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Short Title: Rev. Laws Tech., Clarifying, & Admin. Chngs. (Public)

Sponsors:

Referred to:

March 1, 2023

A BILL TO BE ENTITLED

AN ACT TO MAKE VARIOUS TECHNICAL, CLARIFYING, AND ADMINISTRATIVE CHANGES TO THE REVENUE LAWS.

The General Assembly of North Carolina enacts:

PART I. CORPORATE AND INDIVIDUAL INCOME TAX CHANGES

SECTION 1.1. G.S. 105-228.90(b)(7) reads as rewritten:

"(7) Code. – The Internal Revenue Code as enacted as of ~~April 1, 2021,~~ January 1, 2023, including any provisions enacted as of that date that become effective either before or after that date."

SECTION 1.2. G.S. 105-122(b)(2) reads as rewritten:

"(2) An addition for the amount of indebtedness the corporation owes to a parent, a subsidiary, an affiliate, or a noncorporate entity in which the corporation or group of corporations owns directly or indirectly more than fifty percent (50%) of the capital interest of the noncorporate entity, unless the indebtedness creates qualified interest expense, as defined in ~~G.S. 105-130.7B(b)(4).~~G.S. 105-130.7B(b)(4)a. through G.S. 105-130.7B(b)(4)d."

SECTION 1.3. G.S. 105-153.4 is amended by adding a new subsection to read:

"(d1) Sole Proprietorships. – In order to calculate the numerator of the fraction provided in subsection (b) of this section for an individual that operates a business in one or more other states, the amount of an individual's total net income of the business, as modified in G.S. 105-153.5 and G.S. 105-153.6, that is includable in the numerator is determined in accordance with the provisions of G.S. 105-130.4. As used in this subsection, total net income means the entire gross income of the business less all expenses, taxes, interest, and other deductions allowable under the Code that were incurred in the operation of the business."

SECTION 1.4. G.S. 105-153.9 is amended by adding a new subsection to read:

"(c) The credit allowed under this section may not exceed the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowed, except payments of tax made by or on behalf of the taxpayer."

SECTION 1.5.(a) G.S. 105-154(d) reads as rewritten:

"(d) Payment of Tax on Behalf of Nonresident Owner or Partner. – If a business conducted in this State is owned by a nonresident individual or by a partnership having one or more nonresident members, the business shall report information concerning the earnings of the

business in this State, the distributive share of the income of each nonresident owner or partner, and any other information required by the Secretary. The distributive share of the income of each nonresident partner includes any guaranteed payments made to the partner. The business shall pay with the return the tax on each nonresident owner or partner's share of the income computed at the rate levied on individuals under G.S. 105-153.7. The business may deduct the payment for each nonresident owner or partner from the owner or partner's distributive share of the income of the business in this State. The Secretary may enforce the business's liability for the tax on each nonresident owner or partner's share of the income by sending the business a notice of proposed assessment in accordance with G.S. 105-241.9. If the nonresident partner is not an individual and the partner has executed an affirmation that (i) the partner will pay the tax with its corporate, partnership, trust, or estate income tax return, or (ii) the partner is not subject to State income tax under this Article, the business is not required to pay the tax on the partner's share. In this case, the business shall include a copy of the affirmation with the report required by this subsection. The affirmation must be annually filed by the nonresident partner and submitted by the due date of the report required in this subsection. Otherwise, the business is required to pay the tax on the nonresident partner's share. Notwithstanding the provisions of G.S. 105-241.7(b), the business may not request a refund of an overpayment made on behalf of a nonresident owner or partner if the business has previously filed the return and paid the tax due. The nonresident owner or partner may, on its own income tax return, request a refund of an overpayment made on its behalf by the business within the provisions of G.S. 105-241.6. This subsection does not apply to a partnership with respect to any taxable period for which it is a taxed ~~partnership.~~partnership unless the taxed partnership has a partner described in G.S. 105-154.1(a)(5). If a taxed partnership has a partner described in G.S. 105-154.1(a)(5), this subsection applies to the taxed partnership with respect to the partner described in G.S. 105-154.1(a)(5)."

SECTION 1.5.(b) G.S. 105-154.1(a) is amended by adding a new subdivision to read:

"(5) A partnership including an entity that is classified as a partnership for federal income tax purposes, or an S Corporation as defined in G.S. 105-131(b)."

SECTION 1.5.(c) G.S. 105-154.1(b)(1) reads as rewritten:

"(1) The North Carolina taxable income of a taxed partnership with respect to such taxable period shall be equal to the sum of the ~~following:~~following for partners defined under G.S. 105-154.1(a)(1) through G.S. 105-154.1(a)(4):

…."

SECTION 1.5.(d) G.S. 105-153.9, as amended by Section 1.4 of this act, is amended by adding the following new subsections to read:

"(d) Except as otherwise provided in subdivision (a)(5) of this section with respect to a taxed partnership, for purposes of this section and G.S. 105-160.4, each resident partner is considered to have paid a tax imposed on the partner in an amount equal to the partner's distributive share of any income tax paid by the partnership to a state or the District of Columbia where the partnership was subject to an entity-level tax levied on the aggregate distributive share of the partnership's income allocable to one or more of its partners. A partnership is taxable in another state or the District of Columbia if the partnership's business activity in that state or the District of Columbia subjects the partnership to a net income tax or a tax measured by net income.

(e) Except as otherwise provided in subdivision (a)(4) of this section with respect to a taxed S Corporation, for purposes of this section and G.S. 105-160.4, each resident shareholder is considered to have paid a tax imposed on the shareholder in an amount equal to the shareholder's pro rata share of any income tax paid by the S Corporation to a state or the District of Columbia where the S Corporation was subject to an entity-level tax levied on the aggregate pro rata share of the S Corporation's income allocable to one or more of its shareholders. An S Corporation is taxable in another state or the District of Columbia if the S Corporation's business activity in that state or the District of Columbia subjects the S Corporation to a net income tax or

a tax measured by net income. A taxpayer that claims a credit under this subsection may not also claim a credit under G.S. 105-131.8 with respect to the same income tax paid by the S Corporation."

SECTION 1.5.(e) This section is effective for taxable years beginning on or after January 1, 2022.

SECTION 1.6.(a) The following statutes are repealed:

(1) G.S. 105-131.1A(b)(1)b.
(2) G.S. 105-131.1A(d)
(3) G.S. 105-153.9(a)(4)
(4) G.S. 105-153.9(a)(5)
(5) G.S. 105-154.1(b)(1)b.

SECTION 1.6.(b) G.S. 105-131.1A(a) reads as rewritten:

"(a) Taxed S Corporation Election. – An S Corporation may elect, on its timely filed ~~annual~~ return required under G.S. 105-131.7, to have the tax under this Article imposed on the S Corporation for any taxable period covered by the return. An S Corporation may not make or revoke the election after the ~~due date of the return including extensions.~~return is filed."

SECTION 1.6.(c) G.S. 105-153.5(c3) reads as rewritten:

"(c3) Taxed Pass-Through Entities. – In calculating North Carolina taxable income, a taxpayer must make the following adjustments to the taxpayer's adjusted gross income:

(1) A taxpayer that is a shareholder of a taxed S Corporation may deduct the amount of the taxpayer's pro rata share of income attributable to the State from the taxed S Corporation to the extent ~~it~~ the income attributable to the State was included in the taxed S Corporation's North Carolina taxable income and was included in the taxpayer's adjusted gross ~~income.~~income, subject to the adjustments provided in G.S. 105-153.5 and G.S. 105-153.6, attributable to the State.

(1a) A resident taxpayer that is a shareholder of an S Corporation may deduct the amount of the taxpayer's pro rata share of income not attributable to the State from the S Corporation to the extent the income not attributable to the State was included in the S Corporation's taxable income in another state or the District of Columbia, was subject to an entity-level tax levied on the aggregate pro rata share of the S Corporation's income allocable to one or more of its shareholders, and was included in the taxpayer's adjusted gross income subject to the adjustments provided in G.S. 105-153.5 and G.S. 105-153.6. An S Corporation is taxable in another state or the District of Columbia if the S Corporation's business activity in that state or the District of Columbia subjects the S Corporation to a net income tax or a tax measured by net income.

(2) A taxpayer that is a shareholder of a taxed S Corporation must add the amount of the taxpayer's pro rata share of net taxable loss attributed to the State from the taxed S Corporation to the extent ~~it~~ the net taxable loss was included in the taxed S Corporation's North Carolina taxable income and was included in the taxpayer's adjusted gross ~~income.~~income, subject to the adjustments provided in G.S. 105-153.5 and G.S. 105-153.6, attributable to the State.

(3) A taxpayer that is a partner of a taxed partnership may deduct the amount of the taxpayer's share of distributive ~~share of~~ income attributable to the State from the taxed partnership to the extent ~~it~~ the share of distributive income attributable to the State was included in the taxed partnership's North Carolina taxable income and was included in the taxpayer's adjusted gross ~~income.~~income, subject to the adjustments provided in G.S. 105-153.5 and G.S. 105-153.6, attributable to the State.

(3a) A resident taxpayer that is a partner of a partnership may deduct the amount of the taxpayer's share of distributive income not attributable to the State from the partnership to the extent the share of distributive income not attributable to the State was included in the partnership's taxable income in another state or the District of Columbia, was subject to an entity-level tax levied on the aggregate distributive share of the partnership's income allocable to one or more of its partners, and was included in the taxpayer's adjusted gross income subject to the adjustments provided in G.S. 105-153.5 and G.S. 105-153.6. A partnership is taxable in another state or the District of Columbia if the partnership's business activity in that state or the District of Columbia subjects the partnership to a net income tax or a tax measured by net income.

(4) A taxpayer that is a partner of a taxed partnership must add the amount of the taxpayer's share of distributive ~~share of~~ taxable loss attributable to the State from the taxed partnership to the extent ~~it~~ the share of distributive taxable loss attributable to the State was included in the taxed partnership's North Carolina taxable income and was included in the taxpayer's adjusted gross ~~income.~~income, subject to the adjustments provided in G.S. 105-153.5 and G.S. 105-153.6, attributable to the State."

SECTION 1.6.(d) G.S. 105-153.9, as amended by Sections 1.4, 1.5(d), and 1.6(a) of this act, reads as rewritten:

"**§ 105-153.9. Tax credits for income taxes paid to other states by individuals.**

…

(d) ~~Except as otherwise provided in subdivision (a)(5) of this section with respect to a taxed partnership, for~~ For purposes of this section and G.S. 105-160.4, each resident partner is considered to have paid a tax imposed on the partner in an amount equal to the partner's distributive share of any income tax paid by the partnership to a state or the District of Columbia where the partnership was subject to an entity-level tax levied on the aggregate distributive share of the partnership's income allocable to one or more of its partners. A partnership is taxable in another state or the District of Columbia if the partnership's business activity in that state or the District of Columbia subjects the partnership to a net income tax or a tax measured by net income.

(e) ~~Except as otherwise provided in subdivision (a)(4) of this section with respect to a taxed S Corporation, for~~ For purposes of this section and G.S. 105-160.4, each resident shareholder is considered to have paid a tax imposed on the shareholder in an amount equal to the shareholder's pro rata share of any income tax paid by the S Corporation to a state or the District of Columbia where the S Corporation was subject to an entity-level tax levied on the aggregate pro rata share of the S Corporation's income allocable to one or more of its shareholders. An S Corporation is taxable in another state or the District of Columbia if the S Corporation's business activity in that state or the District of Columbia subjects the S Corporation to a net income tax or a tax measured by net income. A taxpayer that claims a credit under this subsection may not also claim a credit under G.S. 105-131.8 with respect to the same income tax paid by the S Corporation.

(f) No credit is allowed under this section for taxes paid to another state or the District of Columbia on income eligible for the deduction provided in G.S. 105-153.5(c3)."

SECTION 1.6.(e) G.S. 105-154.1(a), as amended by Section 1.5(b) of this act, reads as rewritten:

"(a) Taxed Partnership Election. – A partnership may elect, on its timely filed ~~annual~~ return required under G.S. 105-154(c), to have the tax under this Article imposed on the partnership for any taxable period covered by the return. A partnership may not make or revoke the election after the ~~due date of the return, including extensions.~~ return is filed. This election cannot be made by a publicly traded partnership that is described in section 7704(c) of the Code

or by a partnership that has at any time during the taxable year a partner who is not one of the following:

(1) An individual.
(2) An estate.
(3) A trust described in section 1361(c)(2) of the Code.
(4) An organization described in section 1361(c)(6) of the Code.
(5) A partnership including an entity that is classified as a partnership for federal income tax purposes, or an S Corporation as defined in G.S. 105-131(b)."

SECTION 1.6.(f) This section is effective for taxable years beginning on or after January 1, 2023.

SECTION 1.7.(a) G.S. 105-249.2(b) reads as rewritten:

"(b) Disaster. – The penalties in G.S. 105-236(a)(2), (3), ~~and (4)~~ (4), and (10)c. may not be assessed for any period in which the time for filing a federal return or report or for paying a federal tax is extended under section 7508A of the Code because of a presidentially declared disaster. The extension of time granted by the Internal Revenue Service under section 7508A of the Code only applies to the corresponding State tax return or payment. For State returns and payments without a corresponding federal return and payment, the extension granted for individual income tax returns and payments by the Internal Revenue Service under section 7508A of the Code applies. For the purpose of this section, "presidentially declared disaster" has the same meaning as in section 1033(h)(3) of the Code."

SECTION 1.7.(b) This section is effective when it becomes law and applies to presidentially declared disasters occurring on or after that date.

SECTION 1.8. Except as otherwise provided, this Part is effective when it becomes law.

PART II. SALES TAX CHANGES

SECTION 2.1.(a) G.S. 105-164.3(179) reads as rewritten:

"(179) Prepared food. – ~~Food that meets at least one of the conditions of this subdivision. Prepared food does not include food the retailer sliced, repackaged, or pasteurized but did not heat, mix, or sell with eating utensils.~~Defined in G.S. 105-164.4L.

~~a. It is sold in a heated state or it is heated by the retailer.~~
~~b. It consists of two or more foods mixed or combined by the retailer for sale as a single item. This sub-subdivision does not include foods containing raw eggs, fish, meat, or poultry that require cooking by the consumer as recommended by the Food and Drug Administration to prevent food borne illnesses.~~
~~c. It is sold with eating utensils provided by the retailer, such as plates, knives, forks, spoons, glasses, cups, napkins, and straws. A plate does not include a container or packaging used to transport the food.~~"

SECTION 2.1.(b) Article 5 of Chapter 105 of the General Statutes is amended by adding the following new section to read:

"**§ 105-164.4L. Prepared food.**

(a) Prepared Food Definition. – The term "prepared food" means food that meets at least one of the following conditions:

(1) It is sold in a heated state, or it is heated by the retailer.
(2) It consists of two or more foods mixed or combined by the retailer for sale as a single item. This does not include:
a. Food containing raw eggs, fish, meat, or poultry that requires cooking by the consumer as recommended by the Food and Drug

Administration in chapter 3, part 401.11 of its Food Code so as to prevent foodborne illnesses.

b. Food that is only sliced, repackaged, or pasteurized by the retailer.

(3) It is sold with eating utensils provided by the retailer, such as plates, knives, forks, spoons, glasses, cups, napkins, and straws. A plate does not include a container or packaging used to transport the food. An eating utensil placed in a package with the food items by a person other than the retailer, if that other person's NAICS classification code is that of a manufacturer, sector 311, is not treated as an eating utensil provided by the retailer. For a packager with any other NAICS classification code, the retailer is considered to have provided the eating utensil.

(b) Utensils Provided by the Retailer. – Based on a retailer's prepared food sales percentage, determined in accordance with subsection (c) of this section, the phrase "provided by the retailer," as described in subdivision (3) of subsection (a) of this section, has the following meanings:

(1) Sales percentage of greater than seventy-five percent (75%). – If a retailer has a prepared food sales percentage of greater than seventy-five percent (75%), "provided by the retailer" means the retailer makes eating utensils available to purchasers, except that an item sold by the retailer containing four or more servings packaged as one item and sold for a single price does not become prepared food because the retailer makes utensils available to the purchaser of the item, but is prepared food if the retailer physically gives or hands utensils to the purchaser of the item. Serving sizes are determined based on the label of an item sold. If no label is available, a retailer must reasonably determine the number of servings in an item.

(2) Sales percentage of seventy-five percent (75%) or less. – If a retailer has a prepared food sales percentage of seventy-five percent (75%) or less, "provided by the retailer" means the retailer's business practice is to physically give or hand eating utensils to purchasers, except that plates, bowls, glasses, and cups necessary for the purchaser to receive the food need only be made available to purchasers.

(c) Prepared Food Sales Percentage. –

(1) Definition. – A percentage determined by dividing the following described numerator by the following described denominator:

a. The numerator is the retailer's annual sales of prepared food described in subdivisions (1) and (2) of subsection (a) of this section and food sold when plates, bowls, glasses, or cups are necessary to receive the food. The numerator shall not include alcoholic beverages or food excluded from prepared food.

b. The denominator is the retailer's total annual sales of all food and prepared food, excluding alcoholic beverages.

(2) Administration of definition. –

a. A retailer must calculate the prepared food sales percentage for each tax year or business fiscal year based on the retailer's data from the prior tax year or business fiscal year, as soon as possible after accounting records are available, but not later than 90 days after the beginning of the retailer's tax year or business fiscal year.

b. A single prepared food sales percentage shall be determined annually for all of the retailer's establishments in this State.

c. A new retailer shall make a good-faith estimate of its prepared food sales percentage for its first year in business. The new retailer must

adjust its good-faith estimate prospectively after the first three months of its business operation if actual prepared food sales percentages materially affect the seventy-five percent (75%) threshold described in subsection (b) of this section."

SECTION 2.2. G.S. 105-164.4J is amended by adding a new subsection to read:

"(k) Efficient Administration. – When the Secretary finds it necessary for the efficient administration of this Article to regard any sales representatives, solicitors, representatives, consignees, peddlers, or truckers as agents of the dealers, distributors, consignors, supervisors, employers, or persons under whom they operate or from whom they obtain the items sold by them regardless of whether they are making sales on their own behalf or on behalf of these dealers, distributors, consignors, supervisors, employers, or persons, the Secretary may so regard them and may regard the dealers, distributors, consignors, supervisors, employers, or persons as "marketplace facilitators" for the purpose of this Article and may treat the sales they make as "marketplace-facilitated sales" and the sellers as "marketplace sellers.""

SECTION 2.3. G.S. 105-164.11B reads as rewritten:

"**§ 105-164.11B. Recover sales tax paid.**

(a) Retailers. – A retailer who pays sales and use tax on an item that is separately stated on an invoice or similar billing document given to the retailer at the time of sale and subsequently resells the item at retail, without the item being used by the retailer, may recover the sales or use tax originally paid to a seller as provided in this ~~section.~~ subsection. A retailer entitled to recover tax under this ~~section~~ subsection may reduce taxable receipts by the taxable amount of the purchase price of the item resold for the period in which the retail sale occurs. A recovery of tax allowed under this ~~section~~ subsection is not an overpayment of tax and, where ~~such~~ the recovery is taken, a refund of the tax originally paid may not be requested from the seller pursuant to the authority under G.S. 105-164.11. Any amount for tax recovered under this ~~section~~ subsection in excess of tax due for a reporting period under this Article is not subject to refund. Any tax recovered under this ~~section~~ subsection may be carried forward to a subsequent reporting period and taken as an adjustment to taxable receipts. The records of the retailer must clearly reflect and support the adjustment to taxable receipts for the period in which the adjustment is made.

(b) Marketplace Facilitators. – A marketplace facilitator may recover the sales or use tax originally paid to a marketplace seller as provided in this subsection when the marketplace facilitator pays sales and use tax to a marketplace seller on a marketplace-facilitated sale for which the marketplace facilitator is considered the retailer pursuant to G.S. 105-164.4J(b), and the tax is separately stated on an invoice or similar billing document given to the marketplace facilitator at the time of sale. A marketplace facilitator entitled to recover tax under this subsection may reduce taxable receipts by the taxable amount of the marketplace-facilitated sale that is taxed by the marketplace seller for the period in which the retail sale occurs. A recovery of tax allowed under this subsection is not an overpayment of tax and, where the recovery is taken, a refund of the tax originally paid may not be requested from the seller pursuant to the authority under G.S. 105-164.11. Any amount for tax recovered under this subsection in excess of tax due for a reporting period under this Article is not subject to refund. Any tax recovered under this subsection may be carried forward to a subsequent reporting period and taken as an adjustment to taxable receipts. The records of the retailer must clearly reflect and support the adjustment to taxable receipts for the period in which the adjustment is made."

SECTION 2.4.(a) G.S. 105-164.13 reads as rewritten:

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

The sale at retail and the use, storage, or consumption in this State of the following items are specifically exempted from the tax imposed by this Article:

…

(11) Any of the following fuel:

a. Motor fuel, as taxed in Article 36C of this Chapter, except motor fuel for which a refund of the per gallon excise tax is allowed under G.S. 105-449.105A, G.S. 105-449.106(c), G.S. 105-449.106(d), or G.S. 105-449.107.

b. Alternative fuel taxed under Article 36D of this Chapter, unless a refund of that tax is allowed under G.S. 105-449.106(d) or G.S. 105-449.107.

…."

SECTION 2.4.(b) G.S. 105-164.13 reads as rewritten:

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

The sale at retail and the use, storage, or consumption in this State of the following items are specifically exempted from the tax imposed by this Article:

…

(35) Sales by a nonprofit civic, charitable, educational, scientific, literary, or fraternal organization when all of the conditions listed in this subdivision are met. This exemption does not apply to gross receipts derived from an admission charge to an entertainment activity. The conditions are:

a. The sales are conducted only upon an annual basis for the purpose of raising funds for the organization's activities.

b. The proceeds of the sale are actually used for the organization's activities.

c. The products sold are delivered to the purchaser within 60 days after the first solicitation of any sale made during the organization's annual sales period.

d. Each annual sales period occurs at least 60 days after the beginning of the prior annual sales period.

e. Each annual sales period funds a distinct and different program from the other annual sales periods occurring during the year.

f. Each annual sales period sells products that are distinct and different from the products sold during the other annual sales periods occurring during the year.

…."

SECTION 2.4.(c) Subsection (a) of this section is effective retroactively to January 1, 2023, and applies to applications for refunds submitted on or after that date. The remainder of this section is effective when it becomes law.

SECTION 2.5. G.S. 105-164.3(259) reads as rewritten:

"(259) Streamlined Agreement. – The Streamlined Sales and Use Tax Agreement as amended as of ~~December 21, 2021.~~December 22, 2022."

SECTION 2.6. Except as otherwise provided, this Part is effective when it becomes law.

PART III. EXCISE TAX CHANGES

SECTION 3.1. G.S. 105-113.4(13a) reads as rewritten:

"(13a) Vapor product. – Any nonlighted, noncombustible product that employs a mechanical heating element, battery, or electronic circuit regardless of shape or size and that can be used to produce vapor from ~~nicotine~~ nicotine, however derived, in a solution. The term includes any vapor cartridge or other container of nicotine in a solution or other form that is intended to be used with or in an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device. The term does not include any product regulated by

the United States Food and Drug Administration under Chapter V of the federal Food, Drug, and Cosmetic Act."

SECTION 3.2.(a) G.S. 105-113.4(2) reads as rewritten:

"(2) Cost price. – The actual price ~~paid~~ paid by the person liable for the tax, before any discount, rebate, or allowance, for an item identified as a stock keeping unit by a unique code or identifier representing the item that is subject to the tax imposed by Part 3 of this ~~Article by the person liable for the tax. The actual price paid for an item may be either of the following:~~Article.

~~a. The actual price paid for an item identified as a stock keeping unit by a unique code or identifier representing the item.~~

~~b. If the actual price paid for an item is not available, the average of the actual price paid for the item over the 12 calendar months before January 1 of the year in which the sale occurs.~~"

SECTION 3.2.(b) G.S. 105-113.36A(f) reads as rewritten:

"(f) Documentation. – If a person liable for the tax imposed by this Part cannot produce to the Secretary's satisfaction documentation of the cost price of the items subject to tax, the Secretary may determine a value based on ~~the~~ either of the following:

(1) The cost price of comparable items.

(2) The average of the actual price paid by the person liable for the tax for the item over the 12 calendar months before January 1 of the year in which the sale occurs."

SECTION 3.3. G.S. 105-113.4A(e) reads as rewritten:

"(e) Duplicate or Amended License. – Upon application to the Secretary, a licensee may obtain without charge a duplicate or amended license as ~~provided in this subsection. A duplicate or amended license must state that it is a duplicate or amended license, as appropriate:~~follows:

(1) A duplicate license, if the licensee establishes that the original license has been lost, destroyed, or defaced.

(2) An amended license, if the licensee establishes that the location of the place of business for which the license was issued has changed."

SECTION 3.4.(a) G.S. 105-113.4F(c) reads as rewritten:

"(c) Filing Requirement. – A delivery seller who has made a delivery sale, or shipped or delivered tobacco products in connection with a delivery sale, for which tax is due under this Article, during the previous month shall, not later than the tenth day of each month, file with the Secretary a memorandum or a copy of the invoice for every delivery sale made during the previous month. A delivery seller who complies with 15 U.S.C. § 376 with respect to tobacco products covered by that section is considered to have complied with this subsection. The memorandum or invoice shall contain the following information:

(1) The name, address, telephone number, and e-mail address of the consumer.

(2) The type and the brand, or brands, of tobacco products that were sold.

(3) The quantity of tobacco products that were sold."

SECTION 3.4.(b) This section is effective when this act becomes law and applies to filings due on or after that date for sales made during the previous month.

SECTION 3.5.(a) G.S. 105-113.4G reads as rewritten:

"**§ 105-113.4G. Records to be kept.**

(a) Requirement. – Every person required to be licensed under this Article and every person required to make reports under this Article shall keep complete and accurate records of all purchases, inventories, sales, shipments, and deliveries of tobacco products, and other information as required ~~under this Article.~~ by the Secretary. The records shall be in the form prescribed by the Secretary and shall be open at all times for inspection by the Secretary or an authorized representative of the Secretary.

(b) Time Period. – These records shall be safely preserved for ~~a period of three years~~ the applicable period of statute of limitations as set forth in Article 9 of this Chapter in a manner to ensure their security and accessibility for inspection by the Department. If the records apply to a transaction not required to be reported in a return, the records shall be kept for three years from the date of the transaction."

SECTION 3.5.(b) This section is effective when this act becomes law and applies to records for transactions occurring on or after that date.

SECTION 3.6. G.S. 105-113.12(a) reads as rewritten:

"(a) A distributor must obtain a license for each of the locations listed in this subsection, as applicable, and must pay a tax of twenty-five dollars ($25.00) for each license. A license is in effect until June 30 of the year following the second calendar year after the date of issuance or renewal. A license is renewable upon signed application with no renewal license tax, unless applied for after the June 30 expiration date. The locations are:

(1) Each location where a distributor receives or stores non-tax-paid cigarettes in this State.

(2) For a distributor that is a delivery seller, each location from which the distributor ~~ships~~ receives or stores non-tax-paid cigarettes for delivery sales of cigarettes if the location is a location other than the location described in subdivision (1) of this subsection."

SECTION 3.7. G.S. 105-113.38B reads as rewritten:

"**§ 105-113.38B. Records.**

In addition to the records required to be kept under G.S. 105-113.4G, a remote seller required to be licensed must maintain the following:

(1) A list, updated annually, showing the cost price paid by the remote seller for each stock keeping unit of tobacco products.

(2) Invoices documenting remote or delivery sales to consumers in this State.

(3) Records necessary to document the cost price of purchases of all tobacco products sold to consumers in this State."

SECTION 3.8.(a) G.S. 105-113.39A reads as rewritten:

"**§ 105-113.39A. License required.**

(a) Requirement. – A wholesale dealer or a retail dealer must obtain from the Secretary a license for each of the locations listed in this subsection, as applicable, and must pay the required license tax for each license. A license is in effect until June 30 of the year following the second calendar year after the date of issuance or renewal, unless cancelled or revoked prior to expiration. A license is renewable upon signed application with no renewal license tax, unless applied for after the June 30 expiration date. The locations are:

(1) Each location where a wholesale dealer makes tobacco products.

(2) Each location where a wholesale dealer or a retail dealer receives or stores non-tax-paid tobacco products.

(3) Each location from where a retail dealer that is a delivery seller or remote seller ~~ships~~ receives or stores non-tax-paid tobacco products for delivery sales or remote sales if the location is a location other than the location described in subdivision (2) of this subsection.

…."

SECTION 3.8.(b) G.S. 105-113.39A, as amended by subsection (a) of this section, reads as rewritten:

"**§ 105-113.39A. License required.**

(a) Requirement. – A wholesale dealer or a retail dealer must obtain from the Secretary a license ~~for each of the locations listed in this subsection, as applicable,~~ in accordance with subsections (a1) and (a2) of this section and must pay the required license tax for each license. A license is in effect until June 30 of the year following the second calendar year after the date

of issuance or renewal, unless cancelled or revoked prior to expiration. A license is renewable upon signed application with no renewal license tax, unless applied for after the June 30 expiration date. ~~The locations are:~~

(a1) Other Tobacco Products License. – A wholesale dealer or a retail dealer must obtain an other tobacco products license for all of the following locations:

(1) Each location where a wholesale dealer makes tobacco ~~products.~~products other than vapor products.

(2) Each location where a wholesale dealer or a retail dealer receives or stores non-tax-paid tobacco ~~products.~~products other than vapor products.

(3) Each location from where a retail dealer that is a delivery seller or remote seller receives or stores non-tax-paid tobacco products for delivery sales or remote sales of tobacco products other than vapor products if the location is a location other than the location described in subdivision (2) of this subsection.

(a2) Vapor Products License. – A wholesale dealer or a retail dealer must obtain a vapor products license for all of the following locations:

(1) Each location where a wholesale dealer makes vapor products.

(2) Each location where a wholesale dealer or a retail dealer receives or stores non-tax-paid vapor products.

(3) Each location from where a retail dealer that is a delivery seller or a remote seller receives or stores non-tax-paid vapor products for delivery sales if the location is a location other than the location described in subdivision (2) of this subsection.

(b) License Tax Amount. – The license tax amounts are as follows:

(1) Wholesale dealer $25.00

(2) Retail dealer $10.00

(c) Out-of-State Wholesale Dealers. – An out-of-state wholesale dealer of tobacco products that is not a delivery seller or a remote seller may obtain a wholesale dealer's license upon compliance with the provisions of G.S. 105-113.4A and payment of a tax of twenty-five dollars ($25.00)."

SECTION 3.8.(c) Subsection (b) of this section becomes effective July 1, 2024, and applies to licenses issued on or after that date. The remainder of this section is effective when it becomes law.

SECTION 3.9.(a) G.S. 105-113.88 reads as rewritten:

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

A person who is required to file a report or return under this Article must keep a record of all documents used to determine information the person provides in a report or ~~return.~~ return and any other information required by the Secretary to determine the person's alcoholic beverage transactions. The records must be kept for ~~three years from the due date of the report or return to which the records apply.~~the applicable period of statute of limitations as set forth under Article 9 of this Chapter. If the records apply to a transaction not required to be reported in a return, the records must be kept for three years from the date of the transaction. The Secretary or the Secretary's designee has the right at any reasonable time to inspect records."

SECTION 3.9.(b) This section is effective when this act becomes law and applies to documents required to be kept for transactions occurring on or after that date. The authority of the Secretary or the Secretary's designee to inspect records at any reasonable time is ongoing and is not limited to records for transactions occurring on or after the effective date of this section.

SECTION 3.10. G.S. 105-449.39 reads as rewritten:

"**§ 105-449.39. Credit for payment of motor fuel tax.**

(a) Credit. – Every motor carrier subject to the tax levied by this Article is entitled to a credit ~~on its quarterly return~~ for tax paid by the carrier on fuel purchased in the State. The amount of the credit is determined using the tax rate in effect under G.S. 105-449.80 for the ~~time period~~

~~covered by the return.~~ date the fuel is placed into the qualified motor vehicle. To obtain a credit, the motor carrier must furnish evidence satisfactory to the Secretary that the tax for which the credit is claimed has been paid.

(b) Refund. – If the amount of a credit to which a motor carrier is entitled for a quarter exceeds the motor carrier's liability for that quarter, the excess is refundable in accordance with G.S. 105-241.7."

SECTION 3.11. G.S. 105-449.42 reads as rewritten:

"**§ 105-449.42. Payment of tax.**

The tax levied by this Article is due when ~~a motor carrier files~~ a quarterly return is due under G.S. 105-449.45. The amount of tax due is calculated on the amount of motor fuel or alternative fuel used by the motor carrier in its operations within this State during the quarter covered by the return. If a motor carrier is exempt from filing a return under G.S. 105-449.45(b)(2), the tax levied by this Article is due when the tax becomes collectible under G.S. 105-241.22."

SECTION 3.12. G.S. 105-449.45 reads as rewritten:

"**§ 105-449.45. Returns of carriers.**

(a) Return. – A motor carrier must report its operations to the Secretary on a quarterly basis unless subsection (b) of this section exempts the motor carrier from this requirement. A quarterly return covers a calendar quarter and is due by the last day ~~in April, July, October, and January.~~ of the month following the quarter. A return must be filed in the form required by the Secretary.

(b) Exemptions. – A motor carrier is not required to file a quarterly return if any of the following applies:

(1) All the motor carrier's operations during the quarter were made under a temporary permit issued under G.S. 105-449.49.

(2) The motor carrier is an intrastate motor carrier, as indicated on the motor carrier's application for licensure with the ~~Secretary.~~Secretary, and operates exclusively in North Carolina.

…."

SECTION 3.13.(a) G.S. 105-449.46 reads as rewritten:

"**§ 105-449.46. ~~Inspection of books and records.~~Record-keeping requirements; inspection authority.**

(a) Record Keeping. – An interstate motor carrier shall maintain records in accordance with any cooperative agreements entered into in accordance with G.S. 105-449.57 and shall maintain any other information required by the Secretary. An intrastate motor carrier shall maintain records to determine the person's motor fuel or alternative fuel transactions and any other information as required by the Secretary. The intrastate motor carrier shall keep the records for four years after the date of the transaction.

(b) Inspection. – The Secretary and ~~his~~ the Secretary's authorized agents and representatives shall have the right at any reasonable time to inspect the books and records of any motor carrier subject to the tax imposed by this Article or to the registration fee imposed by Article 3 of Chapter 20 of the General Statutes."

SECTION 3.13.(b) This section is effective when this act becomes law and applies to records for transactions occurring on or after that date. The authority of the Secretary and the Secretary's authorized agents to inspect the books and records at any reasonable time is ongoing and is not limited to records for transactions occurring on or after the effective date of this section.

SECTION 3.14. G.S. 105-449.47 reads as rewritten:

"**§ 105-449.47. Licensure of vehicles.**

…

(a1) License and Decal. – When the Secretary licenses a motor carrier, the Secretary must issue a license for the motor carrier and a set of decals for each qualified motor vehicle. A motor carrier must keep records of decals issued to it and must be able to account for all decals it

receives from the Secretary. Licenses and decals issued by the Secretary are for a calendar year. All decals issued by the Secretary remain the property of the State. The Secretary may revoke a license or a decal when a motor carrier fails to comply with this Article or Article 36C or 36D of this Subchapter.

(a2) ~~A~~ Carrying License and Displaying Decal. – Except as provided in subsection (a3) of this section, a motor carrier must carry a copy of its current calendar year license in each qualified motor vehicle operated by the motor carrier when the vehicle is in this State. Unless operating under a temporary permit under ~~G.S. 105-449.49,~~ G.S. 105-449.49 or operating under the grace period in accordance with subsection (a3) of this section, a qualified motor vehicle must clearly display one current calendar year decal on each side of the vehicle at all times. A decal must be affixed to the qualified motor vehicle for which it was issued in the place and manner designated by the authority that issued it.

(a3) Grace Period. – Motor carriers shall have through the last day of February to display the current calendar year decals on the qualified motor vehicle and carry a copy of its current calendar year license in the qualified motor vehicle. To be eligible for the grace period, the motor carrier shall do the following:

(1) Hold an active motor carrier license as of December 31 of the preceding calendar year issued by the Department or issued by another jurisdiction pursuant to the International Fuel Tax Agreement.

(2) Submit an application for licensure to the Department on or before December 31 of the preceding year.

(3) Display the previous calendar year's decal issued by the Department or issued by another jurisdiction pursuant to the International Fuel Tax Agreement.

(4) Carry a copy of the previous calendar year's license in the qualified motor vehicle issued by the Department or issued by another jurisdiction.

…."

SECTION 3.15. G.S. 105-449.61(a) reads as rewritten:

"(a) No Local Tax. – A county or city may not impose a tax on the sale, distribution, or use of motor fuel, except motor fuel for which a refund of the per gallon excise tax is allowed under ~~G.S. 105-449.105A or G.S. 105-449.107.~~G.S. 105-449.105A, 105-449.106(d), or 105-449.107."

SECTION 3.16. G.S. 105-449.97 reads as rewritten:

"**§ 105-449.97. Deductions and discounts allowed a supplier when filing a return.**

(a) Taxes Not Remitted. – When a supplier files a return, the supplier may deduct from the amount of tax payable with the return the amount of tax any of the following licensees owes the supplier but failed to remit to the supplier:

(1) A licensed distributor.

(2) A licensed importer that removed the motor fuel on which the tax is due from a terminal of an elective or a permissive supplier.

(3) Repealed by Session Laws 1995, c. 647, s. 32.

(a1) Tax Paid After Deduction. – A supplier is not liable for tax a licensee listed in ~~this~~ subsection (a) of this section owes the supplier but fails to pay. If a listed licensee pays tax owed to a supplier after the supplier deducts the amount on a return, the supplier must promptly remit the payment to the Secretary.

…

(e) Credit for Motor Fuel in Terminal. – When filing a return, a licensed supplier who is the position holder may take a credit for tax-paid motor fuel in the terminal system."

SECTION 3.17. G.S. 105-449.106(a) reads as rewritten:

"(a) Nonprofits. – A nonprofit organization listed below that purchases and uses motor fuel may receive a quarterly refund, for the excise tax paid during the preceding quarter, at a rate

equal to the tax rate in effect under G.S. 105-449.80 for the time period for which the refund is claimed, less one cent (1¢) per gallon.

~~An application for a refund allowed under this subsection must be made in accordance with this Part and must be signed by the chief executive officer of the organization. The chief executive officer of a nonprofit organization is the president of the organization or another officer of the organization designated in the charter or bylaws of the organization.~~

Any of the following entities may receive a refund under this subsection:

(1) Repealed by Session Laws 2002-108, s. 13, effective January 1, 2003.
(2) A private, nonprofit organization that transports passengers under contract with or at the express designation of a unit of local government.
(3) A volunteer fire department.
(4) A volunteer rescue squad.
(5) A sheltered workshop recognized by the Department of Health and Human Services."

SECTION 3.18.(a) G.S. 105-449.121 reads as rewritten:

"**§ 105-449.121. Record-keeping requirements; inspection authority.**

(a) What Must Be Kept. – A person who is subject to audit under subsection (b) of this section must keep a record of all shipping documents or other documents used to determine information the person provides in a return or to determine the person's motor fuel transactions. The records must be kept for ~~three years from the due date of the return to which the records apply or, if~~ the applicable period of statute of limitations as set forth in Article 9 of this Chapter. If the records apply to a transaction not required to be reported in a return, the records must be kept for three years from the date of the transaction.

(b) Inspection. – The Secretary or a person designated by the Secretary shall have the right at any reasonable time to inspect the records subject to audit under this subsection and may do any of the following to determine tax liability under this Article:

(1) Audit a person who is required to have or elects to have a license under this Article.
(2) Audit a distributor, a retailer, a bulk end-user, or a motor fuel user that is not licensed under this Article.
(3) Examine a tank or other equipment used to make, store, or transport motor fuel, diesel dyes, or diesel markers.
(4) Take a sample of a product from a vehicle, a tank, or another container in a quantity sufficient to determine the composition of the product.
(5) Stop a vehicle for the purpose of taking a sample of motor fuel from the vehicle."

SECTION 3.18.(b) This section is effective when this act becomes law and applies to documents required to be kept for transactions occurring on or after that date. The authority of the Secretary or the Secretary's designee to inspect records at any reasonable time is ongoing and is not limited to records for transactions occurring on or after the effective date of this section.

SECTION 3.19.(a) G.S. 105-449.139(a) reads as rewritten:

"(a) Records. – A ~~licensee~~ person required to be licensed under this Article must keep a record of all documents used to determine the information provided in a return filed under this Article. The records must be kept for ~~three years from~~ the ~~due date of the return to which the records apply.~~ applicable period of statute of limitations as set forth under Article 9 of this Chapter. If the records apply to a transaction not required to be reported in a return, the records must be kept for three years from the date of the transaction. The ~~records are open to inspection during business hours by the Secretary or a person designated by the Secretary.~~Secretary or a person designated by the Secretary shall have the right at any reasonable time to inspect the records."

SECTION 3.19.(b) This section is effective when this act becomes law and applies to documents required to be kept for transactions occurring on or after that date. The authority of the Secretary or the Secretary's designee to inspect records at any reasonable time is ongoing and is not limited to records for transactions occurring on or after the effective date of this section.

SECTION 3.20.(a) G.S. 119-18 reads as rewritten:

"**§ 119-18. Inspection tax and distribution of the tax proceeds.**

(a) Tax. – An inspection tax of one fourth of one cent (1/4 of 1¢) per gallon is levied upon all of the fuel listed in this subsection regardless of whether the fuel is exempt from the per-gallon excise tax imposed by Article 36C or 36D of Chapter 105 of the General Statutes. The inspection tax on motor fuel is due and payable to the Secretary of Revenue on the date the per gallon excise tax on motor fuel is due and payable under Article 36C of Chapter 105 of the General Statutes. The inspection tax on alternative fuel is due and payable to the Secretary of Revenue on the date the excise tax on alternative fuel is due and payable under Article 36D of Chapter 105 of the General Statutes. The inspection tax on kerosene is payable monthly to the Secretary by a supplier that is licensed under Part 2 of Article 36C of Chapter 105 of the General Statutes and by a kerosene supplier. A monthly report is due on the date a monthly return is due under G.S. 105-449.90 and applies to kerosene sold during the preceding month by a supplier licensed under that Part and to kerosene received during the preceding month by a kerosene supplier. A kerosene terminal operator must file a return in accordance with the provisions of G.S. 105-449.90. The inspection tax on jet fuel and aviation gasoline is payable as specified by the Secretary of Revenue. A return must be in the form prescribed by, and contain information required by, the Secretary.

(1) Motor fuel.
(2) Alternative fuel used to operate a highway vehicle.
(3) Kerosene.
(4) Jet fuel.
(5) Aviation gasoline.

…

(d) Records. – A person required to remit the tax imposed by this section shall keep a record of all documents used to determine the information provided in a return. The records shall be kept for the applicable period of statute of limitations as set forth under Article 9 of Chapter 105 of the General Statutes. The Secretary or a person designated by the Secretary shall have the right at any reasonable time to inspect the records."

SECTION 3.20.(b) This section is effective when this act becomes law and applies to documents required to be kept for transactions occurring on or after that date. The authority of the Secretary or the Secretary's designee to inspect records at any reasonable time is ongoing and is not limited to records for transactions occurring on or after the effective date of this section.

SECTION 3.21. G.S. 105-449.81 reads as rewritten:

"**§ 105-449.81. Excise tax on motor fuel.**

An excise tax at the motor fuel rate is imposed on motor fuel that is:

…

(3b) Fuel grade ethanol or biodiesel fuel if the fuel meets at least one of the following descriptions:

a. Is produced in this State and is removed from the storage facility at the production location.
b. Is imported to this State by means of a transport truck, a railroad tank car, a tank wagon, or a marine vessel where fuel grade ethanol or biodiesel from the vessel is not delivered to a terminal that has been assigned a terminal control number by the Internal Revenue Service.
c. Repealed by Session Laws 2009-445, s. 34(a), effective January 1, 2010.

d. Is removed from the terminal transfer system and is not subject to the federal excise tax imposed by § 4081 of the Code.

(4) Blended fuel made in this State or imported to this State.

(5) Transferred within the terminal transfer system and is subject, upon transfer, to the federal excise tax imposed by ~~section~~ § 4081 of the Code or is transferred to a person at a terminal who is not licensed under this Article as a supplier."

SECTION 3.22.(a) G.S. 105-449.88 reads as rewritten:

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

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

…

(12) Fuel grade ethanol or biodiesel transferred between terminals within North Carolina, if the fuel grade ethanol or biodiesel is owned by the same licensed supplier."

SECTION 3.22.(b) This section is effective when it becomes law and applies to transfers occurring on or after that date.

SECTION 3.23. Except as otherwise provided, this Part is effective when it becomes law.

PART IV. PROPERTY TAX CHANGES

SECTION 4.1. G.S. 105-277.9 is repealed.

SECTION 4.2. This Part is effective when it becomes law.

PART V. TAX ADMINISTRATION AND COLLECTIONS CHANGES

SECTION 5.1.(a) G.S. 105-236 reads as rewritten:

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

(a) Penalties. – The following civil penalties and criminal offenses apply:

(1) Penalty for Bad Checks. – When the bank upon which any uncertified check tendered to the Department of Revenue in payment of any obligation due to the Department returns the check because of insufficient funds or the nonexistence of an account of the drawer, the Secretary shall assess the drawer of the check a penalty equal to ten percent (10%) of the check, subject to a minimum of one dollar ($1.00) and a maximum of one thousand dollars ($1,000). This penalty does not apply if the Secretary finds that, when the check was presented for payment, the drawer of the check had sufficient funds in an account at a financial institution to pay the check and, by inadvertence, the drawer of the check failed to draw the check on the account that had sufficient funds. For purposes of this subdivision, in the case of a garnishment payment, the term "drawer" refers to the garnishee.

(1a) Penalty for Bad Electronic Funds Transfer. – When an electronic funds transfer cannot be completed due to insufficient funds or the nonexistence of an account of the transferor, the Secretary shall assess the transferor a penalty equal to ten percent (10%) of the amount of the transfer, subject to a minimum of one dollar ($1.00) and a maximum of one thousand dollars ($1,000). ~~This penalty may be waived by the Secretary in accordance with G.S. 105-237.~~For purposes of this subdivision, in the case of a garnishment payment, the term "transferor" refers to the garnishee."

SECTION 5.1.(b) G.S. 105-242.1(b) reads as rewritten:

"(b) Action. – A garnishee must comply with a notice of garnishment or file a written response to the notice within the time set in this subsection. A garnishee that is a financial institution must comply or file a response within 20 days after receiving a notice of garnishment.

All other garnishees must comply or file a response within 30 days after receiving a notice of garnishment. A written response must explain why the garnishee is not subject to garnishment and attachment.

Upon receipt of a written response, the Department must contact the garnishee and schedule a conference to discuss the response or inform the garnishee of the Department's position concerning the response. If the Department does not agree with the garnishee on the garnishee's liability, the Department may proceed to enforce the garnishee's liability for the tax by sending the garnishee a notice of proposed assessment in accordance with ~~G.S. 105-241.9.~~G.S. 105-241.9, including any penalties imposed in this Article. If the garnishee does not file a response to the notice of garnishment within the time set in this subsection and fails to comply with the notice, the garnishee is subject to the penalties imposed in this Article."

SECTION 5.2. G.S. 105-241.11(a) reads as rewritten:

"(a) Procedure. – A taxpayer who objects to a proposed denial of a refund or a proposed assessment of tax may request a Departmental review of the proposed action by filing a request for review. The request for review must either be ~~in~~ on the form prescribed by the Secretary or be a written statement clearly indicating the taxpayer requests review of a proposed denial of a refund or a proposed assessment of tax and include an explanation for the request for review. The request must be filed with the Department as follows:

…."

SECTION 5.3.(a) Article 9 of Chapter 105 of the General Statutes is amended by adding the following new section to read:

"**§ 105-241.24. Statute of limitations on collections.**

The Department may collect a tax for a period of 10 years from the date it becomes collectible under G.S. 105-241.22. The 10-year period may be tolled for the same reasons the enforcement period for a certificate of tax liability may be tolled under G.S. 105-242(c). If the tax is not collected within the time frame authorized under this section, the remaining liability is abated."

SECTION 5.3.(b) G.S. 105-242(c) reads as rewritten:

"(c) Certificate of Tax Liability. – The Department may file a certificate of tax liability to collect a tax that is owed by a taxpayer and is collectible under G.S. 105-241.22. A certificate of tax liability must state the taxpayer's name and the type and amount of tax owed. If the taxpayer resides in this State or has property in this State, the Department must file the certificate of tax liability with the clerk of the superior court of a county in which the taxpayer resides or has property. If the taxpayer does not reside in this State or have property in this State, the Department must file the certificate of tax liability in Wake County.

The clerk of court must record a certificate of tax liability in the same manner as a judgment. A recorded certificate of tax liability is considered a judgment and is enforceable in the same manner as other judgments. The legal rate of interest set in G.S. 24-1 applies to the principal amount of tax stated on the certificate of tax liability. The tax stated on a certificate of tax liability is a lien on real and personal property from the date the certificate is recorded.

A certificate of tax liability is enforceable for a period of 10 years from the date it is ~~recorded.~~ recorded, however, the enforcement period may not extend beyond the statute of limitations provided for under G.S. 105-241.24. If the certificate is not satisfied within this period, the remaining liability of the taxpayer is abated and the Department must cancel the certificate. An execution sale initiated before the end of the ~~10-year~~ enforcement period may be completed after the end of this period, regardless of whether resales are required because of the posting of increased bids. The Secretary may accept tax payments made after a certificate has expired, regardless of whether any collection actions were taken before the certificate expired. A taxpayer may waive the ~~10-year~~ enforcement period ~~for enforcement~~ of the certificate for either a definite or an indefinite time.

The ~~10-year~~ enforcement period ~~in which~~ of a certificate of tax liability ~~is enforceable~~ is tolled during the following periods:

(1) While the taxpayer is absent from the State. The period ~~is~~ may be tolled during the taxpayer's absence plus one year after the taxpayer returns.
(2) Upon the death of the taxpayer. The period is tolled while the taxpayer's estate is administered plus one year after the estate is closed.
(3) While an action is pending to set aside a conveyance made by the taxpayer as a fraudulent conveyance.
(4) While an insolvency proceeding against the taxpayer is pending.
(5) During the period of any statutory or judicial bar to the enforcement of the certificate.
(6) The period for which a taxpayer has waived the ~~10-year~~ enforcement period."

PART VI. EFFECTIVE DATE

SECTION 6. Except as otherwise provided, this act is effective when it becomes law.