

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

S

2

SENATE BILL 1178
Finance Committee Substitute Adopted 5/30/96

Short Title: Revenue Laws Technical Changes.

(Public)

Sponsors:

Referred to:

May 15, 1996

A BILL TO BE ENTITLED

1 AN ACT TO MAKE TECHNICAL AND CONFORMING CHANGES TO THE
2 REVENUE LAWS AND RELATED STATUTES AND TO ALLOW THE
3 VOLUNTARY WITHHOLDING OF INCOME TAX FROM UNEMPLOYMENT
4 COMPENSATION PAYMENTS.
5

6 The General Assembly of North Carolina enacts:

7 Section 1. G.S. 105-53(i2) reads as rewritten:

8 "(i2) Affidavit in Lieu of Records. – The merchant may satisfy the record
9 requirement of subsection (i1) of this section by producing, in lieu of a receipt or invoice,
10 an affidavit under oath or affirmation identifying the source of the merchandise for which
11 a record is requested, including the name and address of the seller, the license number of
12 any auctioneer seller, and the date and place of purchase of the merchandise."

13 Sec. 2. G.S. 105-113.45(c) reads as rewritten:

14 "(c) Liquid Base Products. – An excise tax at the rate of seventy-five cents (75¢) a
15 gallon is levied on each individual container of a liquid base product. The tax applies
16 regardless whether the liquid base product is diverted to and used for a purpose other than
17 making a soft drink."

18 Sec. 3. G.S. 105-117 and G.S. 105-118 are repealed.

19 Sec. 4. G.S. 105-164.13(2a) reads as rewritten:

1 "(2a) Any of the following when purchased for use ~~in the commercial~~
2 ~~production of animals or plants, as appropriate:~~ on animals or plants, as
3 appropriate, held or produced for commercial purposes:

- 4 a. Remedies, vaccines, medications, litter materials, and feeds for
5 animals.
6 b. Rodenticides, insecticides, herbicides, fungicides, and pesticides.
7 c. Defoliant for use on cotton or other crops.
8 d. Plant growth inhibitors, regulators, or stimulators, including
9 systemic and contact or other sucker control agents for tobacco
10 and other crops."

11 Sec. 5. G.S. 105-164.13(29a) is repealed.

12 Sec. 6. G.S. 105-164.14(c)(2a) reads as rewritten:

13 "(2a) A consolidated city-county ~~created pursuant to Article 2 or~~
14 ~~Article 5 of Chapter 160B of the General Statutes, as defined in~~
15 G.S. 160B-2."

16 Sec. 7. G.S. 105-191 and G.S. 105-196 are repealed.

17 Sec. 8. G.S. 105-197 reads as rewritten:

18 **"§ 105-197. When return required; due date of tax and return.**

19 Anyone who, during the calendar year, gives to a donee a gift of a future interest or
20 one or more gifts whose total value exceeds the amount of the annual exclusion set in
21 G.S. 105-188(d) must file a gift tax return, under oath or affirmation, with the
22 Secretary ~~of Revenue~~ on a form prescribed by the Secretary. ~~A return~~ The tax is due on ~~or~~
23 ~~before~~ April 15th following the end of the calendar year. A return must be filed on or
24 before the due date of the tax. A taxpayer may ask the Secretary of Revenue for an
25 extension of time for filing a return under G.S. 105-263."

26 Sec. 9. G.S. 105-229 is repealed.

27 Sec. 10. G.S. 105-236 reads as rewritten:

28 **"§ 105-236. Penalties.**

29 Except as otherwise provided ~~in this Subchapter, by law,~~ and subject to the provisions
30 of G.S. 105-237, the following penalties shall be applicable:

- 31 (1) Penalty for Bad Checks. – When the bank upon which any
32 uncertified check tendered to the Department of Revenue in payment
33 of any obligation due to the Department returns the check because of
34 insufficient funds or the nonexistence of an account of the drawer,
35 an additional tax equal to ten percent (10%) of the check shall be
36 imposed, subject to a minimum of one dollar (\$1.00) and a
37 maximum of one thousand dollars (\$1,000). This penalty does not
38 apply if the Secretary ~~of Revenue~~ finds that, when the check was
39 presented for payment, the drawer of the check had sufficient funds
40 in an account at a financial institution in this State to pay the check
41 and, by ~~inadvertance,~~ inadvertence, the drawer of the check failed to
42 draw the check on the account that had sufficient funds. The
43 additional tax imposed may not be waived or diminished by the

1 ~~Secretary of Revenue. This subsection applies to all taxes levied or~~
2 ~~assessed by the State. Secretary.~~

3 (1a) Penalty for Bad Electronic Funds Transfer. – When an electronic
4 funds transfer cannot be completed due to insufficient funds or the
5 nonexistence of an account of the transferor, the Secretary shall
6 assess a penalty equal to ten percent (10%) of the amount of the
7 transfer, subject to a minimum of one dollar (\$1.00) and a maximum
8 of one thousand dollars (\$1,000). ~~This subdivision applies to all taxes~~
9 ~~levied or assessed by the State.~~ This penalty may be waived by the
10 Secretary in accordance with G.S. 105-237.

11 (1b) Making Payment in Wrong Form. – For making a payment of tax in
12 a form other than the form required by the Secretary pursuant to G.S.
13 105-241(a), the Secretary shall assess a penalty equal to five percent
14 (5%) of the amount of the tax, subject to a minimum of one dollar
15 (\$1.00) and a maximum of one thousand dollars (\$1,000). This
16 penalty may be waived by the Secretary in accordance with G.S.
17 105-237.

18 (2) Failure to Obtain a License. – For failure to obtain a license before
19 engaging in a business, trade or profession for which a license is
20 required, there shall be assessed an additional tax equal to five
21 percent (5%) of the amount prescribed for ~~such the~~ license per month
22 or fraction thereof until paid, which additional tax shall not exceed
23 twenty-five percent (25%) of the amount so prescribed, but in any
24 event shall not be less than five dollars (\$5.00).

25 (3) Failure to File Return. – In case of failure to file any return ~~required~~
26 ~~under this Subchapter~~ on the date prescribed therefor (determined with
27 regard to any extension of time for filing), unless it is shown that
28 ~~such the~~ failure is due to reasonable cause, there shall be added to the
29 amount required to be shown as tax on ~~such the~~ return, as a penalty,
30 five percent (5%) of the amount of ~~such the~~ tax if the failure is for
31 not more than one month, with an additional five percent (5%) for
32 each additional month, or fraction thereof, during which ~~such the~~
33 failure continues, not exceeding twenty-five percent (25%) in the
34 aggregate, or five dollars (\$5.00), whichever is the greater.

35 (4) Failure to Pay Tax When Due. – In the case of failure to pay any tax
36 when due, without intent to evade the tax, there shall be an
37 additional tax, as a penalty, of ten percent (10%) of the tax;
38 provided, that such penalty shall in no event be less than five dollars
39 (\$5.00).

40 (5) Negligence. –

41 a. Most cases. – For negligent failure to comply with any of the
42 provisions of this Subchapter, to which this Article applies, or
43 rules and regulations issued pursuant thereto, without intent to

- 1 defraud, there shall be assessed, as a penalty, an additional tax of
2 ten percent (10%) of the deficiency due to ~~such negligence;~~
3 ~~provided, that in the negligence.~~
- 4 b. Large income tax deficiency. – In the case of income tax, if ~~gross~~
5 ~~income is understated by as much as twenty-five percent (25%),~~
6 ~~or deductions, exclusive of personal exemptions, are overstated~~
7 ~~by as much as twenty-five percent (25%) of gross income, or if~~
8 ~~there is a combination of understatement of gross income and~~
9 ~~overstatement of deductions, exclusive of personal exemptions,~~
10 ~~equaling twenty-five percent (25%) of gross income, there shall~~
11 ~~be assessed, as a penalty, an additional tax equal to twenty-five~~
12 ~~percent (25%) of the total deficiency; provided further, that in a~~
13 ~~taxpayer understates gross income, overstates deductions from~~
14 ~~gross income, other than personal exemptions, makes erroneous~~
15 ~~adjustments to federal taxable income, or does any combination~~
16 ~~of these, and the combined errors equal or exceed twenty-five~~
17 ~~percent (25%) of gross income, the penalty assessed shall be~~
18 ~~twenty-five percent (25%) of the deficiency. For purposes of this~~
19 ~~subdivision, 'gross income' means gross income as defined in~~
20 ~~section 61 of the Code and 'deductions' means deductions~~
21 ~~allowed in arriving at federal taxable income.~~
- 22 c. Large sales tax deficiency. – In the case of sales and use taxes, if
23 ~~it is established that the a taxpayer understates total tax liability is~~
24 ~~understated by twenty-five percent (25%) or more as a result of~~
25 ~~any one or more of the following reasons, the penalty assessed~~
26 ~~shall be twenty-five percent (25%) of the total deficiency:~~
- 27 a. 1. Omission or understatement of gross sales,
28 ~~gross receipts receipts, or gross purchases; purchases.~~
- 29 b. 2. Overstatement of exemptions or ~~deductions;~~
30 ~~deductions.~~
- 31 e. 3. Incorrect application of a lesser rate of ~~tax. tax;~~
32 ~~or~~
- 33 d. ~~Any combination of the foregoing; there shall be assessed as a~~
34 ~~penalty an additional tax equal to twenty-five percent (25%) of~~
35 ~~the total deficiency. If a penalty is assessed under subdivision (6)~~
36 ~~of this section, no additional penalty for negligence shall be~~
37 ~~assessed with respect to the same deficiency.~~
- 38 d. No double penalty. – If a penalty is assessed under subdivision
39 (6) of this section, no additional penalty for negligence shall be
40 assessed with respect to the same deficiency.
- 41 (5a) Misuse of Certificate of Resale. – For misuse of a certificate of
42 resale by a purchaser, the Secretary shall assess an additional tax, as
43 a penalty, of two hundred fifty dollars (\$250.00).

- 1 (5b) Road Tax Understatement. – If a motor carrier understates its
2 liability for the road tax imposed by Article 36B of this Chapter by
3 twenty-five percent (25%) or more, the Secretary shall assess the
4 motor carrier a penalty in an amount equal to two times the amount
5 of the deficiency.
- 6 (6) Fraud. – If there is a deficiency or delinquency in payment of any ~~tax~~
7 ~~levied by this Subchapter, due to tax because of~~ fraud with intent to
8 evade the tax, there shall be assessed, as a penalty, an additional tax
9 equal to fifty percent (50%) of the total deficiency.
- 10 (7) Attempt to Evade or Defeat Tax. – Any person who willfully
11 attempts, or any person who aids or abets any person to attempt in
12 any manner to evade or defeat ~~any tax imposed by this Subchapter of~~
13 ~~the General Statutes, or the payment thereof, a tax or its payment,~~ shall,
14 in addition to other penalties provided by law, be guilty of a Class I
15 felony which may include a fine up to twenty-five thousand dollars
16 (\$25,000).
- 17 (8) Willful Failure to Collect, Withhold, or Pay Over Tax. – Any person
18 required ~~under this Subchapter~~ to collect, withhold, account for, and
19 pay over any tax ~~imposed by this Subchapter~~ who willfully fails to
20 collect or truthfully account for and pay over ~~such the~~ tax shall, in
21 addition to other penalties provided by law, be guilty of a Class 1
22 misdemeanor. Notwithstanding any other provision of law, no
23 prosecution for a violation brought under this subdivision shall be
24 barred before the expiration of three years after the date of the
25 violation.
- 26 (9) Willful Failure to File Return, Supply Information, or Pay Tax. –
27 Any person required ~~under this Subchapter~~ to pay any tax, to make a
28 return, to keep any records, or to supply any information, who
29 willfully fails to pay ~~such the~~ tax, make ~~such the~~ return, keep ~~such the~~
30 records, or supply ~~such the~~ information, at the time or times required
31 by law, or ~~regulations rules~~ issued pursuant thereto, shall, in addition
32 to other penalties provided by law, be guilty of a Class 1
33 misdemeanor. Notwithstanding any other provision of law, no
34 prosecution for a violation brought under this subdivision shall be
35 barred before the expiration of three years after the date of the
36 violation.
- 37 (9a) Aid or Assistance. – Any person, pursuant to or in connection with
38 the revenue laws, who willfully aids, assists in, procures, counsels,
39 or advises the preparation, presentation, or filing of a return,
40 affidavit, claim, or any other document that ~~he the~~ person knows is
41 fraudulent or false as to any material matter, whether or not the
42 falsity or fraud is with the knowledge or consent of the person
43 authorized or required to present or file the return, affidavit, claim,

1 or other document, shall be guilty of a Class I felony which may
2 include a fine up to ten thousand dollars (\$10,000).

3 (10) Failure to File Informational Returns. –

4 a. For failure to file a partnership or a fiduciary informational return
5 when ~~such returns are~~ the return is due to be filed, there shall be
6 assessed as a tax against the delinquent five dollars (\$5.00) per
7 month or fraction thereof of ~~such~~ the delinquency, ~~such tax, this~~
8 penalty, however, in the aggregate not to exceed ~~the sum of~~
9 twenty-five dollars (\$25.00). When assessed against a fiduciary,
10 the ~~tax herein provided~~ penalty shall be paid by the fiduciary and
11 shall not be passed on to the trust or estate. No tax may be
12 assessed against the delinquent when it is a partnership as
13 defined under Section 6231(a)(1)(B) of the Code and no penalty
14 could be assessed as provided by Rev. Proc. 84-35, except that
15 for the purpose of Section 3.01 of that procedure 'the Department
16 of Revenue' is substituted for 'the Internal Revenue Service'.

17 b. For failure to file timely statements of payments to another
18 person ~~or persons~~ with respect to wages, dividends, ~~rents~~ rents, or
19 interest paid to ~~such other person or persons,~~ that person, there shall
20 be assessed as a tax a penalty of one dollar (\$1.00) for each
21 statement not filed on time, the aggregate of ~~such~~ the penalties for
22 each tax year not to exceed one hundred dollars (\$100.00), and in
23 addition thereto, if the Secretary ~~shall request~~ requests the ~~payor~~
24 payer to file ~~such~~ the statements and ~~shall set~~ sets a date ~~on or~~
25 ~~before such statements shall by which the statements must be filed,~~
26 and the ~~payor shall fail to file such~~ payer fails to file the statements
27 within ~~such~~ this time, the amounts claimed on ~~payor's~~ payer's
28 income tax return as deductions for salaries and wages, or rents
29 or interest shall be disallowed to the extent that the ~~payor~~ payer
30 failed to comply with the Secretary's request with respect to ~~such~~
31 the statements.

32 (11) Any violation of Subchapter I, V, or VIII of this Chapter or of
33 Article 3 of Chapter 119 of the General Statutes is considered an act
34 committed in part at the office of the Secretary in Raleigh. The
35 certificate of the Secretary that a tax has not been paid, a return has
36 not been filed, or information has not been supplied, as required by
37 law, is prima facie evidence that the tax has not been paid, the return
38 has not been filed, or the information has not been supplied.

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

40 Sec. 11. G.S. 105-241.1(e) reads as rewritten:

41 "(e) Statute of Limitations. – ~~The~~ There is no statute of limitations and the Secretary
42 may propose an assessment of tax due from a taxpayer at any time if (i) the taxpayer did
43 not file a proper application for a license or did not file a return, (ii) the taxpayer filed a

1 false or fraudulent application or return, or (iii) the taxpayer attempted in any manner to
2 fraudulently evade or defeat the tax.

3 If a taxpayer files a return reflecting a federal determination as provided in G.S. 105-
4 29, 105-130.20, 105-159, 105-160.8, 105-163.6A, or 105-197.1, the Secretary must
5 propose an assessment of any tax due within one year after the return is filed or within
6 three years of when the original return was filed or due to be filed, whichever is later. If
7 there is a federal determination and the taxpayer does not file the required return, the
8 Secretary must propose an assessment of any tax due within three years after the date the
9 Secretary received the final report of the federal determination. If a taxpayer forfeits a tax
10 credit pursuant to G.S. 105-163.014, the Secretary must assess any tax ~~or additional tax~~
11 due as a result of the forfeiture within three years after the date of the forfeiture. If a
12 taxpayer elects under section 1033(a)(2)(A) of the Code not to recognize gain from
13 involuntary conversion of property into money, the Secretary must assess any tax due as
14 a result of the conversion or election within the applicable period provided under section
15 1033(a)(2)(C) or section 1033(a)(2)(D) of the Code. If a taxpayer sells at a gain the
16 taxpayer's principal residence, the Secretary must assess any tax due as a result of the sale
17 within the period provided under section 1034(j) of the Code.

18 In all other cases, the Secretary must propose an assessment of any tax due from a
19 taxpayer within three years after the date the taxpayer filed an application for a license or
20 a return or the date the application or return was required by law to be filed, whichever is
21 later.

22 If the Secretary proposes an assessment of tax within the time provided in this section,
23 the final assessment of the tax is timely.

24 A taxpayer may make a written waiver of any of the limitations of time set out in this
25 subsection, for either a definite or an indefinite time. If the Secretary accepts the
26 taxpayer's waiver, the Secretary may propose an assessment at any time within the time
27 extended by the waiver."

28 Sec. 12. G.S. 105-275(21) reads as rewritten:

29 "(21) The first thirty-eight thousand dollars (\$38,000) in assessed value of
30 housing together with the necessary land therefor, owned and used
31 as a residence by a disabled veteran who receives benefits under
32 ~~Title 38, section 801, United States Code Annotated. 38 U.S.C. § 2101.~~
33 This exclusion shall be the total amount of the exclusion applicable
34 to such property."

35 Sec. 13. Effective July 1, 1996, G.S. 105-275.1(b) reads as rewritten:

36 "(b) Subsequent Distributions. – As soon as practicable after January 1, 1990, the
37 Secretary shall pay to each county and city the amount it received under subsection (a) in
38 1989 plus an amount equal to the county or city average rate multiplied by the value of
39 the items described in subdivisions (ii) and (iii) of subsection (a) that were required to be
40 listed and assessed as of January 1, 1987, and were listed on or before September 1, 1987,
41 in the county or city, plus or minus the percentage of this product that equals the
42 percentage by which State personal income has increased or decreased during the most
43 recent 12-month period for which State personal income data has been compiled by the

1 Bureau of Economic Analysis of the United States Department of Commerce. As soon as
2 practicable after January 1, 1990, the Secretary shall also pay to each county and city an
3 amount equal to the average rate for each special district for which the county or city
4 collected taxes in 1987, but whose tax rates were not included in the county or city's
5 rates, multiplied by the value of the items described in subdivisions (ii) and (iii) of
6 subsection (a) that were required to be listed and assessed as of January 1, 1987, and were
7 listed on or before September 1, 1987, in the district, plus or minus the percentage of this
8 product that equals the percentage by which State personal income has increased or
9 decreased during the most recent 12-month period for which State personal income data
10 has been compiled by the Bureau of Economic Analysis of the United States Department
11 of Commerce. As soon as practicable after January 1, 1991, except as provided in
12 subsection (f), the Secretary shall pay to each county and city the amount it received
13 under this section the preceding year plus an amount equal to the county or city average
14 rate multiplied by the value of the items described in subdivision (v) of subsection (a)
15 contained in the list submitted by the county or city, plus or minus the percentage of this
16 product that equals the percentage by which State personal income has increased or
17 decreased during the most recent 12-month period for which State personal income data
18 has been compiled by the Bureau of Economic Analysis of the United States Department
19 of Commerce. As soon as practical after January 1, 1992, except as provided in
20 subsection (f), the Secretary shall distribute to each county and city the amount it
21 received under this section the preceding year. On or before April 30, 1993, except as
22 provided in subsection (f), the Secretary shall distribute to each county and city ninety-
23 nine and eighty-one one-hundredths percent (99.81%) of the amount it received under
24 this section the preceding year. Thereafter, until August 1995, except as provided in
25 subsection (f), on or before April 30 of each year, the Secretary shall distribute to each
26 county and city the amount it received under this section the preceding year. On or
27 before August 30, 1995, the Secretary shall determine for each county and city the
28 amount it received in April 1995 under this section. ~~Beginning in August 1995 and each~~
29 Each year thereafter, except as provided in subsection (f), the Secretary shall distribute to
30 each county and city ~~sixty percent (60%)~~ fifty percent (50%) of this amount on or before
31 ~~August~~ September 30 and the remaining ~~forty percent (40%)~~ fifty percent (50%) on or
32 before the following April 30.

33 Of the funds received by each county and city pursuant to this subsection in 1990, the
34 portion that was received because the county or city was collecting taxes for a special
35 district (either because the district's tax rate was included in the city or county's rate or
36 because the Secretary paid the county or city the product of the district's average rate and
37 the value of the inventories and other items in the district) shall be distributed among the
38 districts in the county or city as soon as practicable after the city or county receives the
39 funds. The county or city shall distribute to each special district in the county or city the
40 amount it distributed to the district in 1989 plus an amount equal to the average rate for
41 the district multiplied by the value of the items, other than inventory, described in
42 subdivisions (ii) and (iii) of subsection (a) that were required to be listed and assessed as
43 of January 1, 1987, and were listed on or before September 1, 1987, in the district, plus or

1 minus the percentage of this product that equals the percentage by which State personal
2 income has increased or decreased during the most recent 12-month period for which
3 State personal income data has been compiled by the Bureau of Economic Analysis of the
4 United States Department of Commerce.

5 Each year thereafter, until August 1995, as soon as practicable after receiving funds
6 under this subsection, every county and city shall distribute among the special districts
7 for which the county or city collects tax an amount equal to the amount it distributed
8 among such districts the previous year. Each year thereafter, ~~beginning in August 1995,~~ as
9 soon as practical after receiving funds under this subsection in ~~August,~~ September, every
10 county and city shall distribute among the special districts for which the county or city
11 collects tax an amount equal to ~~sixty percent (60%)~~ fifty percent (50%) of the amount it
12 distributed among such districts in April 1995, and as soon as practicable after receiving
13 funds under this subsection in April, every county and city shall distribute among the
14 special districts for which the county or city collects tax an amount equal to ~~forty percent~~
15 (40%) fifty percent (50%) of the amount it distributed among such districts in April 1995.

16 The Local Government Commission may adopt rules for the resolution of disputes
17 and correction of errors in the distribution among special districts provided in this
18 subsection. In addition, the Local Government Commission may adopt rules for the
19 reallocation of funds when a special district is dissolved, merged, or consolidated, or
20 when a special district ceases to levy tax, either temporarily or permanently."

21 Sec. 14. Effective July 1, 1996, G.S. 105-277A reads as rewritten:

22 "**§ 105-277A. Reimbursement for exclusion of retailers' and wholesalers'**
23 **inventories.**

24 (a) Submission of Claims. – On or before January 15, 1989, the governing body of
25 each county and city shall furnish to the Secretary a list of all the inventories owned by
26 retailers and wholesalers that were required to be listed and assessed as of January 1,
27 1987, and were listed on or before September 1, 1987, in the county or city under this
28 Subchapter. The list shall contain the value of the inventories as well as the property tax
29 rates in effect in the county or city for the eight years from 1980 through 1987. The list
30 shall also contain the property tax rates in effect for those years in each special district for
31 which the county or city collected taxes in 1987 but whose tax rates were not included in
32 the rates listed for the county or city, and the value of the inventories owned by retailers
33 and wholesalers that were required to be listed and assessed as of January 1, 1987, and
34 were listed on or before September 1, 1987, in that district. The list shall be accompanied
35 by an affidavit attesting to the accuracy of the list and shall be on a form prescribed by
36 the Secretary.

37 The Secretary shall calculate an average rate for each county and city, and for each
38 special district whose tax rates were not included in the tax rates of a county or city, as
39 the arithmetic mean of the property tax rates in effect in the county, city, or district for
40 the eight years from 1980 through 1987. If a county, city, or district did not have tax
41 rates in effect for the entire eight-year period, the average rate shall be the arithmetic
42 mean of the property rates in effect for the years during the eight-year period that it did
43 have rates in effect.

1 (b) First Per Capita Distribution. – As soon as practicable after January 1 of 1989,
2 the Secretary shall distribute to each taxing unit the unit's per capita share of the sum of
3 fifteen million seven hundred forty-five thousand dollars (\$15,745,000). Thereafter, as
4 soon as practicable after January 1 of 1990 and 1991, the Secretary shall distribute to
5 each taxing unit the unit's per capita share of an amount equal to the sum distributed to all
6 taxing units the previous year under this subsection plus or minus the product of the sum
7 distributed the previous year and the percentage by which State personal income has
8 increased or decreased during the most recent 12-month period for which State personal
9 income data has been compiled by the Bureau of Economic Analysis of the United States
10 Department of Commerce.

11 On or before April 30 of 1992, 1993, 1994, and 1995, the Secretary shall distribute to
12 each taxing unit the unit's per capita share of the sum that this subsection provided was to
13 be distributed to all taxing units in 1991. Beginning August 1995 and each year
14 thereafter, the Secretary shall determine for each taxing unit the unit's per capita share of
15 the sum that this subsection provided was to be distributed to all taxing units in 1991.
16 Each year, the Secretary shall distribute to each taxing unit ~~sixty percent (60%)~~ fifty
17 percent (50%) of this share on or before ~~August~~ September 30 and the remaining ~~forty~~
18 ~~percent (40%)~~ fifty percent (50%) of this share on or before the following April 30.

19 To make the per capita distributions required by this subsection, the Secretary shall
20 first allocate the sum to be distributed among the counties on a per capita basis. The
21 Secretary shall then compute a per capita distributable amount for each county by
22 dividing the amount allocated to a county by the total population of the county, plus the
23 population of any incorporated towns and cities located in the county. Each taxing unit in
24 a county, including the county itself, shall receive the product of the population of the
25 taxing unit and the per capita distributable amount for that county.

26 A city or county that receives funds under this subsection and that collects taxes for
27 another taxing unit shall distribute part of the taxes received by it to the taxing unit for
28 which it collects tax. The distribution shall be made on the basis of the proportionate
29 amount of ad valorem taxes levied, for the most recent fiscal year beginning July 1, by
30 the city or county and by all the taxing units for which the city or county collects tax.
31 This distribution shall be made as soon as practicable after a city or county receives funds
32 from the State under this section.

33 (c) Second Per Capita Distribution. – On or before March 20, 1989, the Secretary
34 shall allocate to each county the county's per capita share of the sum of thirty-nine
35 million dollars (\$39,000,000).

36 Each year thereafter through April 1995, on or before April 30, the Secretary of
37 Revenue shall allocate to each county the amount it received the previous year under this
38 subsection. On or before August 30, 1995, the Secretary shall determine for each county
39 the amount it received in April 1995 under this subsection. ~~Beginning in August 1995 and~~
40 ~~each~~ Each year thereafter, the Secretary shall distribute ~~sixty percent (60%)~~ fifty percent
41 (50%) of this amount to each county on or before ~~August~~ September 30 and the remaining
42 ~~forty percent (40%)~~ fifty percent (50%) to each county on or before the following April 30.

1 Amounts allocated to a county under this subsection shall in turn be divided and
2 distributed between the county and the cities located in the county in proportion to the
3 total amount of ad valorem taxes levied by each during the fiscal year preceding the
4 distribution. For the purposes of this section, the amount of the ad valorem taxes levied
5 by a county or city shall include any ad valorem taxes collected by the county or city in
6 behalf of a special district. For the purpose of computing the distribution for any year
7 with respect to which the property valuation of a public service company is the subject of
8 an appeal and the Department of Revenue is restrained by law from certifying the
9 valuation to the appropriate counties and cities, the Department shall use the latest
10 property valuation of that public service company that has been certified.

11 The governing body of each county and city shall report to the Secretary of Revenue
12 such information as he may request in order to make the distribution under this
13 subsection. If a county or city fails to make a requested report within the time prescribed,
14 the Secretary may disregard that county or city and the other taxing units in the county or
15 city in making the distribution.

16 (c1) Claims-based Distribution. – On or before March 20, 1989, the Secretary shall
17 distribute to each county and city an amount equal to the amount by which the county or
18 city's inventory loss, as defined in subsection (d) of this section, exceeds the amount of
19 the reimbursement received by the county or city under subsection (c) of this section.

20 Except as provided in subsection (g) of this section, each year thereafter through
21 April 1995, on or before April 30, the Secretary shall distribute to each county and city
22 the amount it received the previous year under this subsection. On or before August 30,
23 1995, the Secretary shall determine for each county and city the amount it received in
24 April 1995 under this subsection. ~~Beginning in August 1995 and each~~ Each year thereafter,
25 the Secretary shall distribute ~~sixty percent (60%)~~ fifty percent (50%) of this amount to each
26 county and city on or before ~~August~~ September 30 and the remaining ~~forty percent (40%)~~
27 fifty percent (50%) of this amount to each county and city on or before the following
28 April 30.

29 (c2) Supplemental Distribution. – On or before March 20, 1989, the Secretary shall
30 determine, with respect to each county and city, whether the sum of (i) the amount the
31 county or city received under subsection (c), plus (ii) the amount the county or city
32 received under subsection (c1), plus (iii) three and four-tenths percent (3.4%) of the total
33 distribution received by the county or city under G.S. 105-472, 105-486, 105-501, and
34 Chapter 1096 of the 1967 Session Laws between January 1, 1988, and December 31,
35 1988, is less than ninety percent (90%) of the amount of taxes the county or city actually
36 levied on inventories owned by retailers and wholesalers for the 1987-88 tax year. If that
37 sum is less than ninety percent (90%) of the amount of taxes the county or city actually
38 levied on those inventories for the 1987-88 tax year, the Secretary shall distribute to that
39 county or city a supplemental amount equal to the amount by which ninety percent (90%)
40 of the taxes it actually levied on inventories owned by retailers and wholesalers for the
41 1987-88 tax year exceeds the total of subdivisions (i), (ii), and (iii).

42 Except as provided in subsection (g) of this section, each year thereafter through
43 April 1995, on or before April 30, the Secretary shall distribute to each county and city

1 the amount it received the previous year under this subsection. On or before August 30,
2 1995, the Secretary shall determine for each county and city the amount it received in
3 April 1995 under this subsection. ~~Beginning in August 1995 and each~~ Each year thereafter,
4 the Secretary shall distribute ~~sixty percent (60%)~~ fifty percent (50%) of this amount to each
5 county and city on or before ~~August~~ September 30 and the remaining ~~forty percent (40%)~~
6 fifty percent (50%) of this amount to each county and city on or before the following
7 April 30.

8 (c3) Distribution to Special Districts. – Of the funds received by each county and
9 city pursuant to subsections (c), (c1), and (c2) of this section, the portion that was
10 received because the county or city was collecting taxes for a special district shall be
11 distributed among the districts in the county or city in proportion to the amount of each
12 special district's inventory levy, as defined in subsection (d) of this section, as soon as
13 practicable after the city or county receives funds under this subsection. The Local
14 Government Commission may adopt rules for the resolution of disputes and correction of
15 errors in the distribution among special districts provided in this paragraph. In addition,
16 the Local Government Commission may adopt rules for the reallocation of funds when a
17 special district is dissolved, merged, or consolidated, or when a special district ceases to
18 levy tax, either temporarily or permanently. ~~The Local Government Commission shall report~~
19 ~~to the 1990 General Assembly any errors it discovers in the information furnished by local~~
20 ~~governments to the Secretary as required in subsection (a) of this section.~~

21 (d) Definitions. – The following definitions apply in this section:

22 (1) 'City' has the same meaning as in G.S. 153A-1(1).

23 (2) 'City's inventory loss' means the city's average rate multiplied by
24 eighty percent (80%) of the value of the inventories reported to the
25 Secretary under subsection (a) of this section by the city, plus the
26 average rate for each special district for which the city collected
27 taxes in 1987, but whose tax rates were not included in the city's
28 rates, multiplied by eighty percent (80%) of the value of the
29 inventories reported to the Secretary under subsection (a) of this
30 section in behalf of the district, plus or minus the percentage of this
31 amount that equals the lesser of five percent (5%) or the percentage
32 by which State personal income has increased or decreased during
33 the most recent 12-month period for which State personal income
34 data has been compiled by the Bureau of Economic Analysis of the
35 United States Department of Commerce, minus three and four-tenths
36 percent (3.4%) of the total distribution received by the city under
37 G.S. 105-472, 105-486, 105-501, and Chapter 1096 of the 1967
38 Session Laws between January 1, 1988, and December 31, 1988.

39 (3) 'County's inventory loss' means the county's average rate multiplied
40 by eighty percent (80%) of the value of the inventories reported to
41 the Secretary under subsection (a) of this section by the county, plus
42 the average rate for each special district for which the county
43 collected taxes in 1987, but whose tax rates were not included in the

1 county's rates, multiplied by eighty percent (80%) of the value of the
2 inventories reported to the Secretary under subsection (a) of this
3 section in behalf of the district, plus or minus the percentage of this
4 amount that equals the lesser of five percent (5%) or the percentage
5 by which State personal income has increased or decreased during
6 the most recent 12-month period for which State personal income
7 data has been compiled by the Bureau of Economic Analysis of the
8 United States Department of Commerce, minus three and four-tenths
9 percent (3.4%) of the total distribution received by the county under
10 G.S. 105-472, 105-486, 105-501, and Chapter 1096 of the 1967
11 Session Laws between January 1, 1988, and December 31, 1988.

12 (4) 'Special district's inventory levy' means the special district's average
13 rate multiplied by eighty percent (80%) of the value of the
14 inventories reported to the Secretary under subsection (a) of this
15 section in behalf of the district.

16 (5) 'Taxing unit' means a unit that levied a property tax or for which
17 another unit collected a property tax for the fiscal year preceding the
18 fiscal year a distribution is made under this section.

19 (e) Population Estimates. – In making the per capita calculations under this
20 section, the Secretary shall use the most recent annual population estimates certified by
21 the State Planning Officer.

22 (f) Source of Funds. – To pay for the distribution required by this section and the
23 cost of making the distribution, the Secretary shall draw from collections received under
24 Division I of Article 4 of this Chapter an amount equal to the amount distributed and the
25 cost of making the distribution.

26 (g) Correction of Errors. – If the Secretary discovers that the amount or value of
27 any inventories listed by a county or city pursuant to subsection (a) of this section was
28 overstated or understated, the Secretary shall adjust the amount to be distributed under
29 subsections (c1) and (c2) as follows. For the distribution to be made in the year
30 following discovery of the overstatement or understatement, the Secretary shall distribute
31 to the county or city the amount it would have received under subsections (c1) and (c2) in
32 1989 if it had not overstated or understated the amount or value of any inventories, plus
33 the total amount it failed to receive in 1989 and subsequent years due to understatement
34 of the amount or value of the inventories, or minus the total amount it received in 1989
35 and subsequent years due to overstatement of the amount or value of the inventories.
36 Thereafter, each year the Secretary shall distribute to the county or city the amount it
37 would have received under subsections (c1) and (c2) in 1989 if it had not overstated or
38 understated the amount or value of any inventories."

39 Sec. 15. G.S. 105-278.7(a)(1) reads as rewritten:

40 "(1) Wholly and exclusively used by its owner for nonprofit educational,
41 scientific, literary, or charitable purposes as defined in subsection
42 ~~(e), (f),~~ below; or".

43 Sec. 16. G.S. 105-282.1(a)(3) reads as rewritten:

1 "(3) After an owner of property entitled to exemption under G.S. 105-
2 278.3, 105-278.4, 105-278.5, 105-278.6, 105-278.7, or 105-278.8 or
3 exclusion under G.S. 105-275(3), (7), ~~(8)~~, ~~(12)~~, ~~(17)~~ through ~~(19)~~,
4 ~~(21)~~ or (39), G.S. ~~105-277.1-105-277.1~~, or G.S. 105-278 has applied
5 for exemption or exclusion and the exemption or exclusion has been
6 approved, the owner is not required to file an application in
7 subsequent years except in the following circumstances:

- 8 a. New or additional property is acquired or improvements are
9 added or removed, necessitating a change in the valuation of the
10 property; or
11 b. There is a change in the use of the property or the qualifications
12 or eligibility of the taxpayer necessitating a review of the
13 exemption or exclusion."

14 Sec. 17. G.S. 105-277.2(4)a. reads as rewritten:

- 15 "a. A natural person. For the purpose of this section, a natural person
16 who is an income beneficiary of a trust that owns land may elect
17 to treat the person's beneficial share of the land as owned by that
18 person. If the person's beneficial interest is not an identifiable
19 share of land but can be established as a proportional interest in
20 the trust income, the person's beneficial share of land is a
21 percentage of the land owned by the trust that corresponds to the
22 beneficiary's proportional interest in the trust income. For the
23 purpose of this section, a natural person who is a member of a
24 business ~~entity~~ entity, other than a corporation, that owns land
25 may elect to treat the person's share of the land as owned by that
26 person. The person's share is a percentage of the land owned by
27 the business entity that corresponds to the person's percentage of
28 ownership in the entity."

29 Sec. 18. G.S. 105-333 reads as rewritten:

30 "**§ 105-333. Definitions.**

31 ~~When used~~ The following definitions apply in this Article unless the context requires a
32 different meaning:

- 33 (1) ~~"Airline company" means a public service~~ Airline company. – A
34 company engaged in the business of transporting passengers and
35 property by aircraft for hire within, into, or from this State.
36 (2) ~~" Bus line company" means a public service~~ Bus line company. – A
37 company engaged in the business of transporting passengers and
38 property by motor vehicle for hire over the public highways of this
39 State (but not including a bus line company operating primarily upon
40 the public streets within a single local taxing unit), whether the
41 transportation ~~be is~~ is within, into, or from this State.
42 (3) ~~" Distributable system property" means all~~ Distributable system
43 property. – All real property and tangible and intangible personal

1 property owned or used by a railroad company other than
2 nondistributable system property.

3 (4) "~~Electric membership corporation~~" means a public service Electric
4 membership corporation. – A company which is organized,
5 reorganized, or domesticated under the provisions of Chapter 117 of
6 the General Statutes and which is engaged in the business of
7 supplying electricity for light, heat, or power to consumers in this
8 State.

9 (5) "~~Electric power company~~" means a public service Electric power
10 company. – A company engaged in the business of supplying
11 electricity for light, heat, or power to consumers in this State.

12 (6) Repealed by Session Laws 1973, c. 783, s. 5.

13 (7) "~~Flight equipment~~" means aircraft Flight equipment. – Aircraft fully
14 equipped for flying and used in any operation within this State.

15 (8) "~~Gas company~~" means a public service Gas company. – A company
16 engaged in the business of supplying artificial or natural gas to,
17 from, within, or through this State through pipe or tubing for light,
18 heat, or power to consumers in this State.

19 (9) "~~Locally assigned rolling stock~~" means rolling Locally assigned rolling
20 stock. – Rolling stock that is owned or leased by a motor freight
21 carrier company, specifically assigned to a terminal or other
22 premises, and is regularly used at the premises to which assigned.

23 (10) "~~Motor freight carrier company~~" means a Motor freight carrier
24 company. – A company engaged in the business of transporting
25 property by motor vehicle for hire over the public highways of this
26 State as provided in this subdivision:

27 a. As to interstate carrier companies domiciled in North Carolina,
28 this term includes carriers who regularly transport property by
29 tractor trailer to or from one or more terminals owned or leased
30 by the carrier outside this State or two or more terminals inside
31 this State. For purposes of appraisal and allocation only, the term
32 also includes a North Carolina interstate carrier that does not
33 have a terminal outside this State but whose operations outside
34 the State are sufficient to require the payment of ad valorem
35 taxes on a portion of the value of the rolling stock of the carrier
36 to taxing units in one or more other states.

37 b. As to interstate carrier companies domiciled outside this State,
38 this term includes carriers who regularly transport property by
39 tractor trailer to or from one or more terminals owned or leased
40 by the carrier inside this State.

41 c. As to intrastate carrier companies, this term includes only those
42 carriers that are engaged in the transportation of property by

- 1 tractor trailer to or from two or more terminals owned or leased
2 by the carrier in this State.
- 3 (11) "~~Nondistributable system property~~" means the Nondistributable system
4 property. – The following properties owned by a railroad company:
5 ~~Land—land~~ other than right-of-way, depots, machine shops,
6 warehouses, office buildings, other structures, and the contents of
7 the structures listed in this subdivision.
- 8 (12) "~~Nonsystem property~~" means the Nonsystem property. – The real and
9 tangible personal property owned by a public service company but
10 not used in its public service activities.
- 11 (13) "~~Pipeline company~~" means a public service Pipeline company. – A
12 company engaged in the business of transporting natural gas,
13 petroleum products, or other products through pipelines to, from,
14 within, or through this State, or having control of pipelines for such
15 a purpose.
- 16 (14) "~~Public service company~~" means Public service company. – A railroad
17 company, a pipeline company, a gas company, an electric power
18 company, an electric membership corporation, a telephone company,
19 a telegraph company, a bus line company, an airline company, and
20 any other company performing a public service that is regulated by
21 the Interstate Commerce Commission, the Federal Power
22 Commission, the Federal Communications Commission, the Federal
23 Aviation Agency, or the North Carolina Utilities Commission,
24 except that the term does not include a water company, a radio
25 common carrier company as defined in G.S. 62-119(3), a cable
26 television company, or a radio or television broadcasting company.
27 The term also includes a motor freight carrier company. For
28 purposes of appraisal under this Article, the term also includes a
29 pipeline company whether or not it performs a public service and
30 whether or not it is regulated by one of the regulatory agencies
31 named in this subdivision.
- 32 (15) "~~Railroad company~~" means a public service Railroad company. – A
33 company engaged in the business of operating a railroad to, from,
34 within or through this State on rights-of-way owned or leased by the
35 company. It also means a company operating a passenger service on
36 the lines of any railroad located wholly or partly in this State.
- 37 (16) "~~Rolling stock~~" means motor Rolling stock. – Motor vehicles, railroad
38 locomotives, and railroad cars that are propelled by mechanical or
39 electrical power and used upon the highways or, in the case of
40 railroad vehicles, upon tracks.
- 41 (17) "~~System property~~" means the System property. – The real property
42 and tangible and intangible personal property used by a public
43 service company in its public service activities. ~~It also means The~~

1 term also includes public service company property under
2 construction on the day as of which property is assessed which when
3 completed will be used by the owner in its public service activities.

4 (18) "~~Telegraph company~~" means a public service Telegraph company. – A
5 company engaged in the business of transmitting telegraph messages
6 to, from, within, or through the State.

7 (19) "~~Telephone company~~" means a public service Telephone company. – A
8 company engaged in the business of transmitting telephone
9 messages and conversations to, from, within, or through this State.

10 (20) Repealed by Session Laws 1973, c. 783, s. 5."

11 Sec. 19. G.S. 58-6-25(d) reads as rewritten:

12 "(d) Use of Proceeds. – The Insurance Regulatory Fund is created in the State
13 treasury, under the control of the Office of State Budget and Management. The proceeds
14 of the charge levied in this section and all fees collected under Articles 69 through 71 of
15 this Chapter and under Articles 9 and 9C of Chapter 143 of the General Statutes shall be
16 credited to the Fund. The Fund shall be placed in an interest-bearing account and any
17 interest or other income derived from the Fund shall be credited to the Fund. Moneys in
18 the Fund may be spent only pursuant to appropriation by the General Assembly and in
19 accordance with the line item budget enacted by the General Assembly. The Fund is
20 subject to the provisions of the Executive Budget Act, except that no unexpended surplus
21 of the Fund shall revert to the General Fund. All money credited to the Fund shall be used
22 to reimburse the General Fund for the following:

23 (1) Money appropriated to the Department of Insurance to pay its
24 expenses incurred in regulating the insurance industry and other
25 industries in this State.

26 (2) Money ~~money~~ appropriated to State agencies to pay the expenses
27 incurred in regulating the insurance industry, in certifying statewide
28 data processors under Article 11A of Chapter 131E of the General
29 Statutes, and in purchasing reports of patient data from statewide
30 data processors certified under that Article."

31 Sec. 20. G.S. 113-44.15(b) reads as rewritten:

32 "(b) ~~Beginning July 1, 1995, funds~~ Funds in the Trust Fund are annually appropriated
33 to the North Carolina Parks and Recreation Authority and, unless otherwise specified by
34 the General Assembly or the terms or conditions of a gift or grant, shall be allocated and
35 used as follows:

36 (1) Sixty-five percent (65%) for the State Parks System for capital
37 projects, repairs and renovations of park facilities, and land
38 acquisition.

39 (2) Thirty percent (30%) to provide matching funds to local
40 governmental units on a dollar-for-dollar basis for local park and
41 recreation purposes. These funds shall be allocated by the North
42 Carolina Parks and Recreation Authority based on criteria patterned
43 after the Open Project Selection Process established for the Land and

1 Water Conservation Fund administered by the National Park Service
2 of the United States Department of the Interior.

3 (3) Five percent (5%) for the Coastal and Estuarine Water Beach Access
4 Program.

5 Of the funds appropriated to the North Carolina Parks and Recreation Authority from
6 the Trust Fund each year, no more than three percent (3%) may be used by the
7 Department for operating expenses associated with managing capital improvements
8 projects, acquiring land, and administration of local grants programs."

9 Sec. 21. G.S. 132-1.1(b) reads as rewritten:

10 "(b) State and Local Tax Information. – Tax information may not be disclosed
11 except as provided in G.S. ~~105-259, 153A-148.1, and 160A-208.1.~~ 105-259. As used in this
12 subsection, 'tax information' has the same meaning as in G.S. 105-259. Local tax records
13 that contain information about a taxpayer's income or receipts may not be disclosed
14 except as provided in G.S. 153A-148.1 and G.S. 160A-208.1."

15 Sec. 22. (a) The text of G.S. 160B-3 is designated as subsection (a) and G.S.
16 160B-4(c) is recodified as G.S. 160B-3(b).

17 (b) G.S. 160B-3, as amended by this section, reads as rewritten:

18 "**§ 160B-3. Authority; ~~purpose of district.~~ purpose; administration.**

19 (a) The governing board may define any number of urban service districts in order
20 to finance, provide or maintain for the districts services, facilities and functions in
21 addition to or to a greater extent than those financed, ~~provided~~ provided, or maintained for
22 the entire consolidated city-county.

23 (b) The powers, duties, functions, rights, privileges, and immunities of an urban
24 service district shall be exercised or administered by the governing board of the
25 consolidated city-county. Any revenues, ~~distributions~~ distributions, or other funds due an
26 urban service district shall be paid to the governing board of the consolidated city-
27 county."

28 Sec. 23. (a) Section 4 of Chapter 991 of the 1983 Session Laws reads as
29 rewritten:

30 "Sec. 4. District Established; Tax Levy. If a majority of the qualified voters voting in
31 an election called under Section 1 of this act vote in favor of creating the Duck Area
32 Beautification District and authorizing the levy and collection of an ad valorem tax in the
33 district, the Dare County Board of Commissioners shall, upon receipt of a certified copy
34 of the election results, adopt a resolution creating the Duck Area Beautification District
35 and shall file a copy of the resolution with the clerk of superior court of Dare County.
36 Upon establishing the Duck Area Beautification District, the Dare County Board of
37 Commissioners may annually levy on behalf of the district an ad valorem tax on all
38 taxable property in the district in an amount the board considers necessary to provide for
39 the installation of underground power lines, not to exceed ten cents (10¢) for each one
40 hundred dollars (\$100.00) taxable valuation of property. The proceeds of this tax shall be
41 used only to provide for the underground installation of power lines in the district."

42 (b) Section 4 of Chapter 363 of the 1989 Session Laws reads as rewritten:

1 "Sec. 4. District Established; Tax Levy. If a majority of the qualified voters voting
2 on an election called under Section 1 of this act vote in favor of creating the Outer Banks
3 Beautification District and authorizing the levy and collection of an ad valorem tax in the
4 district, the Dare County Board of Commissioners shall, upon receipt of a certified copy
5 of the election results, adopt a resolution creating the Outer Banks Beautification District
6 and shall file a copy of the resolution with the clerk of superior court of Dare County.
7 Upon establishing the Outer Banks Beautification District, the Dare County Board of
8 Commissioners may annually levy on behalf of the district an ad valorem tax on all
9 taxable property in the district in an amount the board considers necessary to provide for
10 the installation of underground utility lines and facilities, not to exceed five cents (5¢) for
11 each one hundred dollars (\$100.00) taxable valuation of property. The proceeds of this
12 tax shall be used only to provide for the underground installation of utility lines and
13 facilities in the district."

14 (c) Sections 1 through 5 of Chapter 400 of the 1989 Session Laws are repealed.

15 (d) Section 4 of Chapter 703 of the 1989 Session Laws reads as rewritten:

16 "Sec. 4. District Established; Tax Levy. If a majority of the qualified voters voting in
17 an election called under Section 1 of this act vote in favor of creating the Coinjock Canals
18 Area Beautification District and authorizing the levy and collection of an ad valorem tax
19 in the district, the Currituck County Board of Commissioners shall, upon receipt of a
20 certified copy of the election results, adopt a resolution creating the Coinjock Canals
21 Area Beautification District and shall file a copy of the resolution with the clerk of
22 superior court of Currituck County. Upon establishing the Coinjock Canals Area
23 Beautification District, the Currituck County Board of Commissioners may annually levy
24 on behalf of the district an ad valorem tax on all taxable property in the district in an
25 amount the board considers necessary to provide for the installation of underground
26 utility lines, not to exceed ten cents (10¢) for each one hundred dollars (\$100.00) taxable
27 valuation of property. The proceeds of this tax shall be used only to provide for the
28 underground installation of utility lines in the district."

29 (e) Section 4 of Chapter 685 of the 1991 Session Laws reads as rewritten:

30 "Sec. 4. District Established; Tax Levy. If a majority of the qualified voters voting in
31 an election called under Section 1 of this act vote in favor of creating the Poplar Tent
32 Beautification District and authorizing the levy and collection of an ad valorem tax in the
33 district, the Cabarrus County Board of Commissioners shall, upon receipt of a certified
34 copy of the election results, adopt a resolution creating the Poplar Tent Beautification
35 District and shall file a copy of the resolution with the clerk of the superior court of
36 Cabarrus County. Upon establishing the Poplar Tent Beautification District, the Cabarrus
37 County Board of Commissioners may annually levy on behalf of the district an ad
38 valorem tax on all taxable property in the district in an amount the board considers
39 necessary to develop and implement the beautification plan and projects described in
40 Section 1 of this act, that amount not to exceed five cents (5¢) for each one hundred
41 dollars (\$100.00) taxable valuation of property. The proceeds of this tax shall be used
42 only to develop and implement the beautification plan and projects described in Section 1
43 of this act."

1 Sec. 24. G.S. 105-330.2(a) reads as rewritten:

2 "(a) The value of a classified motor vehicle listed pursuant to G.S. 105-330.3(a)(1)
3 shall be determined as follows:

4 (1) For a vehicle registered under the staggered system, the value shall
5 be determined annually as of January 1 preceding the date a new
6 registration is applied for or the current registration expires.

7 (2) For a vehicle newly registered under the annual system, the value
8 shall be determined as of January 1 of the year the new registration
9 is obtained. For a vehicle whose registration is renewed under the
10 annual system, the value shall be determined as of January 1
11 following the date the registration expires. If

12 If the value of a new motor vehicle cannot be determined as of January 1 preceding the
13 date the new registration is applied for, date specified above, the value of that vehicle shall
14 be determined for that year as of the date that model vehicle is first offered for sale at
15 retail in this State. The ownership, situs, and taxability of a classified motor vehicle
16 listed pursuant to G.S. 105-330.3(a)(1) shall be determined annually as of the day on
17 which a new registration is applied for or the day on which the current vehicle
18 registration is renewed, regardless of whether the registration is renewed after it has
19 expired.

20 The value of a classified motor vehicle listed pursuant to G.S. 105-330.3(a)(2) shall
21 be determined as of January 1 of the year in which the motor vehicle is required to be
22 listed pursuant to G.S. 105-330.3(a)(2). The ownership, situs, and taxability of a
23 classified motor vehicle listed or discovered pursuant to G.S. 105-330.3(a)(2) shall be
24 determined as of January 1 of the year in which the motor vehicle is required to be
25 listed."

26 Sec. 25. (a) G.S. 96-12 is amended by adding a new subsection to read:

27 "(g) Income Tax Withholding. – When an individual files a new claim for
28 unemployment compensation, the individual shall be advised in writing at the time of
29 filing that:

30 (1) Unemployment compensation is subject to federal and State
31 individual income tax.

32 (2) Requirements exist pertaining to estimated tax payments.

33 (3) The individual may elect to have federal individual income tax
34 deducted and withheld from the individual's payment of
35 unemployment compensation at the amount specified in section
36 3402 of the Code. The term 'Code' has the same meaning as defined
37 in G.S. 105-228.90.

38 (4) The individual may elect to have State individual income tax
39 deducted and withheld from the individual's payment of
40 unemployment compensation in an amount determined by the
41 individual.

42 (5) The individual may change a previously elected withholding status.

1 The Commission shall follow the procedures specified by the United States
2 Department of Labor, the Internal Revenue Service, and the Department of Revenue
3 pertaining to the deducting and withholding of individual income tax. The amounts
4 deducted and withheld from unemployment compensation shall remain in the
5 Unemployment Insurance Fund until transferred to the appropriate taxing authority as a
6 payment of income tax. If two or more deductions are made from an individual's
7 unemployment compensation payment, then the deductions will be deducted and
8 withheld in accordance with priorities established by the Commission."

9 (b) This section becomes effective January 1, 1997, and applies to unemployment
10 compensation payments made on or after that date.

11 Sec. 26. Except as otherwise provided in this act, this act is effective upon
12 ratification.