

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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**HOUSE BILL 1963*
Committee Substitute Favorable 6/5/06
Senate Finance Committee Substitute Adopted 6/30/06**

Short Title: Revenue Laws Tech. & Motor Fuel Tax Changes. (Public)

Sponsors:

Referred to:

May 15, 2006

A BILL TO BE ENTITLED

1 AN ACT TO MAKE TECHNICAL, CLARIFYING, AND ADMINISTRATIVE
2 CHANGES TO THE REVENUE LAWS AND RELATED STATUTES, TO
3 IMPROVE THE COLLECTION AND ADMINISTRATION OF THE MOTOR
4 FUEL TAX, AND TO AUTHORIZE A COUNTY THAT IMPOSES A SALES
5 TAX FOR PUBLIC TRANSPORTATION TO LEVY A VEHICLE RENTAL TAX.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 105-113.82(a) reads as rewritten:

8 **"§ 105-113.82. Distribution of part of beer and wine taxes.**

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

15 (1) Of the tax on malt beverages levied under G.S. 105-113.80(a),
16 twenty-three and three-fourths percent (23¾%);

17 (2) Of the tax on unfortified wine levied under G.S. 105-113.80(b),
18 sixty-two percent (62%); and

19 (3) Of the tax on fortified wine levied under G.S. 105-113.80(b),
20 twenty-two percent (22%).
21

22 If malt beverages, unfortified wine, or fortified wine may be licensed to be sold at retail
23 in both a county and a city located in the county, both the county and city shall receive a
24 portion of the amount distributed, that portion to be determined on the basis of
25 population. If one of these beverages may be licensed to be sold at retail in a city
26 located in a county in which the sale of the beverage is otherwise prohibited, only the
27 city shall receive a portion of the amount distributed, that portion to be determined on

1 the basis of population. The amounts distributed under subdivisions (1), (2), and (3)
2 shall be computed separately."

3 **SECTION 2.** G.S. 105-122(d) reads as rewritten:

4 "(d) After determining the proportion of its total capital stock, surplus and
5 undivided profits as set out in subsection (c) of this section, which amount ~~se~~
6 ~~determined shall in no case not~~ be less than fifty-five percent (55%) of the appraised
7 value as determined for ad valorem taxation of all the real and tangible personal
8 property in this State of each ~~such~~ corporation ~~plus the total appraised value of~~
9 ~~intangible property returned for taxation of intangible personal property as herein~~
10 ~~specified~~ nor less than its total actual investment in tangible property in this State, every
11 corporation taxed under this section shall annually pay to the Secretary of Revenue, at
12 the time the report and statement are due, a franchise or privilege tax, ~~which is hereby~~
13 ~~levied tax~~ at the rate of one dollar and fifty cents (\$1.50) per one thousand dollars
14 (\$1,000) of the total amount of capital stock, surplus and undivided profits as ~~herein~~
15 ~~provided. provided in this section.~~ The tax imposed in this section shall ~~in no case not~~
16 be less than thirty-five dollars (\$35.00) and shall be for the privilege of carrying on,
17 doing business, and/or the continuance of articles of incorporation or domestication of
18 each ~~such~~ corporation in this State. Appraised value of tangible property including real
19 estate ~~shall be is~~ the ad valorem valuation for the calendar year next preceding the due
20 date of the franchise tax return. ~~Appraised value of intangible property shall be the total~~
21 ~~gross valuation required to be reported for intangible tax purposes on April 15~~
22 ~~coincident with or next preceding the due date of the franchise tax return.~~ The term
23 "total actual investment in tangible property" as used in this section ~~shall be construed~~
24 ~~to mean means~~ the total original purchase price or consideration to the reporting
25 taxpayer of its tangible properties, including real estate, in this State plus additions and
26 improvements thereto less reserve for depreciation as permitted for income tax
27 purposes, and also less any indebtedness incurred and existing by virtue of the purchase
28 of any real estate and any permanent improvements made thereon. In computing "total
29 actual investment in tangible personal property" there shall also be deducted reserves
30 for the entire cost of any air-cleaning device or sewage or waste treatment plant,
31 including waste lagoons, and pollution abatement equipment purchased or constructed
32 and installed which reduces the amount of air or water pollution resulting from the
33 emission of air contaminants or the discharge of sewage and industrial wastes or other
34 polluting materials or substances into the outdoor atmosphere or into streams, lakes, or
35 rivers, upon condition that the corporation claiming ~~such~~ this deduction shall furnish to
36 the Secretary a certificate from the Department of Environment and Natural Resources
37 or from a local air pollution control program for air-cleaning devices located in an area
38 where the Environmental Management Commission has certified a local air pollution
39 control program pursuant to G.S. 143-215.112 certifying that said Department or local
40 air pollution control program has found as a fact that the air-cleaning device, waste
41 treatment plant or pollution abatement equipment purchased or constructed and installed
42 as above described has actually been constructed and installed and that ~~such~~ the device,
43 plant or equipment complies with the requirements of the Environmental Management
44 Commission or local air pollution control program with respect to ~~such~~ the devices,

1 plants or equipment, that ~~such~~the device, plant or equipment is being effectively
2 operated in accordance with the terms and conditions set forth in the permit, certificate
3 of approval, or other document of approval issued by the Environmental Management
4 Commission or local air pollution control program and that the primary purpose ~~thereof~~
5 is to reduce air or water pollution resulting from the emission of air contaminants or the
6 discharge of sewage and waste and not merely incidental to other purposes and
7 functions. The cost of constructing facilities of any private or public utility built for the
8 purpose of providing sewer service to residential and outlying areas ~~shall be~~is treated as
9 deductible for the purposes of this section; the deductible liability allowed by this
10 section shall apply only with respect to ~~such~~ pollution abatement plants or equipment
11 constructed or installed on or after January 1, 1955."

12 **SECTION 3.(a)** G.S. 105-130.2 reads as rewritten:

13 "...

14 (4a) Gross income. – Defined in section 61 of the Code.

15 ~~(4a)~~(4b) Income year. – The calendar year or the fiscal year upon the basis of
16 which the net income is computed under this Part. If no fiscal year has
17 been established, the income year is the calendar year. In the case of a
18 return made for a fractional part of a year under the provisions of this
19 Part or under rules adopted by the Secretary, the income year is the
20 period for which the return is made.

21 ..."

22 **SECTION 3.(b)** G.S. 105-114(b)(4) reads as rewritten:

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

24 **SECTION 4.(a)** G.S. 105-130.47(a) reads as rewritten:

25 "(a) Definitions. – The following definitions apply in this section:

26 (1) Highly compensated individual. – An individual who directly or
27 indirectly receives compensation in excess of one million dollars
28 (\$1,000,000) for personal services with respect to a single production.
29 An individual receives compensation indirectly when a production
30 company pays a personal service company or an employee leasing
31 company that pays the individual.

32 (2) Live sporting event. – A scheduled sporting competition, game, or race
33 that is not originated by a production company, but originated solely
34 by an amateur, collegiate, or professional organization, institution, or
35 association for live or tape-delayed television or satellite broadcast. A
36 live sporting event ~~shall~~does not include commercial advertising, an
37 episodic television series, a television pilot, a music video, a motion
38 picture, or a documentary production ~~where any~~in which sporting
39 events are presented through archived historical footage or similar
40 footage ~~depicting earlier live sporting events that originated more than~~
41 ~~thirty days before the time of such usage.~~taken at least 30 days before
42 it is used.

43 (3) Production company. – Defined in G.S. 105-164.3.

- 1 (4) Qualifying expenses. – The sum of the ~~total amount~~ following amounts
 2 spent in this State ~~for the following~~ by a production company in
 3 connection with a ~~production:~~ production, less the amount paid to a
 4 highly compensated individual:
 5 a. Goods and services leased or ~~purchased by the production~~
 6 ~~company.~~ purchased. For goods with a purchase price of
 7 twenty-five thousand dollars (\$25,000) or more, the amount
 8 included in qualifying expenses is the purchase price less the
 9 fair market value of the good at the time the production is
 10 completed.
 11 b. Compensation and ~~wages paid by the production company,~~
 12 ~~other than amounts paid to a highly compensated individual,~~
 13 wages on which the production company remitted withholding
 14 payments are remitted to the Department of Revenue under
 15 Article 4A of this Chapter."

16 **SECTION 4.(b)** G.S. 105-151.29(a) reads as rewritten:

17 "(a) Definitions. – The following definitions apply in this section:

- 18 (1) Highly compensated individual. – An individual who directly or
 19 indirectly receives compensation in excess of one million dollars
 20 (\$1,000,000) for personal services with respect to a single production.
 21 An individual receives compensation indirectly when a production
 22 company pays a personal service company or an employee leasing
 23 company that pays the individual.
 24 (2) Live sporting event. – A scheduled sporting competition, game, or race
 25 that is not originated by a production company, but originated solely
 26 by an amateur, collegiate, or professional organization, institution, or
 27 association for live or tape-delayed television or satellite broadcast. A
 28 live sporting event ~~shall~~ does not include commercial advertising, an
 29 episodic television series, a television pilot, a music video, a motion
 30 picture, or a documentary production ~~where any~~ in which sporting
 31 events are presented through archived historical footage or similar
 32 footage ~~depicting earlier live sporting events that originated more than~~
 33 ~~thirty days before the time of such usage.~~ taken at least 30 days before
 34 it is used.
 35 (3) Production company. – Defined in G.S. 105-164.3.
 36 (4) Qualifying expenses. – The sum of the ~~total amount~~ following amounts
 37 spent in this State ~~for the following~~ by a production company in
 38 connection with a ~~production:~~ production, less the amount paid to a
 39 highly compensated individual:
 40 a. Goods and services leased or ~~purchased by the production~~
 41 ~~company.~~ purchased. For goods with a purchase price of
 42 twenty-five thousand dollars (\$25,000) or more, the amount
 43 included in qualifying expenses is the purchase price less the

1 fair market value of the good at the time the production is
 2 completed.

3 b. ~~Compensation and wages paid by the production company,~~
 4 ~~other than amounts paid to a highly compensated~~
 5 ~~individual, wages on which the production company remitted~~
 6 ~~withholding payments are remitted to the Department of~~
 7 ~~Revenue under Article 4A of this Chapter."~~

8 **SECTION 4.(c)** G.S. 105-259(b) reads as rewritten:

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

13 . . .

14 (27) ~~To publish the information required under G.S. 105-129.6,~~
 15 ~~105-129.19, 105-129.26, 105-129.38, 105-129.44, 105-129.65A,~~
 16 ~~105-130.41, 105-130.45, 105-151.22, and 105-164.14. provide a report~~
 17 ~~required under this Chapter.~~

18 . . .

19 (30) **(Effective for business activities occurring on or after May 1, 2005)**
 20 ~~To publish the information required under G.S. 105-129.54 and to~~
 21 ~~prove that a business does not meet the definition of "small business"~~
 22 ~~under Article 3F of this Chapter because the annual receipts of the~~
 23 ~~business, combined with the annual receipts of all related persons,~~
 24 ~~exceeds the applicable amount.~~

25 ...

26 (32) ~~To provide the report required under G.S. 105-164.14(e) to the~~
 27 ~~Department of Public Instruction and the Fiscal Research Division of~~
 28 ~~the General Assembly.~~

29 ...

30 (34) **(Effective for taxable years on or after January 1, 2005)** To
 31 exchange information concerning a tax credit claimed under
 32 G.S. 105-130.47 or G.S. 105-151.29 with the North Carolina Film
 33 Office of the Department of Commerce and with the regional film
 34 ~~commissions and to publish the reports required under those~~
 35 ~~sections.~~

36 . . .

37 (36) To furnish to a taxpayer claiming a credit under G.S. 105-130.47 or
 38 G.S. 105-151.29 information used by the Secretary to adjust the
 39 amount of the credit claimed by the taxpayer.

40 . . ."

41 **SECTION 5.(a)** G.S. 105-164.3(49) reads as rewritten:

42 "(49) Use. – ~~Means and includes the~~ The exercise of any ~~right or power~~
 43 right, power, or dominion whatsoever over tangible personal property
 44 or a service by a ~~the purchaser thereof and includes, but is not limited~~

1 ~~to, any of~~ the property or service. The term includes withdrawal from
2 storage, distribution, installation, affixation to real or personal
3 property, ~~or and~~ exhaustion or consumption of the tangible personal
4 property or service by the owner or ~~purchaser thereof, but purchaser.~~
5 The term does not include the sale of tangible personal property or a
6 service in the regular course of business."

7 **SECTION 5.(b)** G.S. 105-164.16(a) reads as rewritten:

8 "(a) General. – Sales and use taxes are payable quarterly, monthly, or
9 semimonthly as specified in this section. A return is due quarterly or monthly as
10 specified in this section. A return must be filed with the Secretary on a form prescribed
11 by the Secretary and in the manner required by the Secretary. A return must be signed
12 by the taxpayer or the taxpayer's agent.

13 A sales tax return must state the taxpayer's gross sales for the reporting period, the
14 amount and type of sales made in the period that are exempt from tax under
15 G.S. 105-164.13 or are elsewhere excluded from tax, the amount of tax due, and any
16 other information required by the Secretary. A use tax return must state the purchase
17 price of tangible personal property or services that ~~was~~ were purchased or received
18 during the reporting period and ~~is~~ are subject to tax under G.S. 105-164.6, the amount of
19 tax due, and any other information required by the Secretary. Returns that do not
20 contain the required information will not be accepted. When an unacceptable return is
21 submitted, the Secretary will require a corrected return to be filed."

22 **SECTION 6.** G.S. 105-164.6(c) reads as rewritten:

23 "(c) Credit. – A credit is allowed against the tax imposed by this section for the
24 following:

- 25 (1) The amount of sales or use tax paid on the item to this State. Payment
26 of sales or use tax to this State on an item by a retailer extinguishes the
27 liability of a purchaser for the tax imposed under this section.
- 28 (2) The amount of sales or use tax paid on the item to another state. If the
29 amount of tax paid to the other state is less than the amount of tax
30 imposed by this section, the difference is payable to this State. The
31 credit allowed by this subdivision does not apply to tax paid to a state
32 that does not grant a similar credit for sales or use taxes paid in North
33 Carolina."

34 **SECTION 7.** G.S. 105-164.7 reads as rewritten:

35 "**§ 105-164.7. Sales tax part of purchase price.**

36 Every retailer subject to the tax levied in G.S. 105-164.4 shall at the time of selling
37 or delivering or taking an order for the sale or delivery of taxable tangible personal
38 property or a taxable service, or collecting the sales price, add to the sales price the
39 amount of tax due. The tax constitutes a part of the purchase price, is a debt from the
40 purchaser to the retailer until paid, and is recoverable at law in the same manner as other
41 debts. The tax must be stated and charged separately from the sales price, shown
42 separately on the retailer's sales records, and paid by the purchaser to the retailer as
43 trustee for and on account of the State. The retailer is liable for the collection of the tax
44 and for its payment to the Secretary. The retailer's failure to charge the tax to or to

1 collect the tax from the purchaser does not affect this liability. It is the intent of this
2 Article that the tax be added to the sales price of tangible personal property and services
3 when sold at retail and be borne and passed on to the customer, instead of being borne
4 by the retailer."

5 **SECTION 8.(a)** G.S. 105-164.13(1a) reads as rewritten:

6 "(1a) Sales of the following to a farmer, as defined in subdivision (1) of this
7 section:

8 a. A container sold to a farmer, as defined in subdivision (1) of
9 this section, used for a purpose set out in that subdivision (1) of
10 this section or in packaging and transporting the farmer's
11 product for sale.

12 b. A grain, feed, or soybean storage facility, and parts and
13 accessories attached to the facility."

14 **SECTION 8.(b)** G.S. 105-164.13(4e) is repealed.

15 **SECTION 9.** G.S. 105-164.14(k) reads as rewritten:

16 "(k) Reports. – The Department of Revenue shall publish by May 1 of each year
17 the following information itemized by taxpayer for the 12-month period ending the
18 preceding December 31:

19 (1) The number of taxpayers claiming a refund allowed in subsections
20 (a1), (g), (h), (i), and (j)(j), and (l) of this section.

21 (2) The total amount of purchases with respect to which refunds were
22 claimed.

23 (3) The total cost to the General Fund of the refunds claimed."

24 **SECTION 10.** G.S. 105-164.15A reads as rewritten:

25 "**§ 105-164.15A. Effective date of rate changes for services.**

26 The effective date of a rate change for a service taxable under this Article is
27 administered as follows:

28 (1) For a rate increase, the new rate applies to the first billing period that
29 starts on or after the effective date. For a service billed after it is
30 provided, the first billing period starts on the effective date. For a
31 service billed before it is provided, the first billing period starts on the
32 first day of the month after the effective date.

33 (2) For a rate decrease, the new rate applies to bills rendered on or after
34 the effective date."

35 **SECTION 11.** G.S. 105-187.52 reads as rewritten:

36 "**§ 105-187.52. Administration.**

37 (a) Administration. – The privilege taxes imposed by this Article are in addition
38 to the State use tax. Except as otherwise provided in this Article, the collection and
39 administration of these taxes is the same as the State use tax imposed by Article 5 of
40 this Chapter.

41 (b) Credit. – A credit is allowed against the tax imposed by this Article for the
42 amount of a sales or use tax, privilege or excise tax, or substantially equivalent tax paid
43 to another state. The credit allowed by this subsection does not apply to tax paid to

1 another state that does not grant a similar credit for the privilege tax paid in North
2 Carolina."

3 **SECTION 12.(a)** G.S. 105-233 and G.S. 105-234 are repealed.

4 **SECTION 12.(b)** G.S. 105-236 reads as rewritten:

5 "**§ 105-236. Penalties.**~~Penalties; situs of violations; penalty disposition.~~

6 (a) Penalties. ~~Penalties assessed by the Secretary under this Subchapter are~~
7 ~~assessed as an additional tax. The clear proceeds of any civil penalties levied pursuant~~
8 ~~to subdivisions (3), (4), (5)a., and (6) of this section shall be remitted to the Civil~~
9 ~~Penalty and Forfeiture Fund in accordance with G.S. 115C 457.2. Except as otherwise~~
10 ~~provided by law, and subject to the provisions of G.S. 105-237, the following penalties~~
11 ~~shall be applicable:~~The following civil penalties and criminal offenses apply:

12 (1) Penalty for Bad Checks. – When the bank upon which any uncertified
13 check tendered to the Department of Revenue in payment of any
14 obligation due to the Department returns the check because of
15 insufficient funds or the nonexistence of an account of the drawer, the
16 Secretary shall assess a penalty equal to ten percent (10%) of the
17 check, subject to a minimum of one dollar (\$1.00) and a maximum of
18 one thousand dollars (\$1,000). This penalty does not apply if the
19 Secretary finds that, when the check was presented for payment, the
20 drawer of the check had sufficient funds in an account at a financial
21 institution ~~in this State~~ to pay the check and, by inadvertence, the
22 drawer of the check failed to draw the check on the account that had
23 sufficient funds.

24 ...

25 (11) ~~Any violation of Subchapter I, V, or VIII of this Chapter or of Article~~
26 ~~3 of Chapter 119 of the General Statutes is considered an act~~
27 ~~committed in part at the office of the Secretary in Raleigh. The~~
28 ~~certificate of the Secretary that a tax has not been paid, a return has not~~
29 ~~been filed, or information has not been supplied, as required by law, is~~
30 ~~prima facie evidence that the tax has not been paid, the return has not~~
31 ~~been filed, or the information has not been supplied.~~

32 (12) Repealed by Session Laws 1991, c. 45, s. 27.

33 (b) Situs. – Violation of a tax law is considered an act committed in part at the
34 office of the Secretary in Raleigh. The certificate of the Secretary that a tax has not been
35 paid, a return has not been filed, or information has not been supplied, as required by
36 law, is prima facie evidence that the tax has not been paid, the return has not been filed,
37 or the information has not been supplied.

38 (c) Penalty Disposition. – Civil penalties assessed by the Secretary are assessed
39 as an additional tax. The clear proceeds of civil penalties assessed by the Secretary must
40 be credited to the Civil Penalty and Forfeiture Fund established in G.S. 115C-457.1."

41 **SECTION 12.(c)** G.S. 105-449.48 and G.S. 105-449.127 are repealed.

42 **SECTION 12.(d)** G.S. 105-449.49 reads as rewritten:

43 "**§ 105-449.49. Temporary permits.**

1 (a) Issuance. – Upon application to the Secretary and payment of a fee of fifty
2 dollars (\$50.00), a motor carrier may obtain a temporary permit authorizing the carrier
3 to operate a vehicle in the State for three days without registering the vehicle in
4 accordance with G.S. ~~105-449.47 for not more than three days.~~ 105-449.47. A motor
5 carrier to whom a temporary permit has been issued may elect not to report its operation
6 of the vehicle during the three-day period. Fees collected under this subsection are
7 credited to the Highway Fund.

8 (b) Refusal. – The Secretary may refuse to issue a temporary permit to any of the
9 following:

- 10 (1) A motor carrier whose registration has been withheld or revoked.
11 (2) A motor carrier who the Secretary determines is evading payment of
12 tax through the successive purchase of temporary permits."

13 **SECTION 13.(a)** G.S. 105-449.65(b) reads as rewritten:

14 "(b) Multiple Activity. – A person who is engaged in more than one activity for
15 which a license is required must have a separate license for each activity, unless this
16 subsection provides otherwise. A person who is licensed as a supplier is considered to
17 have a license as a distributor. A person who is licensed as an occasional importer or a
18 tank wagon importer is not required to obtain a separate license as a distributor unless
19 the importer is also purchasing motor fuel, at the terminal rack, from an elective or
20 permissive supplier who is authorized to collect and remit the tax to the State. A person
21 who is licensed as a distributor is not required to obtain a separate license as an importer
22 if the distributor acquires fuel for import only from an elective supplier or a permissive
23 supplier and is not required to obtain a separate license as an exporter. A person who is
24 licensed as a distributor or a blender ~~is not required to obtain a separate license and who~~
25 transports fuel is considered to be licensed as a motor fuel transporter if the distributor
26 or blender does not transport motor fuel for others for hire.~~transporter."~~

27 **SECTION 13.(b)** G.S. 105-449.101 reads as rewritten:

28 "**§ 105-449.101. Motor fuel transporter to file informational return showing**
29 **deliveries of imported or exported motor fuel.**

30 (a) Requirement. – A motor fuel transporter ~~that imports motor fuel into this~~
31 ~~State or exports motor fuel from this State~~ must file a monthly informational return with
32 the Secretary that shows motor fuel ~~received or delivered for import or export~~
33 transported in this State by the transporter during the month. ~~This requirement does not~~
34 ~~apply to a distributor that is not required to be licensed as a motor fuel transporter.~~

35 (b) Content. – The return required by this section is due by the 25th day of the
36 month following the month covered by the return. The return must contain the following
37 information and any other information required by the Secretary:

- 38 (1) The name and address of each person from whom the transporter
39 received motor fuel outside the State for delivery in the State, the
40 amount of motor fuel received, the date the motor fuel was received,
41 and the destination state of the fuel.
42 (2) The name and address of each person from whom the transporter
43 received motor fuel in the State for delivery outside the State, the

1 amount of motor fuel delivered, the date the motor fuel was delivered,
2 and the destination state of the fuel.

3 (3) The name and address of each person from whom the transporter
4 received motor fuel in the State for delivery in the State, the amount of
5 motor fuel received, the date the motor fuel was received, and the
6 destination state of the fuel."

7 **SECTION 14.(a)** G.S. 105-449.60 is amended by adding a new subdivision
8 to read:

9 **"§ 105-449.60. Definitions.**

10 The following definitions apply in this Article:

11 ...

12 (10a) Exempt card or code. – A credit card or an access code that enables the
13 person to whom the card or code is issued to buy motor fuel at retail
14 without paying the motor fuel excise tax on the fuel."

15 **SECTION 14.(b)** G.S. 105-449.88A reads as rewritten:

16 **"§ 105-449.88A. Liability for tax due on motor fuel designated as exempt by the**
17 **use of cards or codes.**

18 (a) ~~Exempt Cards at Rack. —When a licensed distributor or licensed importer~~
19 ~~removes motor fuel from a terminal by means of an exempt card or exempt access code~~
20 ~~issued by the supplier, the distributor or importer represents that the fuel removed will~~
21 ~~be resold to a governmental unit that is exempt from the tax. A supplier may rely on this~~
22 ~~representation. A licensed distributor or licensed importer that does not resell motor fuel~~
23 ~~removed from a terminal by means of an exempt card or exempt access code to an~~
24 ~~exempt governmental unit is liable for any tax due on the fuel.~~

25 (b) ~~Exempt Cards at Retail. Card or Code. – An "exempt card or code" is a credit~~
26 ~~card or an access code that enables the person to whom the card or code is issued to buy~~
27 ~~motor fuel at retail without paying the motor fuel excise tax on the fuel. An entity that~~
28 ~~issues an exempt card or code has a duty to determine if the person to whom it is issued~~
29 ~~is exempt from the motor fuel excise tax. An entity that issues an exempt card or code to~~
30 ~~a person who is not exempt from tax is liable for tax due on motor fuel the person~~
31 ~~purchases at retail by use of the exempt card or code. If a supplier authorizes another~~
32 ~~entity to issue an exempt card or code to a person who is not exempt from tax, the~~
33 ~~supplier and the entity that issued the card are jointly and severally liable for tax due on~~
34 ~~motor fuel the person purchases at retail by use of the exempt card or code.~~

35 (c) ~~Card Holder. – A person to whom an exempt card or exempt access card code~~
36 ~~is issued for use at a terminal or at retail is liable for any tax due on fuel purchased with~~
37 ~~the card or code for a purpose that is not exempt. A person who misuses an exempt card~~
38 ~~or code by purchasing fuel with the card or code for a purpose that is not exempt is~~
39 ~~liable for the tax due on the fuel."~~

40 **SECTION 14.(c)** G.S. 105-449.90 reads as rewritten:

41 **"§ 105-449.90. When tax return and payment are due.**

42 (a) **Filing Periods. –** The excise tax imposed by this Article is payable when a
43 return is due. A return is due ~~annually, quarterly,~~annually or monthly, as specified in

1 this section. A return must be filed with the Secretary and be in the form required by the
2 Secretary.

3 An annual return is due within 45 days after the end of each calendar year. An
4 annual return covers tax liabilities that accrue in the calendar year preceding the date the
5 return is due.

6 ~~A quarterly return is due by the last day of the month that follows the end of a~~
7 ~~calendar quarter. A quarterly return covers tax liabilities that accrue in the calendar~~
8 ~~quarter preceding the date the return is due.~~

9 A monthly return of a person other than an occasional importer is due within 22 days
10 after the end of each month. A monthly return of an occasional importer is due by the
11 3rd of each month. A monthly return covers tax liabilities that accrue in the calendar
12 month preceding the date the return is due.

13 (b) Annual Filers. – A terminal operator must file an annual return for the
14 compensating tax imposed by G.S. 105-449.85.

15 ~~(c) Quarterly Filers.—A licensed importer that removes fuel at a terminal rack of~~
16 ~~a permissive or an elective supplier and a licensed distributor must file a quarterly return~~
17 ~~under G.S. 105-449.94 to reconcile exempt sales.~~

18 (d) Monthly Filers on 22nd. – The following persons must file a monthly return
19 by the 22nd of each month:

20 (1) A refiner.

21 (2) A supplier.

22 (3) A bonded importer.

23 (4) A blender.

24 (5) A tank wagon importer.

25 (6) A person that incurred a liability under G.S. 105-449.86 during the
26 preceding month for the tax on dyed diesel fuel used to operate certain
27 highway vehicles.

28 (7) A person that incurred a liability under G.S. 105-449.87 during the
29 preceding month for the backup tax on motor fuel.

30 (e) Monthly Filers on 3rd. – An occasional importer must file a monthly return
31 by the third day of each month. An occasional importer is not required to file a return,
32 however, if all the motor fuel imported by the importer in a reporting period was
33 removed at a terminal located in another state and the supplier of the fuel is an elective
34 supplier or a permissive supplier. (1995, c. 390, s. 3; 1995 (Reg. Sess., 1996), c. 647, s.
35 23; 1997-60, s. 11.)"

36 **SECTION 14.(d)** G.S. 105-449.93 reads as rewritten:

37 **"§ 105-449.93. ~~Exempt sale deduction and percentage~~ Percentage discount for**
38 **licensed distributors and some licensed importers.**

39 ~~(a) Deduction.—A license holder listed below may deduct from the amount of~~
40 ~~tax otherwise payable to a supplier the amount calculated on motor fuel the license~~
41 ~~holder received from the supplier and resold to a governmental unit whose purchases of~~
42 ~~motor fuel are exempt from the tax under G.S. 105-449.88 if, when removing the fuel,~~
43 ~~the license holder used an access card or code specified by the supplier to notify the~~
44 ~~supplier of the license holder's intent to resell the fuel in an exempt sale:~~

1 (1) ~~A licensed distributor.~~

2 (2) ~~A licensed importer that removed the motor fuel from a terminal rack~~
3 ~~of a permissive or an elective supplier.~~

4 (b) Percentage Discount. – A licensed distributor that pays the tax due a supplier
5 by the date the supplier must pay the tax to the State may deduct from the amount due a
6 discount of one percent (1%) of the amount of tax payable. A licensed importer that
7 removes motor fuel from a terminal rack of a permissive or an elective supplier and that
8 pays the tax due the supplier by the date the supplier must pay the tax to the State may
9 deduct from the amount due a discount of the same amount allowed a licensed
10 distributor. The discount covers the expense of furnishing a bond and losses due to
11 shrinkage or evaporation. A supplier may not directly or indirectly deny this discount to
12 a licensed distributor or licensed importer that pays the tax due the supplier by the date
13 the supplier must pay the tax to the State."

14 **SECTION 14.(e)** G.S. 105-449.94 is repealed.

15 **SECTION 14.(f)** G.S. 105-449.97(d) reads as rewritten:

16 "(d) Taxes Paid on Exempt Retail Sales. – When filing a return, a supplier that
17 issues or authorizes the issuance of an exempt card or ~~an exempt access code~~ to a person
18 that enables the person to buy motor fuel ~~at retail~~ without paying tax on the fuel may
19 deduct the amount of excise tax imposed on fuel purchased with the exempt ~~retail~~ card
20 or code. The amount of excise tax imposed on fuel purchased ~~at retail~~ with an exempt
21 ~~retail~~ card or code is the amount that was imposed on the fuel when it was delivered to
22 the retailer of the fuel."

23 **SECTION 14.(g)** G.S. 105-449.105A(a) reads as rewritten:

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

27 (1) The end user of the kerosene, if the distributor dispenses the kerosene
28 into a storage facility of the end user that contains fuel used only for
29 one of the following purposes and the storage facility is installed in a
30 manner that makes use of the fuel for any other purpose improbable:

- 31 a. Heating.
32 b. Drying crops.
33 c. A manufacturing process.

34 (2) A retailer of kerosene, if the distributor dispenses the kerosene into a
35 storage facility that meets both of the following conditions:

- 36 a. It is marked with the phrase "Undyed, Untaxed Kerosene,
37 Nontaxable Use Only" or a similar phrase that clearly indicates
38 that the fuel is not to be used to operate a highway vehicle.
39 b. It either has a dispensing device that is not suitable for use in
40 fueling a highway vehicle or is kept locked by the retailer and
41 must be unlocked by the retailer for each sale of kerosene.

42 (3) An airport, if the distributor dispenses the kerosene into a storage
43 facility that contains fuel used only for fueling airplanes and that meets
44 at least one of the following conditions:

- 1 a. It is marked with the phrase "Undyed, Untaxed Kerosene,
2 Nontaxable Use Only" or a similar phrase that clearly indicates
3 that the fuel is not to be used to operate a highway vehicle.
4 b. It has a dispensing device that is not suitable for use in fueling a
5 highway vehicle."

6 **SECTION 15.(a)** G.S. 105-449.100 reads as rewritten:

7 **"§ 105-449.100. Terminal operator to file informational return showing changes in**
8 **amount of motor fuel at the terminal.**

9 A terminal operator must file a monthly informational return with the Secretary that
10 shows the amount of motor fuel received or removed from the terminal during the
11 month. ~~The return is due by the 25th day of the month following the month covered by~~
12 ~~the return.~~ on the same date as a monthly return due under G.S. 105-449.90. The return
13 must contain the following information and any other information required by the
14 Secretary:

- 15 (1) The number of gallons of motor fuel received in inventory at the
16 terminal during the month and each position holder for the fuel.
17 (2) The number of gallons of motor fuel removed from inventory at the
18 terminal during the month and, for each removal, the position holder
19 for the fuel and the destination state of the fuel.
20 (3) The number of gallons of motor fuel gained or lost at the terminal
21 during the month."

22 **SECTION 15.(b)** G.S. 105-449.101 reads as rewritten:

23 **"§ 105-449.101. Motor fuel transporter to file informational return showing**
24 **deliveries of imported or exported motor fuel.**

25 (a) Requirement. – A motor fuel transporter that imports motor fuel into this
26 State or exports motor fuel from this State must file a monthly informational return with
27 the Secretary that shows motor fuel received or delivered for import or export by the
28 transporter during the month. This requirement does not apply to a distributor that is not
29 required to be licensed as a motor fuel transporter.

30 (b) Content. – The return required by this section ~~is due by the 25th day of the~~
31 ~~month following the month covered by the return.~~ ~~The return~~ must contain the following
32 information and any other information required by the Secretary:

- 33 (1) The name and address of each person from whom the transporter
34 received motor fuel outside the State for delivery in the State, the
35 amount of motor fuel received, the date the motor fuel was received,
36 and the destination state of the fuel.
37 (2) The name and address of each person from whom the transporter
38 received motor fuel in the State for delivery outside the State, the
39 amount of motor fuel delivered, the date the motor fuel was delivered,
40 and the destination state of the fuel.

41 (c) Due Date. – The return required by this section is due on the same date as a
42 monthly return due under G.S. 105-449.90."

43 **SECTION 15.(c)** G.S. 105-449.102(a) reads as rewritten:

1 "(a) Return. – A distributor that exports motor fuel from a bulk plant located in
2 this State must file a monthly return with the Secretary that shows the exports. The
3 return is due ~~by the 25th day of the month following the month covered by the return.~~
4 on the same date as a monthly return due under G.S. 105-449.90. The return serves as a
5 claim for refund by the distributor for tax paid to this State on the exported motor fuel."

6 **SECTION 15.(d)** G.S. 105-449.137(b) reads as rewritten:

7 "(b) Payment. – The tax imposed by this Article is payable when a return is due. A
8 return is due ~~monthly within 25 days after the end of each month.~~ on the same date as a
9 monthly return due under G.S. 105-449.90. A monthly return covers liabilities that
10 accrue in the calendar month preceding the date the return is due. A return must be filed
11 with the Secretary and must be in the form and contain the information required by the
12 Secretary."

13 **SECTION 15.(e)** G.S. 119-18(a) reads as rewritten:

14 "(a) Tax. – An inspection tax of one fourth of one cent (1/4 of 1¢) per gallon is
15 levied upon all of the fuel listed in this subsection regardless of whether the fuel is
16 exempt from the per-gallon excise tax imposed by Article 36C or 36D of Chapter 105 of
17 the General Statutes. The inspection tax on motor fuel is due and payable to the
18 Secretary of Revenue at the same time that the per gallon excise tax on motor fuel is due
19 and payable under Article 36C of Chapter 105 of the General Statutes. The inspection
20 tax on alternative fuel is due and payable to the Secretary of Revenue at the same time
21 that the excise tax on alternative fuel is due and payable under Article 36D of Chapter
22 105 of the General Statutes. The inspection tax on kerosene is payable monthly to the
23 Secretary by a supplier that is licensed under Part 2 of Article 36C of Chapter 105 of the
24 General Statutes and by a kerosene supplier. A monthly report is due ~~by the 22nd of~~
25 each month on the same date as a monthly return due under G.S. 105-449.90 and applies
26 to kerosene sold during the preceding month by a supplier licensed under that Part and
27 to kerosene received during the preceding month by a kerosene supplier. A kerosene
28 terminal operator must file a return in accordance with the provisions of
29 ~~G.S. 105-449.100.~~G.S. 105-449.90.

30 (1) Motor fuel.

31 (2) Alternative fuel used to operate a highway vehicle.

32 (3) Kerosene."

33 **SECTION 16.(a)** G.S. 105-449.106(c) reads as rewritten:

34 "(c) Special Mobile Equipment. – A person who purchases and uses motor fuel to
35 operate special mobile equipment off-highway may receive a quarterly refund, for the
36 excise tax paid during the preceding quarter, at a rate equal to the flat cents-per-gallon
37 rate plus the variable cents-per-gallon rate in effect during the quarter for which the
38 refund is claimed, less the amount of sales and use tax or privilege tax due on the fuel
39 under this Chapter, as determined in accordance with G.S. 105-449.107(c). An
40 application for a refund must be made in accordance with this Part."

41 **SECTION 16.(b)** G.S. 105-449.107 reads as rewritten:

42 "**§ 105-449.107. Annual refunds for off-highway use and use by certain vehicles**
43 **with power attachments.**

1 (a) Off-Highway. – A person who purchases and uses motor fuel for a purpose
2 other than to operate a licensed highway vehicle may receive an annual refund for the
3 excise tax the person paid on fuel used during the preceding calendar year. The amount
4 of refund allowed is the amount of the flat cents-per-gallon rate in effect during the year
5 for which the refund is claimed plus the average of the two variable cents-per-gallon
6 rates in effect during that year, less the amount of sales and use tax or privilege tax due
7 on the fuel under this Chapter. An application for a refund allowed under this section
8 must be made in accordance with this Part.

9 (b) Certain Vehicles. – A person who purchases and uses motor fuel in one of the
10 vehicles listed below may receive an annual refund for the amount of fuel consumed by
11 the vehicle:

- 12 (1) A concrete mixing vehicle.
- 13 (2) A solid waste compacting vehicle.
- 14 (3) A bulk feed vehicle that delivers feed to poultry or livestock and uses a
15 power takeoff to unload the feed.
- 16 (4) A vehicle that delivers lime or fertilizer in bulk to farms and uses a
17 power takeoff to unload the lime or fertilizer.
- 18 (5) A tank wagon that delivers alternative fuel, as defined in
19 G.S. 105-449.130, or motor fuel or another type of liquid fuel into
20 storage tanks and uses a power takeoff to make the delivery.
- 21 (6) A commercial vehicle that delivers and spreads mulch, soils,
22 composts, sand, sawdust, and similar materials and that uses a power
23 takeoff to unload, blow, and spread the materials.
- 24 (7) A commercial vehicle that uses a power takeoff to remove and dispose
25 of septage and for which an annual fee is required to be paid to the
26 Department of Environment and Natural Resources under
27 G.S. 130A-291.1.
- 28 (8) A sweeper.

29 The amount of refund allowed is thirty-three and one-third percent (33 1/3%) of the
30 following: the sum of the flat cents-per-gallon rate in effect during the year for which
31 the refund is claimed and the average of the two variable cents-per-gallon rates in effect
32 during that year, less the amount of sales and use tax or privilege tax due on the fuel
33 under this Chapter. An application for a refund allowed under this section must be made
34 in accordance with this Part. This refund is allowed for the amount of fuel consumed by
35 the vehicle in its mixing, compacting, or unloading operations, as distinguished from
36 propelling the vehicle, which amount is considered to be one-third of the amount of fuel
37 consumed by the vehicle.

38 (c) Sales Tax Amount. – Article 5 of this Chapter determines the amount of sales
39 and use tax to be deducted under this section from a motor fuel excise tax refund.
40 Article 5F of this Chapter determines the amount of privilege tax to be deducted under
41 this section from a motor fuel excise tax refund. The sales price and the cost price of
42 motor fuel to be used in determining the amount to deduct is the average of the
43 wholesale prices used under G.S. 105-449.80 to determine the excise tax rates in effect
44 for the two six-month periods of the year for which the refund is claimed."

1 **SECTION 17.** G.S. 105-449.120(a)(3a) is repealed.

2 **SECTION 18.** The catch line of G.S. 105-249.2 reads as rewritten:

3 "**§ 105-249.2. Due date extended and penalties waived for certain military**
4 **personnel or ~~individuals~~ persons affected by a presidentially declared**
5 **disaster."**

6 **SECTION 19.** The catch line of G.S. 143B-437.71 reads as rewritten:

7 "**§ 143B-437.71. One North Carolina Fund established as a ~~nonreverting~~**
8 **account.special revenue fund."**

9 **SECTION 20.(a)** G.S. 153A-155(d) reads as rewritten:

10 "(d) Administration. – The taxing county shall administer a room occupancy tax it
11 levies. A room occupancy tax is due and payable to the county finance officer in
12 monthly installments on or before the ~~15th~~20th day of the month following the month in
13 which the tax accrues. Every person, firm, corporation, or association liable for the tax
14 shall, on or before the 20th day of each month, prepare and render a return on a form
15 prescribed by the taxing county. The return shall state the total gross receipts derived in
16 the preceding month from rentals upon which the tax is levied. A room occupancy tax
17 return filed with the county finance officer is not a public record and may not be
18 disclosed except in accordance with G.S. 153A-148.1 or G.S. 160A-208.1."

19 **SECTION 20.(b)** G.S. 160A-215(d) reads as rewritten:

20 "(d) Administration. – The taxing city shall administer a room occupancy tax it
21 levies. A room occupancy tax is due and payable to the city finance officer in monthly
22 installments on or before the ~~15th~~20th day of the month following the month in which the
23 tax accrues. Every person, firm, corporation, or association liable for the tax shall, on or
24 before the 20th day of each month, prepare and render a return on a form prescribed by
25 the taxing city. The return shall state the total gross receipts derived in the preceding
26 month from rentals upon which the tax is levied. A room occupancy tax return filed
27 with the city finance officer is not a public record and may not be disclosed except in
28 accordance with G.S. 153A-148.1 or G.S. 160A-208.1."

29 **SECTION 21.** G.S. 160A-49(f2) reads as rewritten:

30 "(f2) Effective Date of Annexation for Certain Property. – Annexation of property
31 subject to annexation under subsection (f1) of this section shall become effective:

- 32 (1) Upon the effective date of the annexation ordinance, the property is
33 considered part of the city only (i) for the purpose of establishing city
34 boundaries for additional annexations pursuant to this Article and (ii)
35 for the exercise of city authority pursuant to Article 19 of this Chapter.
- 36 (2) For all other purposes, the annexation becomes effective as to each
37 tract of such property or part thereof on the last day of the month in
38 which that tract or part thereof becomes ineligible for classification
39 pursuant to ~~G.S. 105-227.4~~ G.S. 105-277.4 or no longer meets the
40 requirements of subdivision (f1)(2) of this section. Until annexation of
41 a tract or a part of a tract becomes effective pursuant to this
42 subdivision, the tract or part of a tract is not subject to taxation by the
43 city under Article 12 of Chapter 105 of the General Statutes nor is the
44 tract or part of a tract entitled to services provided by the city."

1 If any property in the estate is located in a state other than North Carolina, the
2 amount of tax payable depends on whether the decedent was a resident of this State at
3 death. If the decedent was a resident of this State at death, the amount of tax due under
4 this section is reduced by the lesser of the amount of the death tax paid the other state or
5 an amount computed by multiplying the credit by a fraction, the numerator of which is
6 the gross value of the estate that has a tax situs in another state and the denominator of
7 which is the value of the decedent's gross estate. If the decedent was not a resident of
8 this State at death, the amount of tax due under this section is an amount computed by
9 multiplying the credit by a fraction, the numerator of which is the gross value of real
10 property that is located in North Carolina plus the gross value of any personal property
11 that has a tax situs in North Carolina and the denominator of which is the value of the
12 decedent's gross estate. For purposes of this section, the gross value of property is its
13 gross value as finally determined in the federal estate tax proceedings."

14 **SECTION 27.** G.S. 105-164.14(c) reads as rewritten:

15 "(c) Certain Governmental Entities. – A governmental entity listed in this
16 subsection is allowed an annual refund of sales and use taxes paid by it under this
17 Article on direct purchases of tangible personal property and services, other than
18 electricity and telecommunications service. Sales and use tax liability indirectly
19 incurred by a governmental entity on building materials, supplies, fixtures, and
20 equipment that become a part of or annexed to any building or structure that is owned or
21 leased by the governmental entity and is being erected, altered, or repaired for use by
22 the governmental entity is considered a sales or use tax liability incurred on direct
23 purchases by the governmental entity for the purpose of this subsection. A request for a
24 refund must be in writing and must include any information and documentation required
25 by the Secretary. A request for a refund is due within six months after the end of the
26 governmental entity's fiscal year. ~~The Secretary shall make an annual report to the~~
27 ~~Department of Public Instruction and the Fiscal Research Division of the General~~
28 ~~Assembly by March 1 of the amount of refunds, identified by taxpayer, claimed under~~
29 ~~subdivisions (2b) and (2c) of this subsection over the preceding year.~~

30 This subsection applies only to the following governmental entities:

- 31 (1) A county.
- 32 (2) A city as defined in G.S. 160A-1.
- 33 (2a) A consolidated city-county as defined in G.S. 160B-2.
- 34 (2b), (2c) Repealed by Session Laws 2005-276, s. 7.51(a), effective July 1,
35 2005, and applicable to sales made on or after that date.
- 36 (3) A metropolitan sewerage district or a metropolitan water district in this
37 State.
- 38 (4) A water and sewer authority created under Chapter 162A of the
39 General Statutes.
- 40 (5) A lake authority created by a board of county commissioners pursuant
41 to an act of the General Assembly.
- 42 (6) A sanitary district.
- 43 (7) A regional solid waste management authority created pursuant to
44 G.S. 153A-421.

- 1 (8) An area mental health, developmental disabilities, and substance abuse
2 authority, other than a single-county area authority, established
3 pursuant to Article 4 of Chapter 122C of the General Statutes.
- 4 (9) A district health department, or a public health authority created
5 pursuant to Part 1A of Article 2 of Chapter 130A of the General
6 Statutes.
- 7 (10) A regional council of governments created pursuant to G.S. 160A-470.
- 8 (11) A regional planning and economic development commission or a
9 regional economic development commission created pursuant to
10 Chapter 158 of the General Statutes.
- 11 (12) A regional planning commission created pursuant to G.S. 153A-391.
- 12 (13) A regional sports authority created pursuant to G.S. 160A-479.
- 13 (14) A public transportation authority created pursuant to Article 25 of
14 Chapter 160A of the General Statutes.
- 15 (14a) A facility authority created pursuant to Part 4 of Article 20 of Chapter
16 160A of the General Statutes.
- 17 (15) A regional public transportation authority created pursuant to Article
18 26 of Chapter 160A of the General Statutes, or a regional
19 transportation authority created pursuant to Article 27 of Chapter 160A
20 of the General Statutes.
- 21 (16) A local airport authority that was created pursuant to a local act of the
22 General Assembly.
- 23 (17) A joint agency created by interlocal agreement pursuant to
24 G.S. 160A-462 to operate a public broadcasting television station.
- 25 (18) Repealed by Session Laws 2001-474, s. 7, effective November 29,
26 2001.
- 27 (19) Repealed by Session Laws 2001-474, s. 7, effective November 29,
28 2001.
- 29 (20) A constituent institution of The University of North Carolina, but only
30 with respect to sales and use tax paid by it for tangible personal
31 property or services that are eligible for refund under this subsection
32 acquired by it through the expenditure of contract and grant funds.
- 33 (21) The University of North Carolina Health Care System.
- 34 (22) A regional natural gas district created pursuant to Article 28 of Chapter
35 160A of the General Statutes."

36 **SECTION 28.** G.S. 105-278(a) reads as rewritten:

37 "(a) Real property designated as a historic ~~structure or site property~~ by a local
38 ordinance adopted pursuant to ~~former G.S. 160A-400.7-160A-399.4~~ or designated as a
39 historic landmark by a local ordinance adopted pursuant to G.S. 160A-400.5 is
40 designated a special class of property under authority of Article V, Sec. 2(2) of the
41 North Carolina Constitution. Property so classified shall be taxed uniformly as a class in
42 each local taxing unit on the basis of fifty percent (50%) of the true value of the
43 property as determined pursuant to G.S. 105-285 and 105-286, or 105-287."

44 **SECTION 29.** G.S. 106-452 is repealed.

1 **SECTION 30.** Part 3 of S.L. 1997-417 is amended by adding a new section
2 to read:

3 **"SECTION 3.1.** A county authorized to impose a tax under Article 43 of Chapter
4 105 of the General Statutes, as enacted by Part 1 of this act, is considered an authority
5 under Article 50 of Chapter 105 of the General Statutes, as enacted by Section 3 of this
6 act, and the board of commissioners of that county is considered the board of trustees of
7 the authority under Article 50. G.S. 105-554 of Article 50 does not apply to the
8 proceeds of a tax imposed by a county considered an authority under this section. The
9 proceeds of a tax imposed by a county considered an authority under this section must
10 be transferred to the largest city in that county operating a public transportation system
11 and used only for financing, constructing, operating, and maintaining a public
12 transportation system. The proceeds may supplant existing funds allocated for a public
13 transportation system. The term 'public transportation system' has the same meaning as
14 defined in G.S. 105-506 of Article 43."

15 **SECTION 31.** Section 4 of this act is effective for taxable years beginning
16 on or after January 1, 2006. Section 13 of this act becomes effective July 1, 2007, and
17 applies to motor fuel transported on or after that date. Sections 14, 15, and 17 of this act
18 become effective January 1, 2007, and apply to motor fuel purchased on or after that
19 date. An exempt card or code will not be valid for sales of motor fuel at the terminal
20 rack on or after January 1, 2007. Section 26 of this act is effective when it becomes law
21 and applies to the estates of decedents dying on or after January 1, 2005. The remainder
22 of this act is effective when it becomes law.