

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 1226

Short Title: Revenue Laws Technical Changes.

(Public)

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Sponsors: Senators Cochrane, Dalton, Kerr, Hartsell, Hoyle, Webster; and Carpenter.

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Referred to: Finance.

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May 21, 1998

A BILL TO BE ENTITLED

AN ACT TO MAKE TECHNICAL AND CONFORMING CHANGES TO THE  
REVENUE LAWS AND RELATED STATUTES.

The General Assembly of North Carolina enacts:

PART I. GENERAL TECHNICAL CHANGES.

Section 1(a). Article 8D of Chapter 105 of the General Statutes is repealed.

Section 1(b). G.S. 105-130.11(a)(2) reads as rewritten:

"(2) ~~Building and loan associations and savings and loan associations subject to tax under Article 8D of this Chapter; cooperative~~ Cooperative banks without capital stock organized and operated for mutual purposes and without profit; and electric and telephone membership corporations organized under Chapter 117 of the General Statutes."

Section 1(c). G.S. 105-130.5(c) is amended by adding a new subdivision to read:

"(5) A savings and loan association may deduct interest earned on deposits at the Federal Home Loan Bank of Atlanta, or its successor, to the extent included in federal taxable income."

Section 1(d). G.S. 105-228.24A is recodified as G.S. 105-130.43.

Section 1(e). G.S. 105-130.43, as recodified by this section, reads as rewritten:

1 **"§ 105-130.43. ~~Income tax credit for~~ Credit for savings and loan supervisory fees.**

2 Every savings and loan association is allowed a credit against the ~~income tax imposed~~  
3 ~~on it under Article 4 of this Chapter~~ tax imposed by this Part for a taxable year equal to the  
4 amount of supervisory fees, paid by the association during the taxable year, that were  
5 assessed by the Administrator of the Savings Institutions Division of the Department of  
6 Commerce for the State fiscal year beginning ~~on or~~ during that taxable year. This credit  
7 may not exceed the amount of ~~income tax payable by the association~~ imposed by this Part  
8 ~~for the taxable year for which the credit is claimed,~~ year, reduced by the sum of all ~~income~~  
9 ~~tax credits~~ allowed against the tax, except tax payments made by or on behalf of the  
10 association. ~~The supervisory fees shall not be an allowable deduction in determining taxable~~  
11 ~~income for any association claiming the credit allowed under this section.~~ taxpayer. A  
12 taxpayer that claims the credit allowed under this section may not deduct the supervisory  
13 fees in determining taxable income."

14 Section 1(f). This section repeals any law that would otherwise exempt  
15 savings and loan associations, as defined in G.S. 54B-4, from the franchise tax imposed  
16 in Article 3 of Chapter 105 of the General Statutes.

17 Section 1(g). This section becomes effective for taxable years beginning on or  
18 after January 1, 1999.

19 Section 2. G.S. 105-17 is repealed.

20 Section 3. G.S. 105-25 is repealed.

21 Section 4. G.S. 105-130.5(a)(10) reads as rewritten:

22 "(10) The total amounts allowed under this ~~Article~~ Chapter during the  
23 taxable year as a credit against the taxpayer's income tax. A  
24 corporation that apports part of its income to this State shall make  
25 the addition required by this subdivision after it determines the  
26 amount of its income that is apportioned and allocated to this State  
27 and shall not apply to a credit taken under this ~~Article~~ Chapter the  
28 apportionment factor used by it in determining the amount of its  
29 apportioned income."

30 Section 5. G.S. 105-131.1(b) reads as rewritten:

31 "(b) Each shareholder's pro rata share of an S Corporation's income attributable to  
32 the State and each resident shareholder's pro rata share of income not attributable to the  
33 State, shall be taken into account by the shareholder in the manner and subject to the  
34 adjustments provided in ~~Division II~~ Parts 2 and 3 of this Article and section 1366 of the  
35 Code and shall be subject to the tax levied under ~~Division II~~ Parts 2 and 3 of this Article."

36 Section 6. G.S. 105-131.6 reads as rewritten:

37 **"§ 105-131.6. Distributions.**

38 (a) Subject to the provisions of subsection (c) of this section, a distribution made  
39 by an S Corporation with respect to its stock to a resident shareholder ~~shall be~~ is taxable  
40 to the shareholder as provided in ~~Division II~~ Parts 2 and 3 of this Article to the extent that  
41 the distribution is characterized as a dividend or as gain from the sale or exchange of  
42 property pursuant to section 1368 of the Code.

1 (b) Subject to the provisions of subsection (c) of this section, any distribution of  
2 money made by a corporation with respect to its stock to a resident shareholder during a  
3 post-termination transition period ~~shall not be~~ is not taxable to the shareholder as provided  
4 in ~~Division H Parts 2 and 3~~ of this Article to the extent the distribution is applied against  
5 and reduces the adjusted basis of the stock of the shareholder in accordance with section  
6 1371(e) of the Code.

7 (c) In applying sections 1368 and 1371(e) of the Code to any distribution referred  
8 to in this section:

9 (1) The term "adjusted basis of the stock" means the adjusted basis of the  
10 shareholder's stock as determined under G.S. ~~105-131.3; and 105-131.3.~~

11 (2) The accumulated adjustments account maintained for each resident  
12 shareholder ~~shall~~ must be equal to, and ~~shall be~~ adjusted in the same  
13 manner as, the corporation's accumulated adjustments account defined  
14 in section 1368(e)(1)(A) of the Code, except that:

15 a. The accumulated adjustments account shall be modified in the  
16 manner provided in G.S. ~~105-131.3(b)(1); and 105-131.3(b)(1).~~

17 b. The amount of the ~~Corporation's~~ corporation's federal  
18 accumulated adjustments account that existed on the day this  
19 State began to measure the S Corporation shareholders' income  
20 by reference to the income of the S Corporation ~~shall be~~ is  
21 ignored and ~~shall be~~ is treated for purposes of ~~Divisions I and II~~ of  
22 this Article as additional accumulated earnings and profits of the  
23 corporation."

24 Section 7. G.S. 105-131.7(e) reads as rewritten:

25 "(e) Amounts paid to the Department on account of the corporation's shareholders  
26 under subsections (b) and (c) ~~shall~~ constitute payments on their behalf of the income tax  
27 imposed on them under ~~Division H Parts 2 and 3~~ of this Article for the taxable period."

28 Section 8. G.S. 105-131.8 reads as rewritten:

29 **"§ 105-131.8. Tax credits.**

30 (a) For purposes of G.S. ~~105-151; 105-151~~ and G.S. 105-160.4, each resident  
31 shareholder ~~shall be~~ is considered to have paid a tax imposed on the shareholder in an  
32 amount equal to the shareholder's pro rata share of any net income tax paid by the S  
33 Corporation to a state ~~which~~ that does not measure the income of S Corporation  
34 shareholders by the income of the S Corporation. For purposes of the preceding  
35 sentence, the term "net income tax" means any tax imposed on or measured by a  
36 corporation's net income.

37 (b) ~~Each~~ Except as otherwise provided in G.S. 105-160.3, each shareholder of an S  
38 Corporation is allowed as a credit against the tax imposed by ~~Division H Parts 2 and 3~~ of  
39 this Article an amount equal to the shareholder's pro rata share of the tax credits for  
40 which the S Corporation is eligible. "

41 Section 9. G.S. 105-134.1(7b) is repealed.

42 Section 10. G.S. 105-160.3(b) reads as rewritten:

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

- 1 (1) G.S. 105-151. Tax credits for income taxes paid to other states by  
2 individuals.
- 3 (2) G.S. 105-151.11. Credit for child care and certain employment-related  
4 expenses.
- 5 (3) G.S. 105-151.18. Credit for the disabled.
- 6 (4) G.S. 105-151.24. Credit for children.
- 7 (5) G.S. 105-151.26. Credit for charitable contributions by nonitemizers."

8 Section 11. G.S. 105-163.3(a) reads as rewritten:

9 "(a) Requirement. – Every payer who pays a contractor more than six hundred  
10 dollars (\$600.00) during a calendar year shall deduct and withhold from compensation  
11 paid to ~~a~~the contractor the State income taxes payable by the contractor on the  
12 compensation as provided in this section. The amount of taxes to be withheld is four  
13 percent (4%) of the compensation paid to the contractor. The taxes a payer withholds are  
14 held in trust for the Secretary."

15 Section 12. G.S. 105-163.3(b) reads as rewritten:

16 "(b) Exemptions. – The withholding requirement does not apply to the following:

- 17 (1) Compensation that is subject to the withholding requirement of G.S.  
18 105-163.2.
- 19 (2) Compensation paid to an ordained or licensed member of the clergy.
- 20 (3) Compensation paid to an entity exempt from tax under G.S. 105-  
21 130.11."

22 Section 13. G.S. 105-163.3(e) reads as rewritten:

23 "(e) Records. – If a payer does not withhold from payments to a nonresident entity  
24 because the entity is exempt from tax under G.S. 105-130.11, the payer shall obtain from  
25 the entity documentation proving its exemption from tax. If a payer does not withhold  
26 from payments to a nonresident corporation or a nonresident limited liability company  
27 because the entity has obtained a certificate of authority from the Secretary of State, the  
28 payer shall obtain from the entity its corporate identification number issued by the  
29 Secretary of State. If a payer does not withhold from payments to an individual because  
30 the individual is a resident, the payer shall obtain the individual's address and social  
31 security number. If a payer does not withhold from a partnership because the partnership  
32 has a permanent place of business in this State, the payer shall obtain the partnership's  
33 address and taxpayer identification number. The payer shall retain this information with  
34 its records."

35 Section 14. G.S. 105-164.13(11) reads as rewritten:

36 "(11) Any of the following fuel:

- 37 a. Motor fuel, as defined in G.S. 105-449.60, except motor fuel for  
38 which a refund of the per gallon excise tax is allowed under ~~G.S.~~  
39 ~~105-449.105(e) or (d) or under~~ G.S. 105-449.107.
- 40 b. Alternative fuel taxed under Article 36D of this Chapter, unless a  
41 refund of that tax is allowed under G.S. 105-449.107."

42 Section 15. G.S. 105-164.14(a) reads as rewritten:

1       "(a) Interstate Carriers. – An interstate carrier is allowed a refund, in accordance  
2 with this section, of part of the sales and use taxes paid by it on lubricants, repair parts,  
3 and accessories purchased in this State for a motor vehicle, railroad car, locomotive, or  
4 airplane the carrier operates. An "interstate carrier" is a person who is engaged in  
5 transporting persons or property in interstate commerce for ~~compensation, is subject to~~  
6 ~~regulation by, and to the jurisdiction of, the Interstate Commerce Commission or the United~~  
7 ~~States Department of Transportation, and is required by either federal agency to keep records~~  
8 ~~according to generally accepted accounting principles (GAAP) or, in the case of a small~~  
9 ~~certificated air carrier, to make reports of financial and operating statistics.~~ compensation. The  
10 Secretary shall prescribe the periods of time, whether monthly, quarterly, semiannually,  
11 or otherwise, with respect to which refunds may be claimed, and shall prescribe the time  
12 within which, following these periods, an application for refund may be made.

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

- 15           (1) A list identifying the lubricants, repair parts, and accessories purchased  
16           by the applicant inside or outside this State during the refund period.
- 17           (2) The purchase price of the items listed in subdivision (1) of this  
18           subsection.
- 19           (3) The sales and use taxes paid in this State on the listed items.
- 20           (4) The number of miles the applicant's motor vehicles, railroad cars,  
21           locomotives, and airplanes were operated both inside and outside this  
22           State during the refund period.
- 23           (5) Any other information required by the Secretary.

24       For each applicant, the Secretary shall compute the amount to be refunded as follows.  
25 First, the Secretary shall determine the ratio of the number of miles the applicant operated  
26 its motor vehicles, railroad cars, locomotives, and airplanes in this State during the refund  
27 period to the number of miles it operated them both inside and outside this State during  
28 the refund period. Second, the Secretary shall determine the applicant's proportional  
29 liability for the refund period by multiplying this mileage ratio by the purchase price of  
30 the items identified in subdivision (1) of this subsection and then multiplying the  
31 resulting product by the tax rate that would have applied to the items if they had all been  
32 purchased in this State. Third, the Secretary shall refund to each applicant the excess of  
33 the amount of sales and use taxes the applicant paid in this State during the refund period  
34 on these items over the applicant's proportional liability for the refund period."

35       Section 16. G.S. 105-197 reads as rewritten:

36 **"§ 105-197. When return required; due date of tax and return.**

37       (a) When Return Required. – Anyone who, during the calendar year, gives to a  
38 donee a gift of a future interest or one or more ~~gifts-taxable gifts~~ whose total value  
39 exceeds the amount of the annual exclusion set in G.S. 105-188(d) must file a gift tax  
40 return, under oath or affirmation, with the Secretary on a form prescribed by the  
41 Secretary. For the purpose of this section, a taxable gift is a gift that is not exempt under  
42 G.S. 105-188(h) or (i).

1 (b) Due Date. – The tax is due on April 15th following the end of the calendar  
2 year. A return must be filed on or before the due date of the tax. A taxpayer may ask the  
3 Secretary of Revenue for an extension of time for filing a return under G.S. 105-263."

4 Section 17. G.S. 105-228.5(d) reads as rewritten:

5 "(d) Tax Rates; Disposition. –

6 (1) Workers Compensation. – The tax rate to be applied to gross premiums,  
7 or the equivalent thereof in the case of self-insurers, ~~collected~~ on  
8 contracts applicable to liabilities under the Workers' Compensation Act  
9 shall be two and five-tenths percent (2.5%). The net proceeds shall be  
10 credited to the General Fund.

11 (2) Other Insurance Contracts. – The tax rate to be applied to gross  
12 premiums ~~collected~~ on all other insurance contracts issued by insurers  
13 shall be one and nine-tenths percent (1.9%). The net proceeds shall be  
14 credited to the General Fund.

15 (3) Additional Statewide Fire and Lightning Rate. – An additional tax shall  
16 be applied to ~~amounts collected~~ gross premiums on contracts of insurance  
17 applicable to fire and lightning coverage, except in the case of marine  
18 and automobile policies, at the rate of one and thirty-three hundredths  
19 percent (1.33%). Twenty-five percent (25%) of the net proceeds of this  
20 additional tax shall be deposited in the Volunteer Fire Department Fund  
21 established in Article 87 of Chapter 58 of the General Statutes. The  
22 remaining net proceeds shall be credited to the General Fund.

23 (4) Additional Local Fire and Lightning Rate. – An additional tax shall be  
24 applied to ~~amounts collected~~ gross premiums on contracts of insurance  
25 applicable to fire and lightning coverage within fire districts at the rate  
26 of one-half of one percent (1/2 of 1%). The net proceeds shall be  
27 credited to the Department of Insurance for disbursement pursuant to  
28 G.S. 58-84-25.

29 (5) Article 65 Corporations. – The tax rate to be applied to gross premiums  
30 and/or gross collections from membership dues, exclusive of receipts  
31 from cost plus plans, received by Article 65 corporations shall be one-  
32 half of one percent (1/2 of 1%). The net proceeds shall be credited to the  
33 General Fund."

34 Section 18. G.S. 105-228.10 reads as rewritten:

35 "**§ 105-228.10. No additional local taxes.**

36 ~~No county, city, or town shall be allowed to impose any additional tax, license, or fee,~~  
37 ~~other than ad valorem taxes, upon any insurance company or association paying the fees~~  
38 ~~and taxes.~~ No city or county may levy on a person subject to the tax levied in this Article.  
39 Article a privilege tax or a tax computed on the basis of gross premiums."

40 Section 19. G.S. 105-249.3 is repealed.

41 Section 20. G.S. 105-259(b)(3) reads as rewritten:

42 "(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who  
43 has access to tax information in the course of service to or employment by the State may

1 not disclose the information to any other person unless the disclosure is made for one of  
2 the following purposes:

- 3 (3) Review by a tax official of another state or the Internal Revenue  
4 Commissioner of the United States jurisdiction to aid the state or the  
5 Commissioner jurisdiction in collecting a tax imposed by this State, the  
6 other state, or the United States State or the other jurisdiction if the laws  
7 of the other state or the United States allow the state or the United States  
8 jurisdiction allow it to provide similar tax information to a  
9 representative of this State."

10 Section 21. G.S. 105-264 reads as rewritten:

11 "**§ 105-264. Effect of Secretary's interpretation of revenue laws.**

12 It ~~shall be~~ is the duty of the Secretary to interpret all laws administered by the  
13 Secretary. The Secretary's interpretation of these laws shall be consistent with the  
14 applicable rules.

15 An interpretation by the Secretary is prima facie correct. When the Secretary  
16 interprets a law by adopting a rule or publishing a bulletin or directive on the law, the  
17 interpretation is a protection to the officers and taxpayers affected by the interpretation,  
18 and taxpayers are entitled to rely upon the interpretation. If the Secretary changes a ~~rule~~  
19 ~~or a bulletin~~, an interpretation, a taxpayer who relied ~~upon the rule or bulletin~~ on it before it  
20 was changed is not liable for any penalty or additional assessment on any tax that accrued  
21 before the ~~rule or bulletin~~ interpretation was changed and was not paid by reason of  
22 reliance upon the ~~rule or bulletin~~ interpretation. If a taxpayer requests in writing specific  
23 advice from the Department and receives in response erroneous written advice, the  
24 taxpayer is not liable for any penalty or additional assessment attributable to the  
25 erroneous advice furnished by the Department to the extent the advice was reasonably  
26 relied upon by the taxpayer and the penalty or additional assessment did not result from  
27 the taxpayer's failure to provide adequate or accurate information.

28 This section does not prevent the Secretary from changing an interpretation and it  
29 does not prevent a change in an interpretation from applying on and after the effective  
30 date of the change."

31 Section 22. G.S. 105-277.3 reads as rewritten:

32 "**§ 105-277.3. Agricultural, horticultural, and forestland – Classifications.**

33 (a) Classes Defined. – The following classes of property are ~~hereby~~ designated  
34 special classes of property under authority of ~~Article V, Sec. 2(2)~~ Section 2(2) of Article V  
35 of the North Carolina Constitution and shall be appraised, ~~assessed and taxed as hereinafter~~  
36 ~~provided~~ assessed, and taxed as provided in G.S. 105-277.2 through G.S. 105-277.7.

- 37 (1) Agricultural land. – Individually owned agricultural land consisting of  
38 one or more tracts, one of which consists of at least 10 acres that are in  
39 actual production and that, for the three years preceding January 1 of the  
40 year for which the benefit of this section is claimed, have produced an  
41 average gross income of at least one thousand dollars (\$1,000). Gross  
42 income includes income from the sale of the agricultural products  
43 produced from the land and any payments received under a

1 governmental soil conservation or land retirement program. Land in  
2 actual production includes land under improvements used in the  
3 commercial production or growing of crops, plants, or animals.

4 (2) Horticultural land. – Individually owned horticultural land consisting of  
5 one or more tracts, one of which consists of at least five acres that are in  
6 actual production and that, for the three years preceding January 1 of the  
7 year for which the benefit of this section is claimed, have ~~either met the~~  
8 applicable minimum gross income requirement. Land in actual  
9 production includes land under improvements used in the commercial  
10 production or growing of fruits or vegetables or nursery or floral  
11 products. Land that has been

12 ~~a. Been used to produce evergreens intended for use as Christmas trees~~  
13 ~~and must have met the qualifying or minimum gross income~~  
14 ~~requirements established by the Department of Revenue for the land; or~~

15 ~~b. Produced land.~~ All other horticultural land must have produced an  
16 average gross income of at least one thousand dollars (\$1,000). Gross  
17 income includes income from the sale of the horticultural products  
18 produced from the land and any payments received under a  
19 governmental soil conservation or land retirement program. ~~Land in~~  
20 ~~actual production includes land under improvements used in the commercial~~  
21 ~~production or growing of fruits or vegetables or nursery or floral products.~~

22 (3) Forestland. – Individually owned forestland consisting of one or more  
23 tracts, one of which consists of at least 20 acres that are in actual  
24 production and are not included in a farm unit.

25 (b) Natural Person Ownership Requirements. – In order to come within a  
26 classification described in subdivision (a)(1), (2) or (3), above, ~~the property must, subsection~~  
27 (a) of this section, the land must, if owned by natural persons, a natural person, also satisfy  
28 one of the following conditions:

29 (1) It is the owner's place of residence.

30 (2) It has been owned by the current owner or a relative of the current  
31 owner for the four years preceding January 1 of the year for which the  
32 benefit of this section is claimed.

33 (3) At the time of transfer to the current owner, it qualified for classification  
34 in the hands of a business entity or trust ~~which that~~ transferred the  
35 ~~property land~~ to the current owner who was a member of the business  
36 entity or a beneficiary of the trust, as appropriate.

37 (b1) Entity Ownership Requirements. ~~If~~ In order to come within a classification  
38 described in subsection (a) of this section, the land must, if owned by a business entity or  
39 trust, ~~the property must~~ have been owned by the business entity or trust or by one or more  
40 of its ~~members, or by one or more of its creators in the case of a trust, members or creators,~~  
41 respectively, for the four years immediately preceding January 1 of the year for which the  
42 benefit of this section is claimed. ~~Notwithstanding the provisions of G.S. 105-277.2(4)b, a~~  
43 ~~business entity qualifying for a classification described in G.S. 105-277.3 shall not lose the~~



1 benefit of the classification by reason of the death of one of its members if the decedent's  
2 ownership passes to and remains in a relative of the decedent.

3 (b2) Exception to Ownership Requirements. ~~Property loses its eligibility for the~~  
4 ~~classifications described in subsection (a) of this section if ownership of the property~~  
5 ~~passes to anyone other than a relative of the owner or passes to or from a business entity~~  
6 ~~or trust from or to anyone other than its members or its creators or beneficiaries,~~  
7 ~~respectively, except that property does not lose its eligibility if both of the following~~  
8 ~~conditions are met: (i) it G.S. 105-277.4(c) provides that deferred taxes are payable if~~  
9 ~~land fails to meet any condition or requirement for classification. Accordingly, if land~~  
10 ~~fails to meet an ownership requirement due to a change of ownership, G.S. 105-277.4(c)~~  
11 ~~applies. Despite this failure and the resulting liability for taxes under G.S. 105-277.4(c),~~  
12 ~~the land may qualify for classification in the hands of the new owner if both of the~~  
13 ~~following conditions are met, even if the new owner does not meet all of the ownership~~  
14 ~~requirements of subsections (b) and (b1) of this section with respect to the land:~~

15 (1) The land was appraised at its present use value or was eligible for  
16 appraisal at its present use value pursuant to that subsection at the time  
17 title to the property land passed to the present owner, and (ii) at new  
18 owner.

19 (2) At the time title to the property land passed to the present new owner, the  
20 owner owned other property land classified under subsection (a).

21 ~~The fact that property may retain its eligibility because the preceding two conditions were~~  
22 ~~met does not affect any liability for deferred taxes under G.S. 105-277.4(c) if those taxes~~  
23 ~~were otherwise due at the time title passed to the present owner.~~

24 (c) Repealed by Session Laws 1995, c. 454, s. 2.

25 (d) Exception for Conservation Reserve Program. ~~Enrollment Land enrolled in~~  
26 ~~the federal Conservation Reserve Program authorized by Title XII of the Food Security~~  
27 ~~Act of 1985 (Pub. L. 99-198), as amended, shall not preclude eligibility of land for~~  
28 ~~present use value treatment solely on the grounds that the land is no longer 16 U.S.C. §~~  
29 ~~1381 is considered to be in actual production, and income derived from participation in~~  
30 ~~the federal Conservation Reserve Program may be used in meeting the minimum gross~~  
31 ~~income requirements of this section either separately or in combination with income from~~  
32 ~~actual production. Land enrolled in the federal Conservation Reserve Program shall be~~  
33 ~~assessed as agricultural land if it is planted in vegetation other than trees, or as ~~forest land~~~~  
34 ~~forestland if it is planted in trees.~~

35 (e) Exception for Turkey Disease. ~~Notwithstanding the provisions of subsection~~  
36 ~~(a) of this section, agricultural Agricultural land that meets all of the following conditions~~  
37 ~~does not lose its eligibility for present use value treatment solely on the grounds that it is~~  
38 ~~no longer in actual production, it no longer meets the minimum income requirements, or~~  
39 ~~both: is considered to be in actual production and to meet the minimum gross income~~  
40 ~~requirements:~~

41 (1) The land was in actual production in turkey growing within the  
42 preceding two years and qualified for present use value treatment while  
43 it was in actual production.

1 (2) The land was taken out of actual production in turkey growing solely for  
2 health and safety considerations due to the presence of Poult Enteritis  
3 Mortality Syndrome among turkeys in the same county or a neighboring  
4 county.

5 (3) The land is otherwise eligible for present use value treatment."

6 Section 23. G.S. 105-277.4(c) reads as rewritten:

7 "(c) Deferred Taxes. —~~Property Land~~ meeting the conditions for classification under  
8 G.S. 105-277.3 shall be taxed on the basis of the value of the ~~property land~~ for its present  
9 use. The difference between the taxes due on the present-use basis and the taxes ~~which~~  
10 that would have been payable in the absence of this classification, together with any  
11 interest, penalties, or costs that may accrue thereon, ~~shall be~~ are a lien on the real property  
12 of the taxpayer as provided in G.S. 105-355(a). The difference in taxes shall be carried  
13 forward in the records of the taxing unit or units as deferred ~~taxes, but shall not be payable,~~  
14 ~~unless and until the property loses its eligibility for the benefit of this classification.~~ taxes. The  
15 taxes become due and payable when the land fails to meet any condition or requirement  
16 for classification. The tax for the fiscal year that opens in the calendar year in which a  
17 ~~disqualification occurs shall be~~ deferred taxes become due is computed as if the ~~property~~  
18 land had not been classified for that year, and taxes for the preceding three fiscal years  
19 ~~which that~~ have been deferred shall immediately be are immediately payable, together with  
20 interest ~~thereon~~ as provided in G.S. 105-360 for unpaid taxes which shall accrue taxes.  
21 Interest accrues on the deferred taxes due as if they had been payable on the dates on  
22 which they originally became due. If only a part of the qualifying tract of land ~~loses its~~  
23 eligibility, fails to meet a condition or requirement for classification, a determination shall  
24 be made of the amount of deferred taxes applicable to that part and that amount ~~shall~~  
25 ~~become~~ becomes payable with interest as provided above. Upon the payment of any taxes  
26 deferred in accordance with this section for the three years immediately preceding a  
27 disqualification, all liens arising under this subsection ~~shall be~~ are extinguished."

28 Section 24. G.S. 105-277.2(4)b. reads as rewritten:

29 "b. A business entity having as its principal business one of the  
30 activities described in subdivisions (1), (2), and (3) and whose  
31 members ~~are all either a natural person~~ are all natural persons who  
32 meet one or more of the following conditions:

- 33 1. The member is actively engaged in the business of the  
34 entity or a entity.
- 35 2. The member is a relative of a member who is actively  
36 engaged in the business of the entity.
- 37 3. The member is a relative of, and inherited the membership  
38 interest from, a decedent who met one or both of the  
39 preceding conditions after the land qualified for  
40 classification in the hands of the business entity."

41 Section 25. G.S. 105-333(14) reads as rewritten:

42 "(14) Public service company. — A railroad company, a pipeline company,  
43 a gas company, an electric power company, an electric membership

1 corporation, a telephone company, a telegraph company, a bus line  
2 company, an airline company, or a motor freight carrier company.  
3 ~~any other~~ The term also includes any company performing a public  
4 service that is regulated by the ~~Interstate Commerce Commission, the~~  
5 ~~Federal Power Commission, United States Department of Energy, the~~  
6 United States Department of Transportation, the Federal  
7 Communications Commission, the Federal Aviation Agency, or the  
8 North Carolina Utilities Commission, except that the term does not  
9 include a water company, a radio common carrier company as  
10 defined in G.S. 62-119(3), a cable television company, or a radio or  
11 television broadcasting company. The term also includes a motor  
12 freight carrier company. For purposes of appraisal under this Article, the  
13 term also includes a pipeline company whether or not it performs a public  
14 service and whether or not it is regulated by one of the regulatory agencies  
15 named in this subdivision."

16 Section 26. G.S. 105-378(e) is repealed.

17 Section 27. G.S. 105-395(b) is repealed.

18 Section 28. G.S. 105-449.88(2) reads as rewritten:

19 "(2) Motor fuel sold to the federal ~~government.~~ government for its use."

20 Section 29. G.S. 105-449.105(d) is repealed.

21 Section 30. G.S. 105-449.110(b) reads as rewritten:

22 "(b) Interest. – The rate of interest payable on a refund is the rate set in ~~G.S. 105-~~  
23 ~~242.1(i).~~ G.S. 105-241.1(i). Interest accrues on a refund from the date that is 90 days after  
24 the later of the following:

25 (1) The date the application for refund was filed.

26 (2) The date the application for refund was due."

27 Section 31. G.S. 105-487 reads as rewritten:

28 "**§ 105-487. Use of additional tax revenue by ~~counties and municipalities.~~ counties.**

29 (a) Except as provided in subsection (c), forty percent (40%) of the revenue  
30 received by a county from additional one-half percent (1/2%) sales and use taxes levied  
31 under this Article during the first five fiscal years in which the additional taxes are in  
32 effect in the county and thirty percent (30%) of the revenue received by a county from  
33 these taxes in the next 10 fiscal years in which the taxes are in effect in the county may  
34 be used by the county only for public school capital outlay purposes or to retire any  
35 indebtedness incurred by the county for these purposes.

36 ~~(b) Except as provided in subsection (c), forty percent (40%) of the revenue~~  
37 ~~received by a municipality from additional one-half percent (1/2%) sales and use taxes~~  
38 ~~levied under this Article during the first five fiscal years in which the additional taxes are~~  
39 ~~in effect in the municipality and thirty percent (30%) of the revenue received by a~~  
40 ~~municipality from these taxes in the second five fiscal years in which the taxes are in~~  
41 ~~effect in the municipality may be used by the municipality only for water and sewage~~  
42 ~~capital outlay purposes or to retire any indebtedness incurred by the municipality for~~  
43 ~~these purposes.~~

1 (c) The Local Government Commission may, upon petition by a ~~county or~~  
2 ~~municipality~~, ~~authorize a county or municipality~~ county, authorize the county to use part or  
3 all its tax revenue, otherwise required by subsection (a) ~~or (b) of this section~~ to be used  
4 for public ~~schools or water and sewage~~ school capital needs, for any lawful purpose. The  
5 petition shall be in the form of a resolution adopted by the ~~City Council or Board of~~  
6 County Commissioners and transmitted to the Local Government Commission. The  
7 petition shall demonstrate that the county ~~or municipality~~ can provide for its public school  
8 ~~or water and sewage~~ capital needs without restricting the use of part or all of the designated  
9 amount of the additional one-half percent (1/2%) sales and use tax revenue for ~~these~~  
10 ~~purposes~~ that purpose.

11 In making its decision, the Local Government Commission shall consider information  
12 contained in the petition concerning not only the public school ~~or water and sewage~~ capital  
13 needs, but also the other capital needs of the petitioning ~~county or municipality~~ county.  
14 The Commission may also consider information from sources other than the petition.  
15 The Commission shall issue a written decision on each petition stating the findings of the  
16 Commission concerning the public school ~~or water and sewage~~ capital needs of the  
17 petitioning county ~~or municipality~~ and the percentage of revenue otherwise restricted by  
18 subsection (a) ~~or (b) of this section~~ that may be used by the petitioning county ~~or~~  
19 ~~municipality~~ for any lawful purpose.

20 Decisions of the Commission allowing counties ~~or municipalities~~ to use a percentage of  
21 their tax revenue that would otherwise be restricted under subsection (a) ~~or (b) of this~~  
22 section for any lawful purpose are final and shall continue in effect until the restrictions  
23 imposed by ~~those subsections~~ that subsection expire. A county ~~or municipality~~ whose  
24 petition is denied, in whole or in part, by the Commission may subsequently submit a  
25 new petition to the Commission.

26 (d) For purposes of determining the number of fiscal years in which one-half  
27 percent (1/2%) sales and use taxes levied under this Article have been in effect in a ~~county~~  
28 ~~or municipality~~ county, these taxes are considered to be in effect only from the effective  
29 date of the levy of these taxes and are considered to be in effect for a full fiscal year  
30 during the first year in which these taxes were in effect, regardless of the number of  
31 months in that year in which the taxes were actually in effect.

32 (e) A county ~~or municipality~~ may expend part or all of the revenue restricted for  
33 public school ~~or water and sewage~~ capital needs pursuant to ~~subsections (a) and (b)~~  
34 subsection (a) of this section in the fiscal year in which the revenue is received, or the  
35 county ~~or municipality~~ may place part or all of this revenue in a capital reserve fund and  
36 shall specifically identify this revenue in accordance with Chapter 159 of the General  
37 Statutes."

38 Section 32. G.S. 105-504 is repealed.

39 Section 33. G.S. 105-550 reads as rewritten:

40 "**§ 105-550. Definitions.**

41 The definitions in G.S. 105-164.3 and the following definitions apply in this Article:

- 1           (1) Authority. – A regional public transportation authority or a regional  
2 transportation authority created pursuant to Article 26 or Article 27  
3 of Chapter 160A of the General Statutes.
- 4           (2) Long-term lease or rental. – Defined in G.S. 105-187.1.
- 5           (3) Motorcycle. – Defined in G.S. 20-4.01.
- 6           (4) ~~Private passenger vehicle. – Defined in G.S. 20-4.01.~~
- 7           (5) Public transportation system. – Any combination of real and  
8 personal property established for purposes of public transportation.  
9 The systems may include one or more of the following: structures,  
10 improvements, buildings, equipment, vehicle parking or passenger  
11 transfer facilities, railroads and railroad rights-of-way, rights-of-way,  
12 bus services, shared-ride services, high-occupancy vehicle facilities,  
13 carpool and vanpool programs, voucher programs,  
14 telecommunications and information systems, integrated fare  
15 systems, bus lanes, and busways. The term does not include,  
16 however, streets, roads, or highways except to the extent they are  
17 dedicated to public transportation vehicles or to the extent they are  
18 necessary for access to vehicle parking or passenger transfer  
19 facilities.
- 20           (6) Short-term lease or rental. – A lease or rental that is not a long-term  
21 lease or rental.
- 22           (7) U-drive-it passenger vehicle. – Defined in G.S. 20-4.01."

23 Section 34. G.S. 105-551(a) reads as rewritten:

24       "(a) Tax. – The board of trustees of an Authority may levy a privilege tax on a  
25 retailer who is engaged in the business of leasing or renting ~~private-U-drive-it~~ passenger  
26 vehicles or motorcycles based on the gross receipts derived by the retailer from the short-  
27 term lease or rental of these vehicles. The tax rate must be a percentage and may not  
28 exceed five percent (5%). A tax levied under this section applies to short-term leases or  
29 rentals made by a retailer whose place of business or inventory is located within the  
30 territorial jurisdiction of the Authority. This tax is in addition to all other taxes."

31 Section 35. G.S. 105-552(b) reads as rewritten:

32       "(b) Collection. – A tax levied by an Authority under this Article shall be collected  
33 by the Authority but shall otherwise be administered in the same manner as the optional  
34 gross receipts tax levied by G.S. 105-187.5. Like the optional gross receipts tax, a tax  
35 levied under this Article is to be added to the lease or rental price of a ~~private-U-drive-it~~  
36 passenger vehicle or motorcycle and thereby be paid by the person to whom it is leased or  
37 rented.

38 A tax levied under this Article applies regardless of whether the retailer who leases or  
39 rents the ~~private-U-drive-it~~ passenger vehicle or motorcycle has elected to pay the  
40 optional gross receipts tax on the lease or rental receipts from the vehicle. A tax levied  
41 under this Article must be paid to the Authority that levied the tax by the date an optional  
42 gross receipts tax would be payable to the Secretary of Revenue under G.S. 105-187.5 if

1 the retailer who leases or rents the ~~private~~ U-drive-it passenger vehicle or motorcycle had  
2 elected to pay the optional gross receipts tax."

3 Section 36. S.L. 1997-139 is reenacted.

4 Section 37. Article 3 of Chapter 66 of the General Statutes is repealed.

5 Section 38(a). G.S. 105A-2(2)e. reads as rewritten:

6 "e. A sum owed as a result of having obtained public assistance  
7 payments under any of the following programs through an  
8 intentional false statement, intentional misrepresentation,  
9 intentional failure to disclose a material fact, or inadvertent  
10 household error:

11 1. ~~The Aid to Families with Dependent Children-Work First~~  
12 ~~Program or the Aid to Families with Dependent Children~~  
13 ~~—Emergency Assistance Program, enabled by provided in~~  
14 ~~Article 2 of Chapter 108A, Article 2, Part 2. 108A of the~~  
15 ~~General Statutes.~~

16 2. ~~The Work First Cash Assistance-State-County~~  
17 ~~Special Assistance for Adults Program established~~  
18 ~~pursuant to federal waivers received by the Department~~  
19 ~~of Health and Human Services on February 5, 1996.~~  
20 ~~enabled by Part 3 of Article 2 of Chapter 108A of the~~  
21 ~~General Statutes.~~

22 3. ~~The State-County Special Assistance for Adults Program,~~  
23 ~~enabled by Chapter 108A, Article 2, Part 3. A successor~~  
24 ~~program of one of these programs.~~

25 4. ~~A successor program of one of these programs.~~  
26 ~~of the General Statutes or"~~

27 Section 38(b). This section becomes effective January 1, 2000.

28 Section 39. G.S. 120-70.105 reads as rewritten:

29 **"§ 120-70.105. Creation and membership of the Revenue Laws Study Committee.**

30 (a) Membership. – The Revenue Laws Study Committee is established. The  
31 Committee consists of 16 members as follows:

32 (1) Eight members appointed by the President Pro Tempore of the  
33 Senate; the persons appointed may be members of the Senate or  
34 public members.

35 (2) Eight members appointed by the Speaker of the House of  
36 Representatives; the persons appointed may be members of the  
37 House of Representatives or public members.

38 (b) Terms. – Terms on the Committee are for two years and begin on January 15  
39 of each odd-numbered year, except the terms of the initial members, which begin on  
40 appointment. Legislative members may complete a term of service on the Committee  
41 even if they do not seek reelection or are not reelected to the General Assembly, but  
42 resignation or removal from service in the General Assembly constitutes resignation or  
43 removal from service on the Committee.

1 A member continues to serve until ~~his~~a successor is appointed. A vacancy shall be  
2 filled within 30 days by the officer who made the original appointment."

3 Section 40. Article 8 of Chapter 136 of the General Statutes is repealed.  
4

5 PART II. CONFORM STATUTORY NOMENCLATURE.

6 Section 41. The designation of G.S. 105-103 through G.S. 105-113 as  
7 Division I of Article 2 of Chapter 105 of the General Statutes is eliminated, so that  
8 Article 2 contains G.S. 105-33 through G.S. 105-113 without any subdivision into Parts.

9 Section 42. Division I of Article 4 of Chapter 105 of the General Statutes is  
10 redesignated Part 1.

11 Section 43. Division IS of Article 4 of Chapter 105 of the General Statutes is  
12 redesignated Part 1A.

13 Section 44. Division II of Article 4 of Chapter 105 of the General Statutes is  
14 redesignated Part 2.

15 Section 45. Division III of Article 4 of Chapter 105 of the General Statutes is  
16 redesignated Part 3.

17 Section 46. Division V of Article 4 of Chapter 105 of the General Statutes is  
18 redesignated Part 5.

19 Section 47. Division I of Article 5 of Chapter 105 of the General Statutes is  
20 redesignated Part 1.

21 Section 48(a). G.S. 105-164.4 through G.S. 105-164.12A are merged into  
22 Division II of Article 5 of Chapter 105 of the General Statutes without subdivision into  
23 Parts, and the designations for Parts 1 through 4 of that Division are eliminated.

24 Section 48(b). Division II of Article 5 of Chapter 105 of the General Statutes  
25 is redesignated Part 2.

26 Section 49. Division III of Article 5 of Chapter 105 of the General Statutes is  
27 redesignated Part 3.

28 Section 50. Division IV of Article 5 of Chapter 105 of the General Statutes is  
29 redesignated Part 4.

30 Section 51. Division V of Article 5 of Chapter 105 of the General Statutes is  
31 redesignated Part 5.

32 Section 52. Division VI of Article 5 of Chapter 105 of the General Statutes is  
33 redesignated Part 6.

34 Section 53. Division VII of Article 5 of Chapter 105 of the General Statutes is  
35 redesignated Part 7.

36 Section 54. Division VIII of Article 5 of Chapter 105 of the General Statutes is  
37 redesignated Part 8.

38 Section 55. The title of Article 1 of Chapter 105 of the General Statutes reads  
39 as rewritten:

40 **"ARTICLE 1.**

41 **~~SCHEDULE A. INHERITANCE TAX.~~"**

42 Section 56. The title of Article 2A of Chapter 105 of the General Statutes  
43 reads as rewritten:

1 "ARTICLE 2A.

2 ~~SCHEDULE B-A. TOBACCO PRODUCTS TAX."~~

3 Section 57. The title of Article 2B of Chapter 105 of the General Statutes  
4 reads as rewritten:

5 "ARTICLE 2B.

6 ~~SCHEDULE B-B. SOFT DRINK TAX."~~

7 Section 58. The title of Article 2C of Chapter 105 of the General Statutes  
8 reads as rewritten:

9 "ARTICLE 2C.

10 ~~SCHEDULE B-C. ALCOHOLIC BEVERAGE LICENSE AND EXCISE TAXES."~~

11 Section 59. The title of Article 2D of Chapter 105 of the General Statutes  
12 reads as rewritten:

13 "ARTICLE 2D.

14 ~~SCHEDULE B-D. UNAUTHORIZED SUBSTANCES TAXES."~~

15 Section 60. The title of Article 3 of Chapter 105 of the General Statutes reads  
16 as rewritten:

17 "ARTICLE 3.

18 ~~SCHEDULE C. FRANCHISE TAX."~~

19 Section 61. The title of Article 4 of Chapter 105 of the General Statutes reads  
20 as rewritten:

21 "ARTICLE 4.

22 ~~SCHEDULE D. INCOME TAX."~~

23 Section 62. The title of Article 5 of Chapter 105 of the General Statutes reads  
24 as rewritten:

25 "ARTICLE 5.

26 ~~SCHEDULE E. SALES AND USE TAX."~~

27 Section 63. The title of Article 6 of Chapter 105 of the General Statutes reads  
28 as rewritten:

29 "ARTICLE 6.

30 ~~SCHEDULE G. GIFT TAXES."~~

31 Section 64. The title of Article 8A of Chapter 105 of the General Statutes  
32 reads as rewritten:

33 "ARTICLE 8A.

34 ~~SCHEDULE I-A. GROSS EARNINGS TAXES ON FREIGHT LINE COMPANIES~~  
35 ~~IN LIEU OF AD VALOREM TAXES."~~

36 Section 65. The title of Article 8B of Chapter 105 of the General Statutes  
37 reads as rewritten:

38 "ARTICLE 8B.

39 ~~SCHEDULE I-B. TAXES UPON INSURANCE COMPANIES."~~

40 Section 66. The title of Article 8D of Chapter 105 of the General Statutes  
41 reads as rewritten:

42 "ARTICLE 8D.

43 ~~SCHEDULE I-D. TAXATION OF SAVINGS AND LOAN~~



**ASSOCIATIONS."**

Section 67. The title of Article 9 of Chapter 105 of the General Statutes reads as rewritten:

**"ARTICLE 9.****~~SCHEDULE J. GENERAL ADMINISTRATION; PENALTIES AND~~  
REMEDIES."**

Section 68. The following sections of the General Statutes are amended by deleting the phrase "This Division" each time it occurs and substituting "This Part" :

G.S. 105-130

G.S. 105-131(a)

G.S. 105-131.1(b)

G.S. 105-133

G.S. 105-160

Section 69. The following sections of the General Statutes are amended by deleting the phrase "this Division" or "this division" each time it occurs and substituting "this Part":

G.S. 105-130.1

G.S. 105-130.2

G.S. 105-130.4(l)(1)

G.S. 105-130.4(m)

G.S. 105-130.5(a)(2)

G.S. 105-130.5(c)

G.S. 105-130.6

G.S. 105-130.8

G.S. 105-130.11

G.S. 105-130.12

G.S. 105-130.15

G.S. 105-130.16

G.S. 105-130.18

G.S. 105-130.22

G.S. 105-130.23

G.S. 105-130.25

G.S. 105-130.34

G.S. 105-130.41

G.S. 105-130.42

G.S. 105-131(b) & (c)

G.S. 105-134

G.S. 105-134.1

G.S. 105-134.3

G.S. 105-134.6

G.S. 105-151.1

G.S. 105-151.2

G.S. 105-151.11(a)

1 G.S. 105-151.12  
2 G.S. 105-151.18(a) & (b)  
3 G.S. 105-151.20  
4 G.S. 105-151.22  
5 G.S. 105-151.23  
6 G.S. 105-151.24  
7 G.S. 105-151.26  
8 G.S. 105-152(a) through (d)  
9 G.S. 105-154  
10 G.S. 105-156  
11 G.S. 105-158  
12 G.S. 105-160.1  
13 G.S. 105-160.2  
14 G.S. 105-160.4(a)  
15 G.S. 105-160.5  
16 G.S. 105-160.8  
17 G.S. 105-163.010  
18 G.S. 105-163.013  
19 G.S. 105-163.014

20 Section 70. The following sections of the General Statutes are amended by  
21 deleting the phrase "Division I" each time it occurs and substituting the phrase "Part 1" :

22 G.S. 105-131(b)(2)  
23 G.S. 105-164.44C  
24 G.S. 105-275.1(e)  
25 G.S. 105-277.001(f)  
26 G.S. 105-277.1A(f)

27 Section 71. The following sections of the General Statutes are amended by  
28 deleting the phrase "Division II" each time it occurs and substituting the phrase "Part 2" :

29 G.S. 105-160.1  
30 G.S. 105-160.4(e)  
31 G.S. 105-163.011(b) & (b1)  
32 G.S. 105-163.012  
33 G.S. 105-163.15  
34 G.S. 105-269.6  
35 G.S. 105-275.2

36 Section 72. The following sections of the General Statutes are amended by  
37 deleting the phrase "Division V" each time it occurs and substituting the phrase "Part 5" :

38 G.S. 105-116(a)  
39 G.S. 105-120(a)  
40 G.S. 105-120.2(f)  
41 G.S. 105-122(d)

42 Section 73. G.S. 105-7 reads as rewritten:

43 **"§ 105-7. Estate tax.**

1 (a) A tax in addition to the inheritance tax imposed by this ~~schedule is hereby~~  
2 Article imposed upon the transfer of the net estate of every decedent, whether a  
3 resident or nonresident of the State, where the inheritance tax imposed by this ~~schedule~~  
4 Article is less than the maximum state death tax credit allowed by the Federal Estate Tax  
5 Act as contained in the Code because of ~~said tax herein imposed. the tax imposed by this~~  
6 Article. In such a case, the inheritance tax ~~provided for by this schedule imposed by this~~  
7 Article shall be increased by an estate tax on the net estate so that the aggregate amount  
8 of tax due this State ~~shall be equals~~ the maximum amount of credit allowed under ~~said the~~  
9 Federal Estate Tax Act. ~~Said~~ This additional tax shall be paid out of the same funds as  
10 any other tax against the estate.

11 (b) ~~Where~~ If no tax is imposed by this ~~schedule~~ Article because of the exemptions  
12 ~~herein~~ or otherwise, and a tax is due the United States under the Federal Estate Tax Act,  
13 then a tax ~~shall be~~ is due this State equal to the maximum amount of the credit allowed  
14 under ~~said the~~ Federal Estate Tax Act.

15 (c) The administrative provisions of this ~~schedule~~, Article, wherever applicable,  
16 shall apply to the collection of the tax imposed by this section. The amount of the tax as  
17 imposed by subsection (a) of this section shall be computed in full accordance with the  
18 Federal Estate Tax Act as contained in the Code."

19 Section 74. G.S. 105-8 reads as rewritten:

20 "**§ 105-8. Treatment allowed for gift tax paid.**

21 ~~In case a tax has been imposed under Schedule G of the Revenue Act of 1937, or under~~  
22 ~~subsequent acts. If a tax has been imposed under Article 6 of this Chapter upon any gift,~~  
23 and thereafter upon the death of the donor, the amount ~~thereof~~ of the gift is required by  
24 ~~any provision of this Article to be included in the gross estate of the decedent, then there~~  
25 shall be credited against and applied in reduction of the tax, which would otherwise be  
26 chargeable against the beneficiaries of the estate under ~~the provisions of this Article~~, an  
27 amount equal to the tax paid with respect to ~~such the~~ gift. Any additional tax found to be  
28 due because of the inclusion of gifts in the gross estate of the ~~decedent, as provided herein,~~  
29 decedent shall be a tax against the estate and shall be paid out of the same funds as any  
30 other tax against the estate."

31 Section 75. The introductory language of G.S. 105-9 reads as rewritten:

32 "**§ 105-9. Deductions.**

33 In determining the clear market value of property taxed under this Article, ~~or schedule,~~  
34 the following deductions, and no others, shall be allowed:"

35 Section 76. G.S. 105-114(a)(2) reads as rewritten:

36 "(2) Corporations not organized under the laws of this State for doing  
37 business in this State and for the benefit and protection which ~~such~~  
38 these corporations receive from the government and laws of this  
39 State in doing business in this State.

40 If the corporation is organized under the laws of this State, the  
41 payment of the taxes levied by this Article shall be a condition  
42 precedent to the right to continue in ~~such the~~ corporate form of  
43 organization; and if the corporation is not organized under the laws of

1 this State, payment of these taxes shall be a condition precedent to the  
2 right to continue to engage in doing business in this State. The taxes  
3 levied in this Article ~~or schedule shall be~~ are for the fiscal year of the  
4 State in which the taxes become due; except that the taxes levied in G.S.  
5 105-122 ~~shall be~~ are for the income year of the corporation in which the  
6 taxes become due.

7 G.S. 105-122 does not apply to street transportation systems taxed  
8 under G.S. 105-120.1 or holding companies taxed under G.S. 105-  
9 120.2. G.S. 105-122 applies to a corporation taxed under another  
10 section of this Article only to the extent the taxes levied on the  
11 corporation in G.S. 105-122 exceed the taxes levied on the corporation  
12 in other sections of this Article."

13 Section 77. G.S. 105-122(a) reads as rewritten:

14 "(a) Every corporation, domestic and foreign, incorporated, or, by an act,  
15 domesticated under the laws of this State or doing business in this State, except as  
16 otherwise provided in this ~~Article or schedule,~~ Article, shall, on or before the fifteenth day  
17 of the third month following the end of its income year, ~~annually,~~ annually make and  
18 deliver to the Secretary of Revenue ~~in such form as he may prescribe~~ in the form prescribed  
19 by the Secretary a full, ~~accurate~~ accurate, and complete report and statement signed by  
20 either its president, vice-president, treasurer, assistant treasurer, secretary or assistant  
21 secretary, containing ~~such the~~ the facts and information ~~as may be required~~ as by the Secretary of  
22 Revenue ~~as shown by the books and records of the corporation at the close of such the~~  
23 income year.

24 There shall be annexed to the return required by this subsection the affirmation of the  
25 officer signing the return in the following form: "Under penalties prescribed by law, I  
26 hereby affirm that to the best of my knowledge and belief this return, including any  
27 accompanying schedules and statements, is true and complete. If prepared by a person  
28 other than taxpayer, ~~his~~ this affirmation is based on all information of which ~~he~~ the  
29 preparer has any knowledge."

30 Section 78. G.S. 105-127(b) is repealed.

31 Section 79. G.S. 105-130.26 reads as rewritten:

32 "**§ 105-130.26. Credit against corporate income tax for conversion of industrial boiler**  
33 **to wood fuel.**

34 ~~Any corporation which~~ A corporation that modifies or replaces an oil or gas-fired boiler  
35 or kiln and the associated fuel and residue handling equipment used in the manufacturing  
36 process of a manufacturing business located in this State with one ~~which that~~ that is capable of  
37 burning wood ~~shall be~~ is allowed as a credit against the tax imposed by this ~~Division,~~ Part  
38 an amount equal to fifteen percent (15%) of the installation and equipment cost of ~~such~~  
39 ~~conversion; provided, that in order to secure the conversion paid during the taxable year. In~~  
40 order to claim the credit allowed by this section, the taxpayer must own or control the  
41 business in which ~~such the~~ the boiler or kiln is used at the time of ~~such conversion and payment~~  
42 ~~in part or in whole for such installation and equipment must be made by the taxpayer during the~~  
43 ~~tax year for which the credit is claimed; and the amount of credit allowed for any one income~~

1 year shall be limited to fifteen percent (15%) of such costs paid during the year; and the the  
2 conversion. The credit allowed by this section shall may not exceed the amount of the tax  
3 imposed by this ~~Division-Part~~ for the taxable year reduced by the sum of all credits  
4 allowable under this ~~Division~~, allowable, except for payments of tax made by or on behalf  
5 of the taxpayer. If a credit is granted under this section to a taxpayer engaged in the  
6 business of poultry production and that credit exceeds the tax imposed under this  
7 ~~Division-Part~~, the excess may be carried forward and applied to the tax imposed under this  
8 ~~Division~~ for the succeeding five years."

9 Section 80. G.S. 105-130.27(a) reads as rewritten:

10 "(a) Credit Allowed. —~~Any corporation which~~ A corporation that constructs in North  
11 Carolina a distillery to make ethanol from agricultural or forestry products for qualified  
12 uses ~~shall be~~ is allowed a credit against the tax imposed by this ~~Division-Part~~. Subject to  
13 the limitation provided in subsection (d) of this section, the amount of the credit shall be  
14 equal to twenty percent (20%) of the installation and construction costs of the ~~distillery,~~  
15 distillery paid during the year preceding the taxable year, and an additional ten percent  
16 (10%) of those costs if the distillery is to be powered by use of an alternative fuel source.  
17 No credit is allowed, however, for the costs of purchasing the land or site work, which  
18 includes rock, paving, and excavation. In order to secure the credit allowed by this  
19 section, the taxpayer must own or control the facility at the time of ~~construction,~~ and  
20 ~~payment for the installation and construction must be made by the taxpayer during the year~~  
21 ~~preceding the year for which the credit is claimed. The amount of the credit allowed for any one~~  
22 ~~taxable year shall be limited to twenty percent (20%) of the installation and construction costs~~  
23 ~~paid during such year, or thirty percent (30%) if the distillery is to be powered by an alternative~~  
24 ~~fuel source.~~ construction. Invoices or receipts shall be furnished to substantiate a claim or  
25 a credit under this section if requested by the ~~Secretary of Revenue.~~ Secretary. The credit  
26 allowed by this section shall may not exceed the amount of the tax imposed by this  
27 ~~Division-Part~~ for the taxable year reduced by the sum of all credits allowable under this  
28 ~~Division~~, allowable, except for payments of tax made by or on behalf of the taxpayer."

29 Section 81. G.S. 105-130.27A reads as rewritten:

30 "**§ 105-130.27A. Credit against corporate income tax for construction of a peat facility.**

31 (a) ~~Any corporation which~~ A corporation that constructs in North Carolina a facility  
32 ~~which that~~ uses peat as the feedstock for the production of a commercially manufactured  
33 energy source to replace petroleum, natural gas or other gas, or another nonrenewable  
34 energy sources ~~shall be~~ source is allowed a credit against the tax imposed by this ~~Division~~  
35 Part equal to twenty percent (20%) of the installation and equipment costs of ~~construction;~~  
36 ~~provided, that the credit shall not be allowed~~ construction paid during the taxable year. No  
37 credit is allowed, however, to the extent that any of the cost of the system was provided  
38 by federal, State, or local grants. In order to secure the credit allowed by this section, the  
39 taxpayer must own or control ~~such the~~ the facility at the time of ~~construction,~~ and the credit  
40 ~~allowed by this section shall not exceed~~ construction. The credit allowed by this section  
41 may not exceed the amount of the tax imposed by this ~~Division-Part~~ for the taxable year  
42 reduced by the sum of all credits allowable under this ~~Division~~, allowable, except for  
43 payments of tax made by or on behalf of the taxpayer.

1 (b) The amount of unused credit allowed under this section may be carried over  
2 for the next succeeding five years."

3 Section 82. G.S. 105-130.28(a) reads as rewritten:

4 "(a) Any corporation that constructs in North Carolina a facility for the production  
5 of photovoltaic equipment is allowed a credit against the tax imposed by this ~~Division~~  
6 Part equal to twenty-five percent (25%) of the installation and equipment costs of  
7 ~~construction. This credit shall not be allowed~~ construction paid during the taxable year. No  
8 credit is allowed, however, to the extent that any of the costs of the equipment were  
9 provided by federal, State, or local grants. To secure the credit allowed by this section,  
10 the taxpayer must own or control the facility at the time of construction. The credit  
11 allowed by this section may not exceed the amount of the tax imposed by this ~~Division~~  
12 Part for the taxable year reduced by the sum of all credits ~~allowable under this Division,~~  
13 allowable, except payments of tax made by or on behalf of the taxpayer."

14 Section 83. G.S. 105-130.29 reads as rewritten:

15 "**§ 105-130.29. Credit against corporate income tax for construction of an olivine brick**  
16 **facility.**

17 (a) Any corporation that constructs in North Carolina a facility for the production  
18 of olivine bricks for thermal storage ~~shall be~~ is allowed a credit against the tax imposed by  
19 this ~~Division~~ Part equal to twenty percent (20%) of the installation and equipment costs of  
20 ~~construction. This credit shall not be allowed~~ construction paid during the taxable year. No  
21 credit is allowed, however, to the extent that any of the costs of the system were provided  
22 by federal, State, or local grants. To secure the credit allowed by this section, the  
23 taxpayer must own or control the facility at the time of construction. The credit allowed  
24 by this section may not exceed the amount of the tax imposed by this ~~Division~~ Part for the  
25 taxable year reduced by the sum of all credits ~~allowable under this Division,~~ allowable,  
26 except payments of tax made by or on behalf of the taxpayer.

27 (b) The amount of credit allowed under this section may be carried over for the  
28 next succeeding five years."

29 Section 84. G.S. 105-130.30 reads as rewritten:

30 "**§ 105-130.30. Credit against corporate income tax for construction of a methane gas**  
31 **facility.**

32 (a) Any corporation that constructs in North Carolina a facility for the production  
33 of methane gas from renewable biomass resources ~~shall be~~ is allowed a credit against the  
34 tax imposed by this ~~Division~~ Part equal to ten percent (10%) of the installation and  
35 equipment costs of ~~construction.~~ construction paid during the taxable year. The credit  
36 allowed under this section may not exceed two thousand five hundred dollars (\$2,500) for  
37 any single installation. ~~This credit shall not be allowed~~ No credit is allowed, however, to the  
38 extent that any of the costs of the system were provided by federal, State, or local grants.  
39 To secure the credit allowed by this section, the taxpayer must own or control the facility  
40 at the time of construction. The credit allowed by this section may not exceed the amount  
41 of the tax imposed by this ~~Division~~ Part for the taxable year reduced by the sum of all  
42 credits ~~allowable under this Division,~~ allowable, except payments of tax made by or on  
43 behalf of the taxpayer.

1 (b) As used in this section, "renewable biomass resources" means organic matter  
2 produced by terrestrial and aquatic plants and animals such as standing vegetation,  
3 aquatic crops, forestry and agricultural ~~residues~~ residues, and animal wastes that can be  
4 used for the production of energy."

5 Section 85. G.S. 105-130.31 reads as rewritten:

6 **"§ 105-130.31. Credit ~~against corporate income tax~~ for installation of a wind energy**  
7 **device.**

8 (a) Any corporation that constructs or installs a wind energy device for the  
9 production of electricity at a site located in this State ~~shall be~~ is allowed a credit against  
10 the tax imposed by this ~~Division-Part~~ equal to ten percent (10%) of the installation and  
11 equipment costs of the wind energy ~~device~~ device paid during the taxable year. The  
12 credit allowed under this section may not exceed one thousand dollars (\$1,000) for any  
13 single installation. ~~This credit shall not be allowed~~ No credit is allowed, however, to the  
14 extent that any of the costs of the system were provided by federal, State, or local grants.  
15 To secure the credit allowed by this section, the taxpayer must own or control the site at  
16 the time the wind energy device is installed. The credit allowed by this section may not  
17 exceed the amount of the tax imposed by this ~~Division-Part~~ for the taxable year reduced  
18 by the sum of all credits ~~allowable under this Division~~, allowable, except payments of tax  
19 made by or on behalf of the taxpayer.

20 (b) As used in this section, "wind energy device" means equipment (and parts  
21 solely related to the functioning of the equipment) that, when installed on a site, transmits  
22 or uses wind energy to generate electricity."

23 Section 86. G.S. 105-130.32 reads as rewritten:

24 **"§ 105-130.32. Credit ~~against corporate income tax~~ for installation of solar energy**  
25 **equipment for the production of heat or electricity in certain processes.**

26 (a) Any corporation that constructs or installs solar energy equipment for the  
27 production of heat or electricity in the manufacturing or service processes of its business  
28 located in this State is allowed a credit against the tax imposed by this ~~Division-Part~~ equal  
29 to thirty-five percent (35%) of the installation and equipment costs of the solar energy  
30 ~~equipment~~ equipment paid during the taxable year. The credit allowed under this section  
31 may not exceed twenty-five thousand dollars (\$25,000) for any single installation. ~~This~~  
32 ~~credit shall not be allowed~~ No credit is allowed, however to the extent that any of the costs  
33 of the equipment were provided by federal, State, or local grants. To secure the credit  
34 allowed by this section, the taxpayer must own or control the business at the time the  
35 solar energy equipment is installed. The credit allowed by this section may not exceed the  
36 amount of the tax imposed by this ~~Division-Part~~ for the taxable year reduced by the sum  
37 of all credits ~~allowable under this Division~~, allowable, except payments of tax made by or  
38 on behalf of the taxpayer.

39 (b) As used in this section, "solar energy equipment" means equipment and  
40 materials designed to collect, store, transport, or control energy derived directly from the  
41 sun."

42 Section 87. G.S. 105-130.33(a) reads as rewritten:

1       "(a) Any corporation that constructs or installs a hydroelectric generator with a  
2 capacity of at least three kilowatts (3KW) at an existing dam or free flowing stream  
3 located in this State shall be allowed a credit against the tax imposed by this ~~Division-Part~~  
4 equal to ten percent (10%) of the installation and equipment costs of the hydroelectric  
5 ~~generator. paid during the taxable year.~~ The credit allowed under this section may not  
6 exceed five thousand dollars (\$5,000) for any single installation. ~~This credit shall not be~~  
7 ~~allowed.~~ No credit is allowed, however, to the extent that any of the costs of the system  
8 were provided by federal, State, or local grants. To secure the credit allowed by this  
9 section, the taxpayer must own or control the site at the time the hydroelectric generator  
10 is installed. The credit allowed by this section may not exceed the amount of the tax  
11 imposed by this ~~Division-Part~~ for the taxable year reduced by the sum of all credits  
12 allowable under this ~~Division, Part,~~ except payments of tax made by or on behalf of the  
13 taxpayer."

14       Section 88. G.S. 105-130.36(a) reads as rewritten:

15       "(a) Any corporation that purchases conservation tillage equipment for use in a  
16 farming business, including tree farming, shall be allowed a credit against the tax  
17 imposed by this ~~Division-Part~~ equal to twenty-five percent (25%) of the cost of the  
18 ~~equipment. equipment paid during the taxable year.~~ This credit may not exceed two  
19 thousand five hundred dollars (\$2,500) for any ~~income-taxable~~ year for any taxpayer. The  
20 credit may ~~only~~ be claimed only by the first purchaser of the equipment and may not be  
21 claimed by a corporation that purchases the equipment for resale or for use outside this  
22 State. This credit may not exceed the amount of tax imposed by this ~~Division-Part~~ for the  
23 taxable year reduced by the sum of all credits ~~allowable under this Division,~~ allowable,  
24 except tax payments made by or on behalf of the taxpayer. If the credit allowed by this  
25 section exceeds the tax imposed under this ~~Division, Part,~~ the excess may be carried  
26 forward ~~and applied to the tax imposed under this Division~~ for the succeeding five years. The  
27 basis in any equipment for which a credit is allowed under this section shall be reduced  
28 by the amount of credit allowable."

29       Section 89. G.S. 105-130.37(a) reads as rewritten:

30       "(a) Any corporation that grows a crop and permits the gleaning of the crop during  
31 the taxable year is ~~shall be~~ allowed a credit against the tax imposed by this ~~Division-Part~~  
32 equal to ten percent (10%) of the market price of the quantity of the gleaned crop. This  
33 credit may not exceed the amount of tax imposed by this ~~Division-Part~~ for the taxable year  
34 reduced by the sum of all credits ~~allowable under this Division,~~ allowable, except tax  
35 payments made by or on behalf of the taxpayer. No deduction is allowed under G.S. 105-  
36 130.5(b)(5) for the items for which a credit is claimed under this section. Any unused  
37 portion of the credit may be carried forward for the succeeding five years."

38       Section 90. G.S. 105-130.39 reads as rewritten:

39       "**§ 105-130.39. Credit for certain telephone subscriber line charges.**

40       (a) A corporation that provides local telephone service to low-income residential  
41 consumers at reduced rates pursuant to an order of the North Carolina Utilities  
42 Commission is allowed a credit against the tax imposed by this ~~Division-Part~~ equal to the  
43 difference ~~between:~~ between the following:



1 (1) The amount of receipts the corporation would have received  
2 during the taxable year from those low-income customers had the  
3 customers been charged the regular rates for local telephone service  
4 and ~~fees; and fees.~~

5 (2) The amount billed those low-income customers for local  
6 telephone service during the taxable year.

7 (b) This credit is allowed only for a reduction in local telephone service rates and  
8 fees and is not allowed for any reduction in interstate subscriber line charges. This credit  
9 may not exceed the amount of tax imposed by this ~~Division-Part~~ for the taxable year  
10 reduced by the sum of all credits ~~allowed under this Division,~~ allowable, except tax  
11 payments made by or on behalf of the corporation."

12 Section 91. G.S. 105-134.7(a)(7) reads as rewritten:

13 "(7) The transitional adjustments provided in ~~Division I-S-Part 1A~~ of this  
14 Article shall be made with respect to a shareholder's pro rata share of  
15 S Corporation income."

16 Section 92. G.S. 105-151 reads as rewritten:

17 "**§ 105-151. Tax credits for income taxes paid to other states by individuals.**

18 (a) An individual who is a resident of this State is allowed a credit against the  
19 taxes imposed by this ~~Division-Part~~ for income taxes imposed by and paid to another state  
20 or country on income taxed under this ~~Division-Part~~, subject to the following conditions:

21 (1) The credit ~~shall be~~ is allowed only for taxes paid to another state or  
22 country on income derived from sources within that state or country  
23 that is taxed under its laws irrespective of the residence or domicile  
24 of the ~~recipient; provided, recipient,~~ recipient, except that whenever a taxpayer  
25 who is deemed to be a resident of this State under the provisions of  
26 this ~~Division-Part~~ is deemed also to be a resident of another state or  
27 country under the laws of that state or country, the Secretary ~~may, in~~  
28 ~~his discretion,~~ may allow a credit against the taxes imposed by this  
29 ~~Division-Part~~ for taxes imposed by and paid to the other state or  
30 country on income taxed under this ~~Division-Part~~.

31 (2) The fraction of the gross income, as calculated under the Code and  
32 adjusted as provided in G.S. 105-134.6 and G.S. 105-134.7, that is  
33 subject to income tax in another state or country shall be ascertained,  
34 and the North Carolina net income tax before credit under this  
35 section shall be multiplied by that fraction. The credit allowed ~~shall~~  
36 ~~be~~ is either the product thus calculated or the income tax actually  
37 paid the other state or country, whichever is smaller.

38 (3) Receipts showing the payment of income taxes to another state or  
39 country and a true copy of a return or returns upon the basis of  
40 which the taxes are assessed shall be filed with the Secretary ~~at, or~~  
41 ~~prior to, the time when the~~ credit is claimed. If credit is claimed on  
42 account of a deficiency assessment, a true copy of the notice

1 assessing or proposing to assess the deficiency, as well as a receipt  
2 showing the payment of the deficiency, shall be filed.

3 (b) If any taxes paid to another state or country for which a taxpayer has been  
4 allowed a credit under this section are at any time credited or refunded to the taxpayer, a  
5 tax equal to that portion of the credit allowed for the taxes so credited or refunded ~~shall be~~  
6 is due and payable from the taxpayer and ~~shall be~~ is subject to the penalties and interest  
7 provided in Subchapter I of this Chapter."

8 Section 93. G.S 105-151.5 reads as rewritten:

9 **§ 105-151.5. Credit for conversion of industrial boiler to wood fuel.**

10 A ~~person-taxpayer~~ who modifies or replaces an oil or gas-fired boiler or kiln and the  
11 associated fuel and residue handling equipment used in the manufacturing process of a  
12 manufacturing business located in this State with one that is capable of burning wood  
13 ~~shall be~~ is allowed as a credit against the tax imposed by this ~~Division-Part~~ an amount  
14 equal to fifteen percent (15%) of the installation and equipment cost of the ~~conversion;~~  
15 ~~provided, that in order to secure~~ conversion paid during the taxable year. In order to claim  
16 the credit allowed by this section, the taxpayer must own or control the business in which  
17 the boiler or kiln is used at the time of the ~~conversion and payment in part or in whole for the~~  
18 ~~installation and equipment must be made by the taxpayer during the taxable year for which the~~  
19 ~~credit is claimed. The amount of credit allowed for any one taxable year may not exceed fifteen~~  
20 ~~percent (15%) of the costs paid during the year.~~ conversion. The credit allowed by this  
21 section may not exceed the amount of the tax imposed by this ~~Division-Part~~ for the  
22 taxable year reduced by the sum of all credits ~~allowable under this Division,~~ allowable,  
23 except for payments of tax made by or on behalf of the taxpayer. If a credit is granted  
24 under this section to a taxpayer engaged in the business of poultry production and that  
25 credit exceeds the tax imposed under this ~~Division,~~ Part, the excess may be carried  
26 forward ~~and applied to the tax imposed under this Division for the succeeding five years."~~

27 Section 94. G.S. 105-151.6(a) reads as rewritten:

28 "(a) Credit Allowed. – Any person who constructs in North Carolina a distillery to  
29 make ethanol from agricultural or forestry products for qualified uses ~~shall be~~ is allowed a  
30 credit against the tax imposed by this ~~Division-Part.~~ Subject to the limitation provided in  
31 subsection (d) of this section, the amount of the credit ~~shall be equal to~~ is twenty percent  
32 (20%) of the installation and construction costs of the ~~distillery,~~ distillery paid during the  
33 year preceding the taxable year, and an additional ten percent (10%) of those costs if the  
34 distillery is to be powered by use of an alternative fuel source. No credit is allowed,  
35 however, for the costs of purchasing the land or site work, which includes rock, paving,  
36 and excavation. In order to secure the credit allowed by this section, the taxpayer must  
37 own or control the facility at the time of ~~construction, and payment for the installation and~~  
38 ~~construction must be made by the taxpayer during the year preceding the year for which the~~  
39 ~~credit is claimed. The amount of the credit allowed for any one taxable year shall be limited to~~  
40 ~~twenty percent (20%) of the installation and construction costs paid during such year, or thirty~~  
41 ~~percent (30%) if the distillery is to be powered by an alternative fuel source.~~ construction.  
42 Invoices or receipts shall be furnished to substantiate a claim or a credit under this section  
43 if requested by the ~~Secretary of Revenue.~~ Secretary. The credit allowed by this section ~~shall~~

1 ~~may not exceed the amount of the tax imposed by this Division-Part~~ for the taxable year  
2 reduced by the sum of all credits ~~allowable under this Division,~~ allowable, except for  
3 payments of tax made by or on behalf of the taxpayer."

4 Section 95. G.S. 105-151.7(a) reads as rewritten:

5 "(a) A person who constructs or installs a hydroelectric generator with a capacity of  
6 at least three kilowatts (3KW) at an existing dam or free flowing stream located in this  
7 State ~~shall be~~ is allowed as a credit against the tax imposed by this ~~Division-Part~~ an  
8 amount equal to ten percent (10%) of the installation and equipment costs of the  
9 hydroelectric ~~generator.~~ generator paid during the taxable year. The credit allowed under  
10 this section may not exceed five thousand dollars (\$5,000) for any single installation. ~~This~~  
11 ~~credit shall not be allowed.~~ No credit is allowed, however, to the extent that any of the costs  
12 of the system were provided by federal, State, or local grants. To secure the credit  
13 allowed by this section, the taxpayer must own or control the site at the time the  
14 hydroelectric generator is installed. The credit allowed by this section may not exceed the  
15 amount of the tax imposed by this ~~Division-Part~~ for the taxable year reduced by the sum  
16 of all credits ~~allowable under this Division,~~ allowable, except payments of tax made by or  
17 on behalf of the taxpayer."

18 Section 96. G.S. 105-151.8(a) reads as rewritten:

19 "(a) A person who constructs or installs solar energy equipment for the production  
20 of heat or electricity in the manufacturing or service processes of the person's business  
21 located in this State is allowed a credit against the tax imposed by this ~~Division-Part~~ equal  
22 to thirty-five percent (35%) of the installation and equipment costs of the solar energy  
23 ~~equipment.~~ equipment paid during the taxable year. The credit allowed under this section  
24 may not exceed twenty-five thousand dollars (\$25,000) for any single installation. ~~This~~  
25 ~~credit shall not be allowed.~~ No credit is allowed, however, to the extent that any of the costs  
26 of the equipment were provided by federal, State, or local grants. To secure the credit  
27 allowed by this section, the taxpayer must own or control the business at the time the  
28 solar energy equipment is installed. The credit allowed by this section may not exceed the  
29 amount of tax imposed by this ~~Division-Part~~ for the taxable year reduced by the sum of all  
30 credits ~~allowable under this Division,~~ allowable, except payments of tax made by or on  
31 behalf of the taxpayer. In no case ~~shall a tax credit be~~ is a credit allowed under both this  
32 section and G.S. 105-151.2."

33 Section 97. G.S. 105-151.9(a) reads as rewritten:

34 "(a) A person who constructs or installs a wind energy device for the production of  
35 electricity at a site located in this State ~~shall be~~ is allowed as a credit against the tax  
36 imposed by this ~~Division-Part~~ an amount equal to ten percent (10%) of the installation and  
37 equipment costs of the wind energy ~~device.~~ device paid during the taxable year. The credit  
38 allowed under this section may not exceed one thousand dollars (\$1,000) for any single  
39 installation. ~~This credit shall not be allowed.~~ No credit is allowed, however, to the extent  
40 that any of the costs of the system were provided by federal, State, or local grants. To  
41 secure the credit allowed by this section, the taxpayer must own or control the site at the  
42 time the wind energy device is installed. The credit allowed by this section may not  
43 exceed the amount of the tax imposed by this ~~Division-Part~~ for the taxable year reduced

1 by the sum of all credits ~~allowable under this Division,~~ allowable, except payments of tax  
2 made by or on behalf of the taxpayer."

3 Section 98. G.S. 105-151.10(a) reads as rewritten:

4 "(a) A ~~person-taxpayer~~ who constructs in North Carolina a facility for the  
5 production of methane gas from renewable biomass resources shall be allowed as a credit  
6 against the tax imposed by this ~~Division-Part~~ an amount equal to ten percent (10%) of the  
7 installation and equipment costs of ~~construction.~~ construction paid during the taxable year.  
8 The credit allowed under this section may not exceed two thousand five hundred dollars  
9 (\$2,500) for any single installation. ~~This credit shall not be allowed.~~ No credit is allowed,  
10 however, to the extent that any of the costs of the system were provided by federal, State,  
11 or local grants. To secure the credit allowed by this section, the taxpayer must own or  
12 control the facility at the time of construction. The credit allowed by this section may not  
13 exceed the amount of the tax imposed by this ~~Division-Part~~ for the taxable year reduced  
14 by the sum of all credits ~~allowable under this Division,~~ allowable, except payments of tax  
15 made by or on behalf of the taxpayer."

16 Section 99. G.S. 105-151.11(c) reads as rewritten:

17 "(c) Limitations. – No credit shall be allowed under this section for  
18 amounts deducted from gross income in calculating taxable income under the Code. The  
19 credit allowed by this section may not exceed the amount of tax imposed by this ~~Division~~  
20 Part for the taxable year reduced by the sum of all credits ~~allowable under this Division,~~  
21 allowable, except for payments of tax made by or on behalf of the taxpayer. No credit  
22 shall be allowed under this section with respect to employment-related expenses paid by  
23 a nonresident of this State."

24 Section 100. G.S. 105-151.13(a) reads as rewritten:

25 "(a) A ~~person-taxpayer~~ who purchases conservation tillage equipment for use in a  
26 farming business, including tree farming, shall be allowed as a credit against the tax  
27 imposed by this ~~Division-Part~~ an amount equal to twenty-five percent (25%) of the cost of  
28 the ~~equipment.~~ equipment paid during the taxable year. This credit may not exceed two  
29 thousand five hundred dollars (\$2,500) for any taxable year. The credit may be claimed  
30 only by the first purchaser of the equipment and may not be claimed by a person who  
31 purchases the equipment for resale or for use outside this State. This credit may not  
32 exceed the amount of tax imposed by this ~~Division-Part~~ for the taxable year reduced by  
33 the sum of all credits ~~allowable under this Division,~~ allowable, except tax payments made  
34 by or on behalf of the taxpayer. If the credit allowed by this section exceeds the tax  
35 imposed under this ~~Division,~~ Part, the excess may be carried forward ~~and applied to the tax~~  
36 ~~imposed under this Division~~ for the next succeeding five years. The basis in any equipment  
37 for which a credit is allowed under this section shall be reduced by the amount of the  
38 credit allowable."

39 Section 101. G.S. 105-151.14(a) reads as rewritten:

40 "(a) A ~~person-taxpayer~~ who grows a crop and permits the gleaning of the crop  
41 during the taxable year shall be allowed as a credit against the tax imposed by this  
42 ~~Division-Part~~ an amount equal to ten percent (10%) of the market price of the quantity of  
43 the gleaned crop. This credit may not exceed the amount of tax imposed by this ~~Division~~

1 Part for the taxable year reduced by the sum of all credits ~~allowable under this Division,~~  
2 allowable, except tax payments made by or on behalf of the taxpayer. In order to claim  
3 the credit allowed under this section, the taxpayer must add the market price of the  
4 gleaned crop to taxable income as provided in G.S. 105-134.6(c). Any unused portion of  
5 the credit may be carried forward for the next succeeding five years."

6 Section 102. G.S. 105-151.18(d) reads as rewritten:

7 "(d) Limitations. – A nonresident or part-year resident who claims the credit  
8 allowed by this section shall reduce the amount of the credit by multiplying it by the  
9 fraction calculated under G.S. 105-134.5(b) or (c), as appropriate. The credit allowed  
10 under this section may not exceed the amount of tax imposed by this ~~Division-Part~~ for the  
11 taxable year reduced by the sum of all credits ~~allowed under this Division,~~ allowable,  
12 except payments of tax made by or on behalf of the taxpayer."

13 Section 103. G.S. 105-151.21(a) reads as rewritten:

14 "(a) Credit. – An individual engaged in the business of farming is allowed a credit  
15 against the tax imposed by this ~~Division-Part~~ equal to the amount of property taxes the  
16 individual paid at par during the taxable year on farm machinery and on attachments and  
17 repair parts for farm machinery. In addition, an individual shareholder of an S  
18 Corporation engaged in the business of farming is allowed a credit against the tax  
19 imposed by this ~~Division-Part~~ equal to the shareholder's pro rata share of the amount of  
20 property taxes the S Corporation paid at par during the taxable year on farm machinery  
21 and on attachments and repair parts for farm machinery. The total credit allowed under  
22 this section may not exceed one thousand dollars (\$1,000) for the taxable year and may  
23 not exceed the amount of tax imposed by this ~~Division-Part~~ for the taxable year reduced  
24 by the sum of all credits ~~allowed under this Division,~~ allowable, except payments of tax  
25 made by or on behalf of the taxpayer. To claim the credit, the taxpayer shall attach to the  
26 return a copy of the tax receipt for the property taxes for which credit is claimed. The  
27 receipt must indicate that the taxes have been paid and the amount and date of the  
28 payment."

29 Section 104. G.S. 105-152(e) reads as rewritten:

30 "(e) Joint Returns. – A husband and wife shall file a single income tax return jointly  
31 if (i) their federal taxable income is determined on a joint federal return and (ii) both  
32 spouses are residents of this State or both spouses have North Carolina taxable income.  
33 Except as otherwise provided in this ~~Division-Part~~, a wife and husband filing jointly are  
34 treated as one taxpayer for the purpose of determining the tax imposed by this ~~Division-~~  
35 Part. A husband and wife filing jointly are jointly and severally liable for the tax imposed  
36 by this ~~Division-Part~~ reduced by the sum of all credits ~~allowable under this Division~~  
37 allowable including tax payments made by or on behalf of the husband and wife.  
38 However, if a spouse has been relieved of liability for federal tax attributable to a  
39 substantial understatement by the other spouse pursuant to section 6013 of the Code, that  
40 spouse is not liable for the corresponding tax imposed by this ~~Division-Part~~ attributable to  
41 the same substantial understatement by the other spouse. A wife and husband filing  
42 jointly have expressly agreed that if the amount of the payments made by them with  
43 respect to the taxes for which they are liable, including withheld and estimated taxes,

1 exceeds the total of the taxes due, refund of the excess may be made payable to both  
2 spouses jointly or, if either is deceased, to the survivor alone."

3 Section 105. G.S. 105-160.3(a) reads as rewritten:

4 "(a) Except as otherwise provided in this section, the credits allowed to an  
5 individual against the tax imposed by ~~Division II-Part 2~~ of this Article shall be allowed to  
6 the same extent to an estate or a trust against the tax imposed by this ~~Division-Part~~. Any  
7 credit computed as a percentage of income received shall be apportioned between the  
8 estate or trust and the beneficiaries based on the distributions made during the taxable  
9 year. No credit may exceed the amount of the tax imposed by this ~~Division-Part~~ for the  
10 taxable year reduced by the sum of all credits ~~allowable under this Division,~~ allowable,  
11 except for payments of tax made by or on behalf of the estate or trust."

12 Section 106. G.S. 105-164.3(22) reads as rewritten:

13 "(22) "Use tax" means ~~and includes the tax imposed by Part 3 in Division II-2~~  
14 of this Article."

15 Section 107. G.S. 105-164.13(5) reads as rewritten:

16 "(5) Manufactured products produced and sold by manufacturers or  
17 producers to other manufacturers, producers, or registered ~~wholesale~~  
18 ~~or retail-retailers or wholesale~~ merchants, for the purpose of resale  
19 except as modified by ~~Division I, G.S. 105-164.3, subdivision (23).~~  
20 ~~Provided, however, this exemption shall G.S. 105-164.3(23).~~ This  
21 exemption does not extend to or include retail sales to users or  
22 consumers not for resale."

23 Section 108. G.S. 105-164.26 reads as rewritten:

24 **"§ 105-164.26. Presumption that sales are taxable.**

25 For the purpose of the proper administration of ~~this division of~~ this Article and to  
26 prevent evasion of the retail sales tax, it shall be presumed that all gross receipts of  
27 wholesale merchants and retailers are subject to the retail sales tax until the contrary is  
28 established by proper records as required ~~herein~~ in this Article. It shall be prima facie  
29 presumed that tangible personal property sold by any person for delivery in this State,  
30 however made, and by carrier or otherwise, is sold for storage, ~~use~~ use, or other  
31 consumption in this State, and a like presumption shall apply to tangible personal  
32 property delivered ~~without~~ outside this State and brought to this State by the  ~~purchaser~~  
33 ~~thereof.~~ purchaser. "

34 Section 109. G.S. 105-228.1 reads as rewritten:

35 **"§ 105-228.1. Defining taxes levied and assessed in this Article.**

36 The purpose of this Article is to levy a fair and equal tax under authority of ~~Article V,~~  
37 ~~Sec. 3 of the Constitution of North Carolina~~ Section 2(2) of Article V of the North Carolina  
38 Constitution and to provide a practical means for ascertaining and collecting it. The taxes  
39 levied and assessed in this ~~schedule shall be upon the gross earnings~~ Article are on gross  
40 earnings, as defined in the Article, and ~~shall be~~ are in lieu of ad valorem taxes upon the  
41 properties of ~~individuals, firms, or corporations so taxed herein.~~ persons taxed in this  
42 Article."

43 Section 110. G.S. 105-266(c) reads as rewritten:

1       (c) Statute of Limitations. – The period in which a refund must be demanded or  
2 discovered under this section is determined as follows:

- 3           (1) General Rule. – No overpayment shall be refunded, whether upon  
4 discovery or receipt of written demand, if the discovery is not made  
5 or the demand is not received within three years after the date set by  
6 the statute for the filing of the return or within six months after the  
7 payment of the tax alleged to be an overpayment, whichever is later.
- 8           (2) Worthless Debts or Securities. – Section 6511(d)(1) of the Code  
9 applies to an overpayment of the tax levied in ~~Division II or III~~ Part 2  
10 or 3 of Article 4 of this Chapter to the extent the overpayment is  
11 attributable to either of the following:
- 12           a. The deductibility by the taxpayer under section 166 of the Code  
13 of a debt that becomes worthless, or under section 165(g) of the  
14 Code of a loss from a security that becomes worthless.
- 15           b. The effect of the deductibility of a debt or loss described in  
16 subpart a. of this subdivision on the application of a carryover to  
17 the taxpayer.
- 18           (3) Capital Loss and Net Operating Loss Carrybacks. – Section  
19 6511(d)(2) of the Code applies to an overpayment of the tax levied  
20 in ~~Division II or III~~ Part 2 or 3 of Article 4 of this Chapter to the  
21 extent the overpayment is attributable to a capital loss carryback  
22 under section 1212(c) of the Code or to a net operating loss  
23 carryback under section 172 of the Code.
- 24           (4) Federal Determination. – When a taxpayer files with the Secretary a  
25 return that reflects a federal determination and the return is filed  
26 within the required time, the period in which a refund must be  
27 demanded or discovered is one year after the return reflecting the  
28 federal determination is filed or three years after the original return  
29 was filed or due to be filed, whichever is later."

30       Section 111. G.S. 105-309(d) reads as rewritten:

31       (d) Personal property shall be listed to indicate the township and municipality, if  
32 any, in which it is taxable and shall be itemized by the taxpayer in such detail as may be  
33 prescribed by an abstract form approved by the Department of Revenue. Personal  
34 property shall also be listed to indicate which property, if any, is subject to a tax credit  
35 under ~~Division IV of Article 4 of this Chapter.~~ G.S. 105-151.21.

- 36           (1) If the assessor considers it necessary to obtain a complete listing of  
37 personal property, ~~he~~ the assessor may require a taxpayer to submit  
38 additional information, inventories, or itemized lists of personal  
39 property.
- 40           (2) At the request of the assessor, the taxpayer shall furnish any  
41 information ~~he may have~~ the taxpayer has with respect to the true  
42 value of the personal property ~~he~~ the taxpayer is required to list."

43       Section 112. G.S. 105-366(b)(5) reads as rewritten:

1           "(5)     The stock of goods or fixtures of a wholesale ~~or retail merchant (as~~  
2           ~~defined in Schedule E of the Revenue Act)~~ merchant or retailer, as  
3           defined in G.S. 105-164.3, in the hands of a purchaser or transferee  
4           thereof, or any other personal property of the purchaser or transferee  
5           of ~~such~~ the property, if the taxes on the goods or fixtures remain  
6           unpaid 30 days after the date of the sale or ~~transfer, but in such a case~~  
7           ~~the~~ transfer. In the case of other personal property of the purchaser  
8           or transferee, the levy or attachment must be made within six months  
9           of the sale or transfer."

10           Section 113. G.S. 105-366(d) reads as rewritten:

11           "(d) Remedies against Sellers and Purchasers of Stocks of Goods or Fixtures of  
12           ~~Wholesale or Retail Merchants.~~ Merchants or Retailers. –

13           (1)     Any wholesale ~~or retail merchant (as defined in Schedule E of the~~  
14           ~~Revenue Act)~~ merchant or retailer, as defined in G.S. 105-164.3, who  
15           sells or transfers the major part of ~~his~~ its stock of goods, materials,  
16           supplies, or fixtures, other than in the ordinary course of ~~business or~~  
17           ~~who goes out of business, shall:~~ business, or who goes out of business,  
18           must take the following actions:

19           a.     At least 48 hours prior to the date of the pending sale,  
20           transfer, or termination of business, give notice ~~thereof to~~ the  
21           assessors and tax collectors of the taxing units in which ~~his~~ the  
22           business is ~~located; and~~ located.

23           b.     Within 30 days of the sale, transfer, or termination of  
24           business, pay all taxes due or to become due on the transferred  
25           property on the first day of September of the current calendar  
26           year.

27           (2)     Any person to whom the major part of the stock of goods,  
28           materials, supplies, or fixtures of a wholesale ~~or retail merchant (as~~  
29           ~~defined in Schedule E of the Revenue Act)~~ merchant or retailer is sold  
30           or transferred, other than in the ordinary course of business, or who  
31           becomes the successor in business of a wholesale ~~or retail merchant~~  
32           merchant or retailer shall withhold from the purchase money paid to  
33           the merchant an amount sufficient to pay the taxes due or to become  
34           due on the transferred property on the first day of September of the  
35           current calendar year until the former owner or seller produces either  
36           a receipt from the tax collector showing that the taxes have been  
37           paid or a certificate that no taxes are due. If the purchaser or  
38           successor in business fails to withhold a sufficient amount of the  
39           purchase money to pay the taxes as required by this subsection ~~(d)~~  
40           and the taxes remain unpaid after the 30-day period allowed, ~~he shall~~  
41           ~~be~~ the purchaser or successor is personally liable for the amount of  
42           the taxes ~~unpaid, and his~~ unpaid. This liability may be enforced by  
43           means of a civil action brought in the name of the taxing unit against



1 ~~him~~ the purchaser or successor in an appropriate trial division of the  
2 General Court of Justice in the county in which the taxing unit is  
3 located.

4 (3) Whenever any wholesale ~~or retail merchant (as defined in~~  
5 ~~Schedule E of the Revenue Act)~~ merchant or retailer sells or transfers  
6 the major part of ~~his~~ its stock of goods, materials, supplies, or  
7 fixtures, other than in the ordinary course of business, or goes out of  
8 ~~business,~~ business and the taxes due or to become due on the  
9 transferred property on the first day of September of the current  
10 calendar year are unpaid, the tax collector, to enforce collection of  
11 the unpaid taxes, ~~may:~~ may do any of the following:

12 a. Levy on or attach any personal property of the ~~seller;~~ or  
13 seller.

14 b. If the taxes remain unpaid 30 days after the date of the  
15 transfer or termination of business, levy on or attach any of the  
16 property transferred in the hands of the transferee or successor  
17 in business, or any other personal property of the transferee or  
18 successor in business, but in either case the levy or attachment  
19 must be made within six months of the transfer or termination  
20 of business.

21 (4) In using the remedies provided in this ~~subsection (d),~~  
22 subsection, the amount of taxes not yet determined shall be  
23 computed in accordance with G.S. 105-359, and any applicable  
24 discount shall be allowed."  
25

### 26 PART III. EFFECTIVE DATE.

27 Section 114. Except as otherwise provided in this act, this act is effective  
28 when it becomes law.