 reduced. In computing gain or loss on the asset's disposition, this deduction
18 shall be considered as depreciation.

19"

20 **SECTION 1.2.** G.S. 105-134.5 reads as rewritten:

21 **"§ 105-134.5. (Effective for taxable years beginning on or after January 1, 2012) North**
22 **Carolina taxable income defined.**

23 ...

24 (b) Nonresidents. – For a nonresident individual, the term "North Carolina taxable
25 income" means the taxpayer's adjusted gross income as modified in G.S. 105-134.6, multiplied
26 by a fraction the denominator of which is the taxpayer's ~~adjusted~~ gross income as modified in
27 G.S. 105-134.6, and the numerator of which is the amount of that ~~adjusted~~ gross income, as
28 modified, that is derived from North Carolina sources and is attributable to the ownership of
29 any interest in real or tangible personal property in this State, is derived from a business, trade,
30 profession, or occupation carried on in this State, or is derived from gambling activities in this
31 State.

32 (c) Part-year Residents. – If an individual was a resident of this State for only part of
33 the taxable year, having moved into or removed from the State during the year, the term "North
34 Carolina taxable income" has the same meaning as in subsection (b) of this section except that
35 the numerator includes ~~adjusted~~ gross income, as modified under G.S. 105-134.6, derived from
36 all sources during the period the individual was a resident.



1"

2 SECTION 1.3. G.S. 105-134.6 reads as rewritten:

3 "§ 105-134.6. (Effective for taxable years beginning on or after January 1, 2012)
4 Modifications to adjusted gross income.

5 ...

6 (a2) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may
7 deduct either the North Carolina standard deduction amount listed in the table below for that
8 taxpayer's filing status or the itemized deductions amount claimed under the Code. The North
9 Carolina standard deduction amount is the lesser of the amount shown in the table below or the
10 amount allowed under the Code. In the case of a married couple filing separate returns, a
11 taxpayer may not deduct the standard deduction amount if the taxpayer or the taxpayer's spouse
12 claims itemized deductions for State purposes.

13 A taxpayer that deducts the standard deduction amount under this subsection and is entitled
14 to an additional deduction amount under section 63(f) of the Code for the aged or blind may
15 deduct an additional amount under this subsection. The additional amount the taxpayer may
16 deduct is six hundred dollars (\$600.00) in the case of an individual who is married and seven
17 hundred fifty dollars (\$750.00) in the case of an individual who is not married and is not a
18 surviving spouse. The taxpayer is allowed the same number of additional amounts that the
19 taxpayer claimed under the Code for the taxable year.

Filing Status	Standard Deduction
Married, filing jointly	\$6,000
Head of Household	4,400
Single	3,000
Married, filing separately	3,000.

20"

21 SECTION 1.4. G.S. 105-164.13 reads as rewritten:

22 "§ 105-164.13. Retail sales and use tax.

23 The sale at retail and the use, storage, or consumption in this State of the following tangible
24 personal property, digital property, and services are specifically exempted from the tax imposed
25 by this Article:

26 ...

27 (11) Any of the following fuel:

- 28 a. Motor fuel, as ~~defined in G.S. 105-449.60, taxed in Article 36C of~~
29 this Chapter, except motor fuel for which a refund of the per gallon
30 excise tax is allowed under G.S. 105 449.105A or G.S. 105 449.107.
31 b. Alternative fuel taxed under Article 36D of this Chapter, unless a
32 refund of that tax is allowed under G.S. 105 449.107.

33 ...

34 (49) Installation charges when the charges are separately stated on ~~the an~~ invoice
35 or similar billing document given to the purchaser at the time of sale.

36 (49a) Delivery charges for delivery of direct mail if the charges are separately
37 stated on an invoice or similar billing document given to the
38 purchaser-purchaser at the time of sale.

39"

40 SECTION 1.5. The title of Article 5F of Chapter 105 of the General Statutes reads
41 as rewritten:

42 "Article 5F.

43 ~~Manufacturing Fuel and Certain Machinery and Equipment."~~

44 SECTION 1.6. The catchline of G.S. 105-187.70, as enacted by Section 6 of S.L.
45 2011-122, reads as rewritten:
46

1 "§ 105-187.70. Department comply with Article 43 of Chapter 62A of the General
2 Statutes.

3 SECTION 1.7.(a) G.S. 105-228.90(b)(1b) reads as rewritten:

4 "(1b) Code. – The Internal Revenue Code as enacted as of ~~January 1, 2011,~~
5 January 1, 2012, including any provisions enacted as of that date that
6 become effective either before or after that date."

7 SECTION 1.7.(b) This section is effective when it becomes law. Notwithstanding
8 subsection (a) of this section, any amendments to the Internal Revenue Code enacted after
9 January 1, 2011, that increase North Carolina taxable income for the 2011 taxable year become
10 effective for taxable years beginning on or after January 1, 2012.

11 SECTION 1.8. G.S. 105-263(a) reads as rewritten:

12 "(a) Mailed Document. —~~Section Sections 7502 and 7503~~ of the Code ~~governs govern~~
13 when a return, report, payment, or any other document that is mailed to the Department is
14 timely filed."

15 SECTION 1.9. G.S. 105-277.1F(a)(1) reads as rewritten:

16 "(a) Scope. – This section applies to the following deferred tax programs:

17 (1) ~~G.S. 105-275(12)f., real property held for future transfer to government unit~~
18 ~~for conservation purposes.~~G.S. 105-275(12), real property owned by a
19 nonprofit corporation held as a protected natural area."

20 SECTION 1.10. G.S. 105-468 reads as rewritten:

21 "§ 105-468. Scope of use tax.

22 The use tax authorized by this Article is a tax at the rate of one percent (1%) of the cost
23 price of each item or article of tangible personal property that is not sold in the taxing county
24 but is used, consumed, or stored for use or consumption in the taxing county. The tax applies to
25 the same items that are subject to tax under G.S. 105-467.

26 Every retailer who is engaged in business in this State and in the taxing county and is
27 required to collect the use tax levied by G.S. 105-164.6 shall collect the one percent (1%) use
28 tax when the property is to be used, consumed, or stored in the taxing county. The use tax
29 contemplated by this section shall be levied against the purchaser, and the purchaser's liability
30 for the use tax shall be extinguished only upon payment of the use tax to the retailer, where the
31 retailer is required to collect the tax, or to the Secretary, where the retailer is not required to
32 collect the tax.

33 Where a local sales or use tax was due and has been paid with respect to tangible personal
34 property by the ~~purchaser, either purchaser~~ in another taxing county within the State, or where
35 a local sales or use tax was due and has been paid in a taxing jurisdiction outside the State
36 where the purpose of the tax is similar in purpose and intent to the tax which may be imposed
37 pursuant to this Article, the tax paid may be credited against the tax imposed under this section
38 by a taxing county upon the same property. If the amount of sales or use tax so paid is less than
39 the amount of the use tax due the taxing county under this section, the purchaser shall pay to
40 the Secretary an amount equal to the difference between the amount so paid in the other taxing
41 county or jurisdiction and the amount due in the taxing county. The Secretary may require such
42 proof of payment in another taxing county or jurisdiction as is deemed to be necessary. The use
43 tax levied under this Article is not subject to credit for payment of any State sales or use tax not
44 imposed for the benefit and use of counties and municipalities. No credit shall be given under
45 this section for sales or use taxes paid in a taxing jurisdiction outside this State if that taxing
46 jurisdiction does not grant similar credit for sales taxes paid under this Article."

47 SECTION 1.11. G.S. 160A-536(e)(2) reads as rewritten:

48 "(2) The city must receive a petition signed by at least sixty percent (60%) of the
49 lot owners of the owners' association requesting the city to establish a
50 municipal service district for the purpose of paying the costs related to
51 converting private residential streets to public streets. The executive board of

1 an owners' association for which the city has received a petition under this
2 subsection may transfer street-related common elements to the city,
3 notwithstanding the provisions of either the North Carolina Planned
4 Community Act in Chapter 47F of the General ~~Statutes~~, Statutes or the
5 North Carolina Condominium Act in Chapter 47C of the General Statutes, or
6 related articles of declaration, deed covenants, or any other similar document
7 recorded with the Register of Deeds."

8 **SECTION 1.12.(a)** G.S. 20-63 reads as rewritten:

9 "(b1) **(Effective until July 1, 2016)** The following special registration plates do not have
10 to be a "First in Flight" plate as provided in subsection (b) of this section. The design of the
11 plates that are not "First in Flight" plates must be approved by the Division and the State
12 Highway Patrol for clarity and ease of identification. When the Division registers a vehicle or
13 renews the registration of a vehicle on or after July 1, 2015, the Division must send the owner a
14 replacement special license plate in a standardized format in accordance with subsection (b) of
15 this section and G.S. 20-79.4(a3).

- 16 (1) Friends of the Great Smoky Mountains National Park.
- 17 (2) Rocky Mountain Elk Foundation.
- 18 (3) Blue Ridge Parkway Foundation.
- 19 (4) Friends of the Appalachian Trail.
- 20 (5) NC Coastal Federation.
- 21 (6) In God We Trust.
- 22 (7) Stock Car Racing Theme.
- 23 (8) Buddy Pelletier Surfing Foundation.
- 24 (9) Guilford Battleground Company.
- 25 (10) National Wild Turkey Federation.
- 26 (11) North Carolina Aquarium Society.
- 27 (12) First in Forestry.
- 28 (13) North Carolina Wildlife Habitat Foundation.
- 29 (14) NC Trout Unlimited.
- 30 (15) Ducks Unlimited.
- 31 (16) Lung Cancer Research.
- 32 (17) NC State Parks.
- 33 (18) Support Our Troops.
- 34 (19) US Equine Rescue League.
- 35 (20) Fox Hunting.
- 36 (21) Back Country Horsemen of North Carolina.
- 37 (22) Hospice Care.
- 38 (23) Home Care and Hospice.
- 39 (24) NC Tennis Foundation.
- 40 (25) AIDS Awareness.
- 41 (26) Donate Life.
- 42 (27) Farmland Preservation.
- 43 (28) Travel and Tourism.
- 44 (29) Battle of Kings Mountain.
- 45 (30) NC Civil War.
- 46 (31) North Carolina Zoological Society.
- 47 (32) United States Service Academy.
- 48 (33) Carolina Raptor Center.
- 49 (34) Carolinas Credit Union Foundation.
- 50 (35) North Carolina State Flag.
- 51 (36) NC Mining.

- 1 (37) Coastal Land Trust.
 2 (38) ARTS NC.
 3 (39) Choose Life.
 4 (40) North Carolina Green Industry Council.
 5 (41) NC Horse Council.
 6 (42) Core Sound Waterfowl Museum and Heritage Center.
 7 (43) Mountains-to-Sea Trail, Inc."

8 **SECTION 1.12.(b)** G.S. 20-79.7(a) reads as rewritten:

9 **"§ 20-79.7. Fees for special registration plates and distribution of the fees.**

10 (a) Fees. – Upon request, the Division shall provide and issue free of charge a single
 11 Legion of Valor, 100% Disabled Veteran, and Ex-Prisoner of War registration plate to a
 12 recipient of a Legion of Valor award, a 100% disabled veteran, and an ex-prisoner of war each
 13 year. The preceding special registration plates are subject to the regular motor vehicle
 14 registration fees in G.S. 20-88, if the registered weight of the vehicle is greater than 6,000
 15 pounds. All other special registration plates are subject to the regular motor vehicle registration
 16 fee in G.S. 20-87 or G.S. 20-88 plus an additional fee in the following amount:

17	Special Plate	Additional Fee Amount
18	American Red Cross	\$30.00
19	Animal Lovers	\$30.00
20	Arthritis Foundation	\$30.00
21	ARTS NC	\$30.00
22	Back Country Horsemen of NC	\$30.00
23	Boy Scouts of America	\$30.00
24	Brenner Children's Hospital	\$30.00
25	Carolina Raptor Center	\$30.00
26	Carolinas Credit Union Foundation	\$30.00
27	Carolinas Golf Association	\$30.00
28	Coastal Conservation Association	\$30.00
29	Coastal Land Trust	\$30.00
30	Crystal Coast	\$30.00
31	Daniel Stowe Botanical Garden	\$30.00
32	El Pueblo	\$30.00
33	Farmland Preservation	\$30.00
34	First in Forestry	\$30.00
35	Girl Scouts	\$30.00
36	Greensboro Symphony Guild	\$30.00
37	Historical Attraction	\$30.00
38	Home Care and Hospice	\$30.00
39	Home of American Golf	\$30.00
40	HOMES4NC	\$30.00
41	Hospice Care	\$30.00
42	In God We Trust	\$30.00
43	Maggie Valley Trout Festival	\$30.00
44	<u>Morgan Horse Club</u>	<u>\$30.00</u>
45	Mountains-to-Sea Trail	\$30.00
46	NC Civil War	\$30.00
47	NC Coastal Federation	\$30.00
48	NC Veterinary Medical Association	\$30.00
49	National Kidney Foundation	\$30.00
50	North Carolina 4-H Development Fund	\$30.00
51	North Carolina Emergency Management Association	\$30.00

1	North Carolina Green Industry Council	\$30.00
2	North Carolina Libraries	\$30.00
3	Outer Banks Preservation Association	\$30.00
4	Pamlico-Tar River Foundation	\$30.00
5	P.E.O. Sisterhood	\$30.00
6	Personalized	\$30.00
7	Retired Legislator	\$30.00
8	Ronald McDonald House	\$30.00
9	Share the Road	\$30.00
10	S.T.A.R.	\$30.00
11	State Attraction	\$30.00
12	Stock Car Racing Theme	\$30.00
13	Support NC Education	\$30.00
14	Support Our Troops	\$30.00
15	<u>Sustainable Fisheries</u>	<u>\$30.00</u>
16	Toastmasters Club	\$30.00
17	Topsail Island Shoreline Protection	\$30.00
18	Travel and Tourism	\$30.00
19	AIDS Awareness	\$25.00
20	Buffalo Soldiers	\$25.00
21	Choose Life	\$25.00
22	Collegiate Insignia	\$25.00
23	First in Turf	\$25.00
24	Goodness Grows	\$25.00
25	High School Insignia	\$25.00
26	Kids First	\$25.00
27	National Multiple Sclerosis Society	\$25.00
28	National Wild Turkey Federation	\$25.00
29	NC Agribusiness	\$25.00
30	NC Children's Promise	\$25.00
31	Nurses	\$25.00
32	Olympic Games	\$25.00
33	Rocky Mountain Elk Foundation	\$25.00
34	Special Olympics	\$25.00
35	Support Soccer	\$25.00
36	Surveyor Plate	\$25.00
37	The V Foundation for Cancer Research Division	\$25.00
38	University Health Systems of Eastern Carolina	\$25.00
39	Alpha Phi Alpha Fraternity	\$20.00
40	ALS Association, Jim "Catfish" Hunter Chapter	\$20.00
41	ARC of North Carolina	\$20.00
42	Audubon North Carolina	\$20.00
43	Autism Society of North Carolina	\$20.00
44	Battle of Kings Mountain	\$20.00
45	Be Active NC	\$20.00
46	Brain Injury Awareness	\$20.00
47	Breast Cancer Earlier Detection	\$20.00
48	Buddy Pelletier Surfing Foundation	\$20.00
49	Concerned Bikers Association/ABATE of North Carolina	\$20.00
50	Daughters of the American Revolution	\$20.00
51	Donate Life	\$20.00

1	Ducks Unlimited	\$20.00
2	Greyhound Friends of North Carolina	\$20.00
3	Guilford Battleground Company	\$20.00
4	Harley Owners' Group	\$20.00
5	Jaycees	\$20.00
6	Juvenile Diabetes Research Foundation	\$20.00
7	Kappa Alpha Order	\$20.00
8	Litter Prevention	\$20.00
9	March of Dimes	\$20.00
10	Morgan Horse Club	\$20.00
11	Native American	\$20.00
12	NC Fisheries Association	\$20.00
13	NC Horse Council	\$20.00
14	NC Mining	\$20.00
15	NC Tennis Foundation	\$20.00
16	NC Trout Unlimited	\$20.00
17	NC Victim Assistance	\$20.00
18	NC Wildlife Federation	\$20.00
19	NC Wildlife Habitat Foundation	\$20.00
20	NC Youth Soccer Association	\$20.00
21	North Carolina Master Gardener	\$20.00
22	Omega Psi Phi Fraternity	\$20.00
23	Phi Beta Sigma Fraternity	\$20.00
24	Piedmont Airlines	\$20.00
25	Prince Hall Mason	\$20.00
26	Save the Sea Turtles	\$20.00
27	Scenic Rivers	\$20.00
28	School Technology	\$20.00
29	SCUBA	\$20.00
30	Soil and Water Conservation	\$20.00
31	Special Forces Association	\$20.00
32	Support Public Schools	\$20.00
33	Sustainable Fisheries	\$20.00
34	US Equine Rescue League	\$20.00
35	USO of NC	\$20.00
36	Wildlife Resources	\$20.00
37	Zeta Phi Beta Sorority	\$20.00
38	Carolina Regional Volleyball Association	\$15.00
39	Carolina's Aviation Museum	\$15.00
40	Leukemia & Lymphoma Society	\$15.00
41	Lung Cancer Research	\$15.00
42	NC Beekeepers	\$15.00
43	Shag Dancing	\$15.00
44	Active Member of the National Guard	None
45	100% Disabled Veteran	None
46	Ex-Prisoner of War	None
47	Gold Star Lapel Button	None
48	Legion of Valor	None
49	Purple Heart Recipient	None
50	All Other Special Plates	\$10.00."

51 **SECTION 1.13.(a)** The General Assembly makes the following findings:

- 1 (1) Section 1.3 of S.L. 2010-147 was intended to address concerns about the
2 stringency of the environmental impact test used in determining eligibility
3 for credits under Article 3J of Chapter 105 of the General Statutes.
4 (2) The General Assembly purposefully decided to adjust that standard
5 retroactively to January 1, 2007, the effective date of Article 3J of Chapter
6 105 of the General Statutes.
7 (3) By retroactively changing this standard, the General Assembly intended to
8 address instances where the application of this standard had resulted in a
9 finding that a taxpayer was ineligible for credits contrary to the intent of the
10 General Assembly in enacting the original legislation.
11 (4) The General Assembly intended for taxpayers to receive the benefits of this
12 retroactive change.
13 (5) The provisions of G.S. 105-129.84(d) that require a taxpayer to claim a
14 credit under Article 3J of Chapter 105 of the General Statutes within six
15 months after the date set by statutes for the filing of return had the effect of
16 limiting the benefits of this retroactive change.

17 **SECTION 1.13.(b)** Notwithstanding the provisions of G.S. 105-129.84(d), for the
18 2007 through 2010 taxable years, a taxpayer that satisfies all of the following conditions may
19 claim a credit under Article 3J of Chapter 105 of the General Statutes on an amended return
20 that is filed before January 1, 2013.

- 21 (1) The taxpayer did not timely claim a credit under Article 3J of Chapter 105 of
22 the General Statutes.
23 (2) The taxpayer would have been ineligible to claim a credit under Article 3J of
24 Chapter 105 of the General Statutes because it failed to meet the
25 environmental impact standard under G.S. 105-129.83(e) prior to the
26 enactment of S.L. 2010-147.
27 (3) The taxpayer satisfies the environmental impact standard under
28 G.S. 105-129.83(e) after the enactment of S.L. 2010-147.

29 **SECTION 1.13.(c)** This section is effective when it becomes law.
30

31 **PART II. CLARIFYING AND ADMINISTRATIVE CHANGES**

32 **SECTION 2.1.** G.S. 105-113.38 reads as rewritten:

33 "**§ 105-113.38. ~~Bond.~~ Bond or irrevocable letter of credit.**

34 The Secretary may require a wholesale dealer or a retail dealer to furnish a bond in an
35 amount that adequately protects the State from loss if the dealer fails to pay taxes due under
36 this Part. A bond shall be conditioned on compliance with this Part, shall be payable to the
37 State, and shall be in the form required by the Secretary. The Secretary shall proportion a bond
38 amount to the anticipated tax liability of the wholesale dealer or retail dealer. The Secretary
39 shall periodically review the sufficiency of bonds required of dealers, and shall increase the
40 amount of a required bond when the amount of the bond furnished no longer covers the
41 anticipated tax liability of the wholesale dealer or retail dealer. The Secretary shall decrease the
42 amount of a required bond when the Secretary determines that a smaller bond amount will
43 adequately protect the State from loss. For purposes of this section, a bond may also include an
44 irrevocable letter of credit."

45 **SECTION 2.2.(a)** G.S. 105-113.107(1a) reads as rewritten:

46 "(1a) At the rate of three dollars and fifty cents (\$3.50) for each gram, or fraction
47 thereof, of marijuana, other than separated stems and stalks taxed under
48 subdivision (1) of this ~~section.~~ section, or synthetic cannabinoids."

49 **SECTION 2.2.(b)** This section becomes effective June 1, 2011.

50 **SECTION 2.3.** G.S. 105-120.2(c) reads as rewritten:

1 "(c) For purposes of this section, a "holding company" is a corporation that ~~receives~~
2 satisfies at least one of the following conditions:

3 (1) It has no assets other than ownership interests in corporations in which it
4 owns, directly or indirectly, more than fifty percent (50%) of the outstanding
5 voting stock or voting capital interests.

6 (2) It receives during its taxable year more than eighty percent (80%) of its
7 gross income from corporations in which it owns directly or indirectly more
8 than fifty percent (50%) of the outstanding voting stock or voting capital
9 interests."

10 **SECTION 2.4.** G.S. 105-129.81(4) reads as rewritten:

11 "(4) Business property. – Tangible personal property that is used in a business
12 and capitalized by the taxpayer for tax purposes under the Code."

13 **SECTION 2.5.** G.S. 105-152(e) reads as rewritten:

14 "(e) Joint Returns. – A husband and wife whose federal taxable income is determined on
15 a joint federal return shall file a single income tax return jointly if each spouse either is a
16 resident of this State or has North Carolina taxable income and may file a single income tax
17 return jointly if one spouse is not a resident and has no North Carolina taxable income. Except
18 as otherwise provided in this Part, a wife and husband filing jointly are treated as one taxpayer
19 for the purpose of determining the tax imposed by this Part. A husband and wife filing jointly
20 are jointly and severally liable for the tax imposed by this Part reduced by the sum of all credits
21 allowable including tax payments made by or on behalf of the husband and wife. However, if a
22 spouse ~~has been relieved of~~ qualifies for relief of liability for federal tax attributable to a
23 substantial understatement by the other spouse pursuant to section 6015 of the Code, that
24 spouse is not liable for the corresponding tax imposed by this Part attributable to the same
25 substantial understatement by the other spouse. A wife and husband filing jointly have
26 expressly agreed that if the amount of the payments made by them with respect to the taxes for
27 which they are liable, including withheld and estimated taxes, exceeds the total of the taxes
28 due, refund of the excess may be made payable to both spouses jointly or, if either is deceased,
29 to the survivor alone."

30 **SECTION 2.6.** G.S. 105-160.3(b) reads as rewritten:

31 "(b) The following credits are not allowed to an estate or trust:

32 (1) G.S. 105-151. Tax credits for income taxes paid to other states by
33 individuals.

34 (2) G.S. 105-151.11. Credit for child care and certain employment-related
35 expenses.

36 (3) G.S. 105-151.18. Credit for the disabled.

37 (4) G.S. 105-151.24. Credit for children.

38 (5) G.S. 105-151.26. Credit for charitable contributions by nonitemizers.

39 (6) Repealed by Session Laws 2004-170, s. 17, effective August 2, 2004.

40 (7) G.S. 105-151.28. Credit for long-term care insurance.

41 (8) (Expires for taxable years beginning on or after January 1, 2013)
42 G.S. 105-151.30. Credit for recycling oyster shells.

43 (9) G.S. 105-151.31. Earned income tax credit.

44 (10) G.S. 105-151.32. Credit for adoption expenses.

45 (11) G.S. 105-151.33. Education expenses credit."

46 **SECTION 2.7.** G.S. 105-164.3 reads as rewritten:

47 **"§ 105-164.3. Definitions.**

48 The following definitions apply in this Article:

49 ...

50 (25a) Over-the-counter drug. – A drug that ~~can be dispensed under federal law~~
51 ~~without a prescription and is~~ contains a label that identifies the product as a

drug as required by 21 C.F.R. § 201.66-§ 201.66. The label includes either of the following:

- a. ~~to have a label containing a~~ A "Drug Facts" panel ~~panel.~~
- b. ~~and a~~ A statement of its active ingredients ~~ingredients with a list of those ingredients contained in the compound, substance, or preparation.~~

...
 (36) ~~Sale or selling. – The transfer for consideration of title~~ title, license to use or consume, or possession of tangible personal property or digital property or the performance for consideration of a service. The transfer or performance may be conditional or in any manner or by any means. The term includes the following:

- a. Fabrication of tangible personal property for consumers by persons engaged in business who furnish either directly or indirectly the materials used in the fabrication work.
- b. Furnishing or preparing tangible personal property consumed on the premises of the person furnishing or preparing the property or consumed at the place at which the property is furnished or prepared.
- c. A transaction in which the possession of the property is transferred but the seller retains title or security for the payment of the consideration.
- d. A lease or rental.
- e. Transfer of a digital code.

...
 (45a) Streamlined Agreement. – The Streamlined Sales and Use Tax Agreement as amended as of ~~May 12, 2009.~~ December 19, 2011.

...."

SECTION 2.8. G.S. 105-164.4B(a) reads as rewritten:

"(a) General Principles. – The following principles apply in determining where to source the sale of a product. These principles apply regardless of the nature of the ~~product.~~ product, except as otherwise noted in this section:

- (1) Over-the-counter. – When a purchaser receives a product at a business location of the seller, the sale is sourced to that business location.
- (2) Delivery to specified address. – When a purchaser or purchaser's donee receives a product at a location specified by the purchaser and the location is not a business location of the seller, the sale is sourced to the location where the purchaser or the purchaser's donee receives the product.
- (3) ~~Delivery address unknown. – When a seller of a product does not know the address where a product is received, the sale is sourced to the first address or location listed in this subdivision that is known to the seller:~~
 - a. ~~The business or home address of the purchaser.~~
 - b. ~~The billing address of the purchaser or, if the product is prepaid wireless calling service, the location associated with the mobile telephone number.~~
 - e. ~~The address from which tangible personal property was shipped or from which a service was provided.~~

(3) When subdivisions (1) and (2) of this subsection do not apply, the sale is sourced to the location indicated by an address for the purchaser that is available from the business records of the seller that are maintained in the ordinary course of the seller's business when use of this address does not constitute bad faith.

1 (4) When subdivisions (1), (2), and (3) of this subsection do not apply, the sale
2 is sourced to the location indicated by an address for the purchaser obtained
3 during the consummation of the sale, including the address of a purchaser's
4 payment instrument, if no other address is available, when use of this
5 address does not constitute bad faith.

6 (5) When subdivisions (1), (2), (3), and (4) of this subsection do not apply,
7 including the circumstance in which the seller is without sufficient
8 information to apply the rules, the location will be determined based on the
9 following:

10 a. Address from which tangible personal property was shipped,

11 b. Address from which the digital good or the computer software
12 delivered electronically was first available for transmission by the
13 seller, or

14 c. Address from which the service was provided."

15 **SECTION 2.9.** G.S. 105-164.7 reads as rewritten:

16 "**§ 105-164.7. Retailer to collect sales tax from purchaser as trustee for State.**

17 The sales tax imposed by this Article is intended to be passed on to the purchaser of a
18 taxable item and borne by the purchaser instead of by the retailer. A retailer must collect the tax
19 due on an item when the item is sold at retail. The tax is a debt from the purchaser to the
20 retailer until paid and is recoverable at law by the retailer in the same manner as other debts. A
21 retailer is considered to act as a trustee on behalf of the State when it collects tax from the
22 purchaser of a taxable item. The tax must be stated and charged separately on the invoices or
23 other documents of the retailer given to the purchaser at the time of the sale except for either of
24 the following:

25 (1) Vending machine sales.

26 (2) Where a retailer displays a statement indicating the sales price includes the
27 tax."

28 **SECTION 2.10.(a)** Part 2 of Article 5 of Chapter 105 of the General Statutes is
29 amended by adding the following new section:

30 "**§ 105-164.12C. Items given away by merchants.**

31 If a retailer engaged in the business of selling prepared food and drink for immediate or
32 on-premises consumption also gives prepared food or drink to its patrons or employees free of
33 charge, for the purpose of this Article, the property given away is considered sold along with
34 the property sold. If a retailer gives an item of inventory to a customer free of charge on the
35 condition that the customer purchase similar or related property, the item given away is
36 considered sold along with the item sold. In all other cases, property given away or used by any
37 retailer or wholesale merchant is not considered sold, whether or not the retailer or wholesale
38 merchant recovers its cost of the property from sales of other property."

39 **SECTION 2.10.(b)** This section becomes effective August 7, 2009.

40 **SECTION 2.11.** G.S. 105-164.14(a) reads as rewritten:

41 "(a) Interstate Carriers. – An interstate carrier is allowed a refund, in accordance with
42 this section, of part of the sales and use taxes paid by it on the purchase in this State of railway
43 cars and locomotives, and fuel, lubricants, repair parts, and accessories for a motor vehicle,
44 railroad car, locomotive, or airplane the carrier operates. An "interstate carrier" is a person who
45 is engaged in transporting persons or property in interstate commerce for compensation. The
46 Secretary shall prescribe the periods of time, whether monthly, quarterly, semiannually, or
47 otherwise, with respect to which refunds may be claimed, and shall prescribe the time within
48 which, following these periods, an application for refund may be made.

49 An applicant for refund shall furnish the following information and any proof of the
50 information required by the Secretary:

- 1 (1) A list identifying the railway cars, locomotives, fuel, lubricants, repair parts,
2 and accessories purchased by the applicant inside or outside this State during
3 the refund period.
- 4 (2) The purchase price of the items listed in subdivision (1) of this subsection.
- 5 (3) The sales and use taxes paid in this State on the listed items.
- 6 (4) The number of miles the applicant's motor vehicles, railroad cars,
7 locomotives, and airplanes were operated both inside and outside this State
8 during the refund period. Airplane miles are not in this State if the airplane
9 does not depart or land in this State.
- 10 (5) Any other information required by the Secretary.

11 For each applicant, the Secretary shall compute the amount to be refunded as follows. First,
12 the Secretary shall determine the ~~ratio of mileage ratio~~. The numerator of the mileage ratio is
13 the number of miles the applicant operated its all motor vehicles, railroad cars, locomotives,
14 and airplanes in this State during the refund period to period. The denominator of the mileage
15 ratio is the number of miles it the applicant operated them all motor vehicles, railroad cars,
16 locomotives, and airplanes both inside and outside this State during the refund period. Second,
17 the Secretary shall determine the applicant's proportional liability for the refund period by
18 multiplying this mileage ratio by the purchase price of the items identified in subdivision (1) of
19 this subsection and then multiplying the resulting product by the tax rate that would have
20 applied to the items if they had all been purchased in this State. Third, the Secretary shall
21 refund to each applicant the excess of the amount of sales and use taxes the applicant paid in
22 this State during the refund period on these items over the applicant's proportional liability for
23 the refund period."

24 **SECTION 2.12.** G.S. 105-164.27A reads as rewritten:

25 "**§ 105-164.27A. Direct pay permit.**

26 (a) General. – A general direct pay permit authorizes its holder to purchase any tangible
27 personal property, digital property, or service without paying tax to the seller and authorizes the
28 seller to not collect any tax on a sale to the permit holder. A person who purchases an item
29 under a direct pay permit issued under this subsection is liable for use tax due on the purchase.
30 The tax is payable when the property is placed in use or the service is received. A direct pay
31 permit issued under this subsection does not apply to taxes imposed under G.S. 105-164.4 on
32 electricity.

33 A person who purchases an item for storage, use, or consumption in this State whose tax
34 status cannot be determined at the time of the purchase because of one of the reasons listed
35 below may apply to the Secretary for a general direct pay permit:

- 36 (1) The place of business where the item will be ~~used~~ stored, used, or consumed
37 is not known at the time of the purchase and a different tax consequence
38 applies depending on where the item is used.
- 39 (2) The manner in which the item will be ~~used~~ stored, used, or consumed is not
40 known at the time of the purchase and one or more of the potential uses is
41 taxable but others are not taxable.

42 ...

43 (b) Telecommunications Service. – A direct pay permit for telecommunications service
44 authorizes its holder to purchase telecommunications service and ancillary service without
45 paying tax to the seller and authorizes the seller to not collect any tax on a sale to the permit
46 holder. A person who purchases these services under a direct pay permit must file a return and
47 pay the tax due monthly or quarterly to the Secretary. A direct pay permit issued under this
48 subsection does not apply to any tax other than the tax on telecommunications service and
49 ancillary service.

50 A call center that purchases telecommunications service that originates outside this State
51 and terminates in this State may apply to the Secretary for a direct pay permit for

1 telecommunications service and ancillary service. A call center is a business that is primarily
2 engaged in providing support services to customers by telephone to support products or
3 services of the business. A business is primarily engaged in providing support services by
4 telephone if at least sixty percent (60%) of its calls are incoming.

5"

6 **SECTION 2.13.** G.S. 105-187.43(b) reads a rewritten:

7 "(b) Prepayment. – A taxpayer who is consistently liable for at least ~~ten~~twenty thousand
8 dollars ~~(\$10,000)~~(\$20,000) of tax a month must make a monthly prepayment of the next
9 month's tax liability. This requirement applies when the taxpayer meets the threshold and the
10 Secretary notifies the taxpayer to make prepayments. A prepayment is due on the date a
11 monthly payment is due. The prepayment must equal at least sixty five percent (65%) of any of
12 the following:

- 13 (1) The amount of tax due for the current month.
- 14 (2) The amount of tax due for the same month in the preceding year.
- 15 (3) The average monthly amount of tax due in the preceding calendar year."

16 **SECTION 2.14.** G.S. 143-59.1(a) reads as rewritten:

17 "(a) Ineligible Vendors. – The Secretary of Administration and other entities to which
18 this Article applies shall not contract for goods or services with either of the following:

- 19 (1) A vendor if the vendor or an affiliate of the vendor if the Secretary of
20 Revenue has determined that the vendor or affiliate of the vendor meets one
21 or more of the conditions of G.S. 105-164.8(b) but refuses to collect the use
22 tax levied under Article 5 of Chapter 105 of the General Statutes on its sales
23 delivered to North Carolina. The Secretary of Revenue shall provide the
24 Secretary of Administration periodically with a list of vendors to which this
25 section applies.
- 26 (2) A vendor if the vendor or an affiliate of the vendor incorporates or
27 reincorporates in a tax haven country after December 31, 2001, but the
28 United States is the principal market for the public trading of the stock of the
29 corporation incorporated in the tax haven country."

30 **SECTION 2.15.** G.S. 105-241(b)(2a) reads as rewritten:

31 "(2a) Motor fuel taxes. – A taxpayer that is ~~required to file~~ files an electronic
32 return under Subchapter V of this Chapter or Article 3 of Chapter 119 of the
33 General Statutes must pay the tax by electronic funds transfer."

34 **SECTION 2.16.** Effective when it becomes law, but expiring at the same time as
35 Section 1 of S.L. 2011-296 expires (currently July 1, 2013), G.S. 161-10(a), as rewritten by
36 S.L. 2011-296, reads as rewritten:

37 "**§ 161-10. Uniform fees of registers of deeds.**

38 (a) Except as otherwise provided in this Article, all fees collected under this section
39 shall be deposited into the county general fund. While performing the duties of the office, the
40 register of deeds shall collect the following fees which shall be uniform throughout the State:

- 41 (1) Instruments in General. – For registering or filing any instrument for which
42 no other provision is made by this section, the fee shall be twenty-six dollars
43 (\$26.00) for the first 15 pages plus four dollars (\$4.00) for each additional
44 page or fraction thereof.

45 ~~When a subsequent instrument, as defined in G.S. 161-14.1(a)(3), is~~
46 ~~presented for registration with reference to more than one original~~
47 ~~instrument for which recording data are required to be indexed pursuant to~~
48 ~~G.S. 161-14.1(b), the fee shall be an additional twenty five dollars (\$25.00)~~
49 ~~for each additional reference.~~ For any instrument that assigns more than one
50 security instrument as defined in G.S. 45-36.4(18) by reference to previously
51 recorded instrument recording data that are required to be indexed pursuant

1 to G.S. 161-14.1(b), the fee shall be an additional ten dollars (\$10.00) for
2 each additional reference.

3 When a document is presented for registration that consists of multiple
4 instruments, the fee shall be an additional ten dollars (\$10.00) for each
5 additional instrument. A document consists of multiple instruments when it
6 contains two or more instruments with different legal consequences or
7 intent, each of which is separately executed and acknowledged and could be
8 recorded alone.

9"

10 **SECTION 2.17.(a)** G.S. 45-102(6) reads as rewritten:

11 "(6) The address, telephone number, and other contact information for the
12 ~~consumer complaint section State Home Foreclosure Prevention Project of~~
13 ~~the Housing Finance Agency. Office of Commissioner of Banks, or,~~
14 ~~alternatively, if the loan is serviced by a credit union, the address, telephone~~
15 ~~number, and other contact information for the consumer complaint section of~~
16 ~~the Credit Union Division."~~

17 **SECTION 2.17.(b)** G.S. 45-103(a) reads as rewritten:

18 "(a) Within three business days of mailing the notice required by G.S. 45-102, the
19 mortgage servicer shall file certain information with the Administrative Office of the Courts.
20 The filing shall be in an electronic format, as designated by the Administrative Office of the
21 Courts, and shall contain the name and address of the borrower, the due date of the last
22 scheduled payment made by the borrower, and the date the notice was mailed to the borrower.
23 The Administrative Office of the Courts shall establish an internal database to track
24 information required by this section. The ~~Commissioner of Banks Housing Finance Agency~~
25 shall design and develop the State Home Foreclosure Prevention Project database, in
26 consultation with the Administrative Office of the Courts. Only the Administrative Office of
27 the Courts, ~~the Office of Commissioner of Banks,~~ the Housing Finance Agency, and the clerk
28 of court as provided by G.S. 45-107 shall have access to the database."

29 **SECTION 2.17.(c)** G.S. 45-104 reads as rewritten:

30 **"§ 45-104. State Home Foreclosure Prevention Project and Fund.**

31 (a) ~~The Commissioner of Banks is authorized to establish the State Home Foreclosure~~
32 ~~Prevention Project.~~ The purpose of the State Home Foreclosure Prevention Project is to seek
33 solutions to avoid foreclosures for home loans. ~~In developing the Project, the Commissioner~~
34 ~~The Project~~ may include input from HUD-approved housing counselors, community
35 organizations, the Credit Union Division and other State agencies, mortgage lenders, mortgage
36 servicers, and other partners. The Housing Finance Agency shall administer the Project.

37 (b) There is established a State Home Foreclosure Prevention Trust Fund to be managed
38 and maintained by the Housing Finance Agency. The funds shall be held separate from any
39 other funds received by ~~either the Office of the Commissioner of Banks or the Housing Finance~~
40 ~~Agency~~ in trust for the operation of the State Home Foreclosure Prevention Project.

41 (c) Upon the filing of the information required under G.S. 45-103, the mortgage
42 servicer shall pay a fee of seventy-five dollars (\$75.00) to the State Home Foreclosure
43 Prevention Trust Fund. The fee shall not be charged more than once for a home loan covered
44 by this act. The ~~Office of the Commissioner of Banks Housing Finance Agency~~ shall collect the
45 fee. Upon receipt of the fee the Housing Finance Agency ~~Commissioner~~ shall deposit the funds
46 ~~into a separate account. The funds shall be transferred no less than monthly~~ into the State Home
47 Foreclosure Prevention Trust Fund. The Housing Finance Agency shall manage the State Home
48 Foreclosure Prevention Trust Fund.

49 (d) The Housing Finance Agency shall use funds from the State Home Foreclosure
50 Prevention Trust Fund to compensate performance-based service contracts or other contracts
51 and grants necessary to implement the purposes of this act in the following manner:

- 1 (1) An amount, not to exceed the greater of two million two hundred thousand
2 dollars (\$2,200,000) or thirty percent (30%) of the funds per year, to cover
3 the administrative costs of the operation of the program by ~~the Office of the~~
4 ~~Commissioner of Banks and the~~ Housing Finance Agency, including
5 managing on behalf of the Administrative Office of the Courts the database
6 identified in G.S. 45-103, expenses associated with informing homeowners
7 of State resources available for foreclosure prevention, expenses associated
8 with connecting homeowners to available resources, and assistance to
9 homeowners and counselors in communicating with mortgage servicers.
- 10 (2) An amount, not to exceed the greater of three million four hundred thousand
11 dollars (\$3,400,000) or forty percent (40%) per year, to make grants to or
12 reimburse nonprofit housing counseling agencies for providing foreclosure
13 prevention counseling services to homeowners involved in the State Home
14 Foreclosure Prevention Project.
- 15 (3) An amount, not to exceed thirty percent (30%) of the total funds collected
16 per year, to make grants to or reimburse nonprofit legal service providers for
17 services rendered on behalf of homeowners in danger of defaulting on a
18 home loan to avoid foreclosure, limited to legal representation such as
19 negotiation of loan modifications or other loan work-out solutions,
20 defending homeowners in foreclosure or representing homeowners in
21 bankruptcy proceedings, and research and counsel to homeowners regarding
22 the status of their home loans.
- 23 (4) Any funds remaining in the State Home Foreclosure Prevention Trust Fund
24 as of June 30, 2011, and any funds remaining in the State Home Foreclosure
25 Prevention Trust Fund upon the expiration of each subsequent fiscal year
26 shall be directed to the North Carolina Housing Trust Fund.
- 27 (e) The Housing Finance Agency shall have the discretion to enter into an agreement to
28 administer funds under subdivisions (2) and (3) of subsection (d) of this section in a manner
29 that complements or supplements other State and federal programs directed to prevent
30 foreclosures for homeowners participating in the State Home Foreclosure Prevention Project."

31 **SECTION 2.17.(d)** G.S. 45-105 reads as rewritten:

32 **"§ 45-105. Extension of foreclosure process.**

33 The ~~Commissioner of Banks upon referral from the~~ Housing Finance Agency shall review
34 information provided in the database created by G.S. 45-103 to determine which home loans
35 are appropriate for efforts to avoid foreclosure. If the ~~Commissioner~~ Housing Finance Agency
36 reasonably believes, based on a full review of the loan information, the mortgage servicer's loss
37 mitigation efforts, the borrower's capacity and interest in staying in the home, and other
38 appropriate factors, that further efforts by the State Home Foreclosure Prevention Project offer
39 a reasonable prospect to avoid foreclosure on primary residences, the ~~Commissioner~~ Executive
40 Director of the Housing Finance Agency shall have the authority to extend one time under this
41 Article the allowable filing date for any foreclosure proceeding on a primary residence by up to
42 30 days beyond the earliest filing date established by the pre-foreclosure notice. If the
43 ~~Commissioner~~ Executive Director of the Housing Finance Agency makes the determination
44 that a loan is subject to this section, the ~~Commissioner~~ Housing Finance Agency shall notify
45 the borrower, mortgage servicer, and the Administrative Office of the Courts. ~~If the mortgage~~
46 ~~servicer is a state or federally chartered credit union, the Commissioner shall also notify the~~
47 ~~Administrator of the Credit Union Division of the determination."~~

48 **SECTION 2.17.(e)** G.S. 45-106 reads as rewritten:

49 **"§ 45-106. Use and privacy of records.**

50 The data provided to the Administrative Office of the Courts pursuant to G.S. 45-103 shall
51 be exclusively for the use and purposes of the State Home Foreclosure Prevention Project

1 developed by the Commissioner of Banks and administered by the Housing Finance Agency in
2 accordance with G.S. 45-104. The information provided to the database is not a public record,
3 except that a mortgage lender and a mortgage servicer shall have access to the information
4 submitted only with regard to its own loans. ~~Any notice provided by the Commissioner to the~~
5 ~~Administrator of the Credit Union Division under G.S. 45-105 is not a public record.~~ Provision
6 of information to the Administrative Office of the Courts for use by the State Home
7 Foreclosure Prevention Project shall not be considered a violation of G.S. 53B-8. A mortgage
8 servicer shall be held harmless for any alleged breach of privacy rights of the borrower with
9 respect to the information the mortgage servicer provides in accordance with this Article."

10 **SECTION 2.17.(f)** Section 5 of S.L. 2008-226 reads as rewritten:

11 "**SECTION 5.** ~~The Office of the Commissioner of Banks~~ Housing Finance Agency shall
12 report to the General Assembly describing the operation of the program established by this act
13 not later than May 1 of each year until the funds are completely disbursed from the ~~reserve~~
14 State Home Foreclosure Prevention Trust Fund. Information in the report shall be presented in
15 aggregate form and may include the number of clients helped, the effectiveness of the funds in
16 preventing home foreclosure, recommendations for further efforts needed to reduce
17 foreclosures, and provide any other aggregated information the ~~Commissioner~~ Housing Finance
18 Agency determines is pertinent or that the General Assembly requests."

19 **SECTION 2.17.(g)** Section 6 of S.L. 2008-226, as amended by Section 9 of S.L.
20 2010-168, reads as rewritten:

21 "**SECTION 6.** Section 4 of this act becomes effective July 1, 2008. Sections 1, 2, 3, and 5
22 become effective November 1, 2008, ~~and expire May 31, 2013.~~ 2008. The remainder of this act
23 is effective when it becomes law."

24 **SECTION 2.17.(h)** This section becomes effective December 1, 2012. The North
25 Carolina Housing Finance Agency shall assume the responsibilities designated in this section
26 for operation of the State Home Foreclosure Prevention Project no later than December 31,
27 2012.

28 **PART III. MOTOR VEHICLE/PROPERTY TAX CHANGES**

29 **SECTION 3.1.** G.S. 105-321(f) reads as rewritten:

30 "(f) Minimal Taxes. – Notwithstanding the provisions of G.S. 105-380, the governing
31 body of a taxing unit that collects its own taxes may, by resolution, direct its assessor and tax
32 collector not to collect minimal taxes charged on the tax records and receipts. Minimal taxes
33 are the combined taxes and fees of the taxing unit and any other units for which it collects
34 taxes, due on a tax receipt prepared pursuant to G.S. 105-320 ~~or on a tax notice prepared~~
35 ~~pursuant to G.S. 105-330.5~~, in a total original principal amount that does not exceed an amount,
36 up to five dollars (\$5.00), set by the governing body. The amount set by the governing body
37 should be the estimated cost to the taxing unit of billing the taxpayer for the amounts due on a
38 tax receipt or tax notice. Upon adoption of a resolution pursuant to this subsection, the tax
39 collector shall not bill the taxpayer for, or otherwise collect, minimal taxes but shall keep a
40 record of all minimal taxes by receipt number and amount and shall make a report of the
41 amount of these taxes to the governing body at the time of the settlement. These minimal taxes
42 shall not be a lien on the taxpayer's real property and shall not be collectible under Article 26 of
43 this Subchapter. A resolution adopted pursuant to this subsection must be adopted on or before
44 June 15 preceding the first taxable year to which it applies and remains in effect until amended
45 or repealed by resolution of the taxing unit. A resolution adopted pursuant to this subsection
46 shall not apply to taxes on registered motor vehicles."

47 **SECTION 3.2.** G.S. 105-330.2 reads as rewritten:

48 "**§ 105-330.2. (Effective July 1, 2013 – See Editor's note) Appraisal, ownership, and situs.**

49 ...
50

1 (b1) Valuation Appeal. – The owner of a classified motor vehicle may appeal the
2 appraised value ~~or taxability~~ of the vehicle by filing a request for appeal with the assessor
3 within 30 days of the date taxes are due on the vehicle under G.S. 105-330.4. An owner who
4 appeals the appraised value ~~or taxability~~ of a classified motor vehicle must pay the tax on the
5 vehicle when due, subject to a full or partial refund if the appeal is decided in the owner's favor.

6 The combined tax and registration notice or tax receipt for a classified motor vehicle must
7 explain the right to appeal the appraised value ~~and taxability~~ of the vehicle. A lessee of a
8 vehicle that is required by the terms of the lease to pay the tax on the vehicle is considered the
9 owner of the vehicle for purposes of filing an appeal under this subsection. Appeals filed under
10 this subsection shall proceed in the manner provided by G.S. 105-312(d).

11 (b2) Exemption or Exclusion Appeal. – The owner of a classified motor vehicle may
12 appeal the vehicle's eligibility for an exemption or exclusion by filing a request for appeal with
13 the assessor within 30 days of the assessor's initial decision on the exemption or exclusion
14 application filed by the owner pursuant to G.S. 105-330.3(b). Appeals filed under this
15 subsection shall proceed in the manner provided by G.S. 105-312(d).

16"

17 **SECTION 3.3.** G.S. 105-330.3 reads as rewritten:

18 "**§ 105-330.3. (Effective July 1, 2013 – See Editor's note) Listing requirements for**
19 **classified motor vehicles; application for exempt status.**

20 ...

21 (a1) Unregistered Vehicles. – The owner of an unregistered classified motor vehicle
22 must list the vehicle for taxes by filing an abstract with the assessor of the county in which the
23 vehicle is located on or before January 31 following the date the owner acquired the
24 unregistered vehicle or, in the case of a registration that is not renewed, January 31 following
25 the date the registration expires, and on or before January 31 of each succeeding year that the
26 vehicle is unregistered. If a classified motor vehicle required to be listed pursuant to this
27 subsection is registered ~~during the calendar~~ before the end of the fiscal year in for which it was
28 listed, ~~the vehicle is taxed for the fiscal year that opens in the calendar year of listing as an~~
29 ~~unregistered vehicle.~~ required to be listed, the following applies:

30 (1) The vehicle is taxed as a registered vehicle, and the tax assessed pursuant to
31 this subsection for the fiscal year in which the vehicle was required to be
32 listed shall be released and/or refunded.

33 (2) For any months for which the vehicle was not taxed between the date the
34 registration expired and the start of the current registered vehicle tax year,
35 the vehicle is taxed as an unregistered vehicle as follows:

36 a. The value of the motor vehicle is determined as of January 1 of the
37 year in which the registration of the motor vehicle expires.

38 b. In computing the taxes, the assessor must use the tax rates and any
39 additional motor vehicle taxes of the various taxing units in effect on
40 the date the taxes are computed.

41 c. The tax on the motor vehicle is the product of a fraction and the
42 number of months for which the vehicle was not taxed between the
43 date the registration expires and the start of the current registered
44 vehicle tax year. The numerator of the fraction is the product of the
45 appraised value of the motor vehicle and the tax rate of the various
46 taxing units. The denominator of the fraction is 12.

47 d. The taxes are due on the first day of the second month following the
48 month the notice was prepared.

49 (3) A vehicle required to be listed pursuant to this subsection that is not listed by
50 January 31 and is not registered before the end of the fiscal year for which it
51 was required to be listed is subject to discovery pursuant to

1 G.S. 105-312.~~G.S. 105-312, unless the vehicle has been taxed as a registered~~
2 ~~vehicle for the current year.~~

3 (b) Exemption or Exclusion. – The owner of a classified motor vehicle who claims an
4 exemption or exclusion from tax under this Subchapter has the burden of establishing that the
5 vehicle is entitled to the exemption or exclusion. The owner may establish prima facie
6 entitlement to exemption or exclusion of the classified motor vehicle by filing an application
7 for exempt status with the ~~assessor.~~assessor within 30 days of the date taxes on the vehicle are
8 due. When an approved application is on file, the assessor must omit from the tax records the
9 classified motor vehicles described in the application. An application is not required for
10 vehicles qualifying for the exemptions or exclusions listed in G.S. 105 282.1(a)(1). The
11 remaining provisions of G.S. 105 282.1 do not apply to classified motor vehicles.

12"

13 **SECTION 3.4.** G.S. 105-330.4 reads as rewritten:

14 "**§ 105-330.4. (Effective July 1, 2013 – See Editor's note) Due date, interest, and**
15 **enforcement remedies.**

16 ...

17 (c) Remedies. – The enforcement remedies in this Subchapter apply to unpaid taxes on
18 an unregistered classified motor vehicle. The enforcement remedies in this Subchapter do not
19 apply to unpaid taxes on a registered classified motor ~~vehicle.~~vehicle for which the tax year
20 begins on or after August 1, 2013.

21 (d) Tax payments submitted by mail are deemed to be received as of the date shown on
22 the postmark affixed by the United States Postal Service. If no date is shown on the postmark
23 or if the postmark is not affixed by the United States Postal Service, the tax payment is deemed
24 to be received when the payment is received ~~in the office of the tax collector.~~by the collecting
25 authority. In any dispute arising under this subsection, the burden of proof is on the taxpayer to
26 show that the payment was timely made."

27 **SECTION 3.5.** G.S. 105-330.5(e) is repealed.

28 **SECTION 3.6.** Effective July 1, 2011, Section 13 of S.L. 2005-294, as amended by
29 Section 31.5 of S.L. 2006-259, Section 22(b) of S.L. 2007-527, and Section 65 of S.L.
30 2008-134, reads as rewritten:

31 "**SECTION 13.** Sections 4 and 8 of this act become effective January 1, 2006. Sections 1,
32 2, 3, 5, 6, 7, 10 and 11 of this act become effective July 1, ~~2011,~~2013, or when the Division of
33 Motor Vehicles of the Department of Transportation and the Department of Revenue certify
34 that the integrated computer system for registration renewal and property tax collection for
35 motor vehicles is in operation, whichever occurs first. Sections 12 and 13 of this act are
36 effective when they become law. Nothing in this act shall require the General Assembly to
37 appropriate funds to implement it for the biennium ending June 30, 2007."

38 **PART IV. EFFECTIVE DATE**

39 **SECTION 4.1.** Except as otherwise provided, this act is effective when it becomes
40 law.
41