

1 machinery and equipment, the credit for research and development, or the credit for
 2 investing in real property for a central office or aircraft facility if the jobs at the location
 3 with respect to which the credit is claimed meet the wage standard at the time the
 4 taxpayer applies for the credit. In making the wage calculation, the taxpayer must
 5 include any positions that were filled for at least 1,600 hours during the immediately
 6 preceding taxable year even if they are not filled at the time the taxpayer applies for the
 7 credit.

8 Jobs meet the wage standard if they pay an average weekly wage that is at least
 9 equal to the applicable percentage times the applicable average weekly wage for the
 10 county in which the jobs will be located, as computed by the Secretary of Commerce
 11 from data compiled by the Employment Security Commission for the most recent period
 12 for which data are available. The applicable percentage for jobs located in an enterprise
 13 tier one area is one hundred percent (100%). The applicable percentage for all other jobs
 14 is one hundred ten percent (110%). The applicable average weekly wage is the lowest of
 15 the following: (i) the average wage for all insured private employers in the county, (ii)
 16 the average wage for all insured private employers in the State, and (iii) the average
 17 wage for all insured private employers in the county multiplied by the county
 18 income/wage adjustment factor. The county income/wage adjustment factor is the
 19 county income/wage ratio divided by the State income/wage ratio. The county
 20 income/wage ratio is average per capita income in the county divided by the annualized
 21 average wage for all insured private employers in the county. The State income/wage
 22 ratio is the average per capita income in the State divided by the annualized average
 23 wage for all insured private employers in the State."

24 **SECTION 6.** G.S. 105-129.8(a) reads as rewritten:

25 "(a) Credit. – A taxpayer that meets the eligibility requirements set out in G.S.
 26 105-129.4, has five or more full-time employees, and hires an additional full-time
 27 employee during ~~that~~ the taxable year to fill a position located in this State is allowed a
 28 credit for creating a new full-time job. The amount of the credit for each new full-time
 29 job created is set out in the table below and is based on the enterprise tier of the area in
 30 which the position is located. In addition, if the position is located in a development
 31 zone, the amount of the credit is increased by four thousand dollars (\$4,000) per job.

Area Enterprise Tier	Amount of Credit
Tier One	\$12,500
Tier Two	4,000
Tier Three	3,000
Tier Four	1,000
Tier Five	500

38 A position is located in an area if more than fifty percent (50%) of the employee's
 39 duties are performed in the area. The credit may not be taken in the taxable year in
 40 which the additional employee is hired. Instead, the credit ~~shall~~ must be taken in equal
 41 installments over the four years following the taxable year in which the additional
 42 employee was hired and ~~shall be~~ is conditioned on the continued employment by the

1 taxpayer of the number of full-time employees the taxpayer had upon hiring the
2 employee that caused the taxpayer to qualify for the credit.

3 If, in one of the four years in which the installment of a credit accrues, the number of
4 the taxpayer's full-time employees falls below the number of full-time employees the
5 taxpayer had in the year in which the taxpayer qualified for the credit, the credit expires
6 and the taxpayer may not take any remaining installment of the credit. The taxpayer
7 may, however, take the portion of an installment that accrued in a previous year and was
8 carried forward to the extent permitted under G.S. 105-129.5.

9 Jobs transferred from one area in the State to another area in the State ~~shall not be~~
10 are not considered new jobs for purposes of this section. If, in one of the four years in
11 which the installment of a credit accrues, the position filled by the employee is moved
12 to an area in a higher- or lower-numbered enterprise tier, or is moved from a
13 development zone to an area that is not a development zone, the remaining installments
14 of the credit ~~shall~~ must be calculated as if the position had been created initially in the
15 area to which it was moved."

16 **SECTION 7.** G.S. 105-129.13(c) reads as rewritten:

17 "(c) Certification. – Before certifying that a development zone agency will
18 undertake an improvement project in a development zone, the Secretary of Commerce
19 must require the agency to provide sufficient documentation to establish the identity of
20 the agency, the nature of the project, and that the project is for a community
21 development purpose and is located in a development zone. The Secretary of Commerce
22 shall not certify a development zone agency under this section if the agency, any of the
23 agency's officers or directors, or any partner of the agency has ever used any part of a
24 contribution made under this section for any purpose other than an improvement
25 project."

26 **SECTION 8.** G.S. 105-129.19 reads as rewritten:

27 "**§ 105-129.19. (See Editor's note for repeal) Reports.**

28 The Department of Revenue ~~shall report to the Legislative Research Commission~~
29 must report to the Revenue Laws Study Committee and to the Fiscal Research Division
30 of the General Assembly by May 1 of each year the following information for the
31 12-month period ending the preceding April 1:

- 32 (1) The number of taxpayers that claimed the credits allowed in this
33 Article.
- 34 (2) The cost of business property and renewable energy property with
35 respect to which credits were claimed.
- 36 (2a) The location of each qualified North Carolina low-income building
37 with respect to which a low-income housing credit was claimed.
- 38 (3) The total cost to the General Fund of the credits claimed."

39 **SECTION 9.** G.S. 105-163.013(g) reads as rewritten:

40 "(g) Report by Secretary of State. – The Secretary of State shall report to the
41 ~~Legislative Services Commission~~ Revenue Laws Study Committee by October 1 of
42 each year all of the businesses that have registered with the Secretary of State as
43 qualified business ventures and qualified grantee businesses. The report shall include

1 the name and address of each business, the location of its headquarters and principal
2 place of business, a detailed description of the types of business in which it engages,
3 whether the business is a minority business as defined in G.S. 143-128, the number of
4 jobs created by the business during the period covered by the report, and the average
5 wages paid by these jobs."

6 **SECTION 10.** G.S. 105-163.41(a) reads as rewritten:

7 "(a) Except as provided in subsection (d), if the amount of estimated tax paid by a
8 corporation during the taxable year is less than the amount of tax imposed upon the
9 corporation under Article 4 of this Chapter for the taxable year, the corporation ~~shall~~
10 must be assessed an additional tax as a penalty in an amount determined by multiplying
11 the amount of the underpayment as determined under subsection (b), for the period of
12 the underpayment as determined under subsection (c), by the percentage established as
13 the rate of interest on assessments under G.S. 105-241.1(i) that is in effect for the period
14 of the underpayment. For the purpose of this section, the amount of tax imposed under
15 Article 4 of this Chapter is the net amount after subtracting the credits against the tax
16 allowed by this Chapter other than the credit allowed by this Article."

17 **SECTION 11.** G.S. 105-164.27A(d) reads as rewritten:

18 "(d) Revocation. – A direct pay certificate is valid until the holder returns it to the
19 Secretary or it is revoked by the Secretary. The Secretary may revoke a direct pay
20 certificate if the holder of the certificate does not file a sales and use tax return on time,
21 does not pay sales and use tax on time, or otherwise fails to comply with the sales and
22 use tax laws."

23 **SECTION 12.** G.S. 105-228.90 reads as rewritten:

24 "**§ 105-228.90. Scope and definitions.**

25 (a) Scope. – This Article applies to Subchapters I, V, and VIII of this Chapter, to
26 the annual report filing requirements of G.S. 55-16-22, to the primary forest product
27 assessment levied under Article 12 of Chapter 113A of the General Statutes, and to
28 inspection taxes levied under Article 3 of Chapter 119 of the General Statutes.

29 (b) Definitions. – The following definitions apply in this Article:

30 (1) Charter school. – A nonprofit corporation that has a charter under G.S.
31 115C-238.29D to operate a charter school.

32 (1a) City. – A city as defined by G.S. 160A-1(2). The term also includes an
33 urban service district defined by the governing board of a consolidated
34 city-county, as defined by G.S. 160B-2(1).

35 (1b) Code. – The Internal Revenue Code as enacted as of January 1, 2000,
36 including any provisions enacted as of that date which become
37 effective either before or after that date.

38 (1c) County. – Any one of the counties listed in G.S. 153A-10. The term
39 also includes a consolidated city-county as defined by G.S. 160B-2(1).

40 (2) Department. – The Department of Revenue.

41 (3) Electronic Funds Transfer. – A transfer of funds initiated by using an
42 electronic terminal, a telephone, a computer, or magnetic tape to

1 instruct or authorize a financial institution or its agent to credit or debit
2 an account.

3 (4) Reserved.

4 (5) Person. – An individual, a fiduciary, a firm, an association, a
5 partnership, a limited liability company, a corporation, a unit of
6 government, or another group acting as a unit. The term includes an
7 officer or employee of a corporation, a member, a manager, or an
8 employee of a limited liability company, and a member or employee of
9 a partnership who, as officer, employee, member, or manager, is under
10 a duty to perform an act in meeting the requirements of Subchapter I,
11 V, or VIII of this ~~Chapter~~ Chapter, of G.S. 55-16-22, of Article 12 of
12 Chapter 113A of the General Statutes, or of Article 3 of Chapter 119
13 of the General Statutes.

14 (6) Secretary. – The Secretary of Revenue.

15 (7) Tax. – A tax levied under Subchapter I, V, or VIII of this ~~Chapter~~
16 Chapter, the primary forest product assessment levied under Article 12
17 of Chapter 113A of the General Statutes, or an inspection tax levied
18 under Article 3 of Chapter 119 of the General Statutes. Unless the
19 context clearly requires otherwise, the terms "tax" and "additional tax"
20 include penalties and interest as well as the principal amount.

21 (8) Taxpayer. – A person subject to the tax or reporting requirements of
22 Subchapter I, V, or VIII of this ~~Chapter~~ Chapter, of Article 12 of
23 Chapter 113A of the General Statutes, or of Article 3 of Chapter 119
24 of the General Statutes."

25 **SECTION 13.** G.S. 105-256 is amended by adding a new subsection to read:

26 "(d) Other Requirements. – The following requirements apply to the Secretary:

27 (1) Video Poker. – G.S. 14-306.1(j) requires the Department to provide
28 summary reports quarterly to the Joint Legislative Commission on
29 Governmental Operations.

30 (2) Escheats. – G.S. 116B-60(g) requires the Secretary to furnish
31 information to the Escheat Fund on October 1 of each year."

32 **SECTION 14.** G.S. 105-449.60(41) reads as rewritten:

33 "(41) User. – A person who owns or operates a licensed highway vehicle
34 that has a registered gross vehicle weight of at ~~last~~ least 10,001 pounds
35 and who does not maintain storage facilities for motor fuel."

36 **SECTION 15.** G.S. 105-466(c) reads as rewritten:

37 "(c) Collection of the tax, and liability therefor, ~~shall~~ must begin and continue
38 only on and after the first day of the month of either January or July, as set by the ~~board~~
39 ~~of county commissioner set by the~~ board of county commissioners in the resolution
40 levying the tax. In no event may the tax be imposed, or the tax rate changed, earlier than
41 the first day of the second succeeding calendar month after the date of the adoption of
42 the resolution. The county must give the Secretary at least 90 days advance notice of a
43 new tax levy or tax rate change."

1 **SECTION 16.** G.S. 20-79.7(b) reads as rewritten:

2 "(b) Distribution of Fees. – The Special Registration Plate Account and the
3 Collegiate and Cultural Attraction Plate Account are established within the Highway
4 Fund. The Division must credit the additional fee imposed for the special registration
5 plates listed in subsection (a) among the Special Registration Plate Account (SRPA), the
6 Collegiate and Cultural Attraction Plate Account (CCAPA), and the Natural Heritage
7 Trust Fund (NHTF), which is established under G.S. 113-77.7, as follows:

8	<u>Special Plate</u>	<u>SRPA</u>	<u>CCAPA</u>	<u>NHTF</u>
9	Animal Lovers	\$10	\$10	0
10	Ducks Unlimited	\$10	\$10	0
11	Goodness Grows	\$10	\$10 <u>\$15</u>	0
12	Historical Attraction	\$10	\$20	0
13	In-State Collegiate Insignia	\$10	\$15	0
14	Kids First	\$10	\$15	0
15	Litter Prevention	\$10	\$10	0
16	March of Dimes	\$10	\$10	0
17	Olympic Games	\$10	\$15	0
18	Omega Psi Phi Fraternity	\$10	\$10	0
19	Out-of-state Collegiate Insignia	\$10	0	\$15
20	Personalized	\$10	0	\$10
21	Scenic Rivers	\$10	\$10	0
22	School Technology	\$10	\$10	0
23	Soil and Water Conservation	\$10	\$10	0
24	Special Olympics	\$10	\$10	0
25	State Attraction	\$10	\$20	0
26	Support Public Schools	\$10	\$10	0
27	University Health Systems of			
28	Eastern Carolina	\$10	\$15	0
29	Wildlife Resources	\$10	\$10	0
30	All other Special Plates	\$10	0	0".

31 **SECTION 17.** G.S. 96-8(8) is recodified as G.S. 96-8(7c).

32 **SECTION 18.** G.S. 96-8 is amended by adding a new subdivision to read:

33 "(7f) Internal Revenue Code. – The Code as defined in G.S. 105-228.90."

34 **SECTION 19.** G.S. 96-8(5)k. reads as rewritten:

35 "k. Notwithstanding any other provision of this Chapter, any
36 nonprofit organization or a group of organizations (hereafter,
37 where the words "nonprofit organization" are used in this
38 Chapter, it shall include a group of nonprofit organizations),
39 ~~corporations, any corporation, or any community chest, fund, or~~
40 ~~foundation which are that is~~ organized and operated exclusively
41 for religious, charitable, scientific, testing for public safety,
42 literary, or educational purposes, or for the prevention of cruelty
43 to children or animals and which animals, and that is exempt or

1 may be exempted from federal income tax under section
2 501(c)(3) of the Internal Revenue ~~Code of 1954, provided such~~
3 Code, as long as the employing unit for some portion of a day
4 in each of 20 different calendar weeks within the current or
5 preceding calendar year (whether or not ~~such the~~ weeks are or
6 were consecutive) has or had in employment four or more
7 individuals (not necessarily simultaneously and irrespective of
8 whether the same individuals are or were employed in each
9 ~~such~~ week)."

10 **SECTION 20.** G.S. 96-8(6)k.12. reads as rewritten:

11 "12. Service in any calendar quarter in the employ of any
12 organization exempt from income tax under the
13 provisions of section 501(a) of the Internal Revenue
14 Code ~~of 1954~~ (other than an organization described in
15 section 401(a) of ~~said the~~ Internal Revenue ~~Code of~~
16 ~~1954~~) Code or under section 521 of the Internal
17 Revenue ~~Code of 1954, Code~~, if the remuneration for
18 ~~such the~~ service is less than fifty dollars (\$50.00)."

19 **SECTION 21.** G.S. 96-8(6)k.16. reads as rewritten:

20 "16. Notwithstanding the provisions of G.S. 96-8(6)f.3. and
21 96-8(6)k.6., service performed by an individual on a boat
22 engaged in catching fish or other forms of aquatic animal
23 life under the arrangement with the owner or operator of
24 such boat pursuant to which: (A) ~~Such The~~ individual
25 does not receive any cash remuneration (other than as
26 provided in subparagraph (B)), (B) ~~Such The~~ individual
27 receives a share of the boat's (or the boats' in the case of
28 a fishing operation involving more than one boat) catch
29 of fish or other forms of aquatic animal life or a share of
30 the proceeds from the sale of such catch, and (C) The
31 amount of ~~such the~~ individual's share depends on the
32 amount of the boat's (or the boats' in the case of a fishing
33 operation involving more than one boat) catch of fish or
34 other forms of aquatic animal life, but only if the
35 operating crew of ~~such the~~ boat (or each boat from which
36 the individual receives a share in the case of a fishing
37 operation involving more than one boat) is normally
38 made up of fewer than 10 individuals. In order to
39 preserve the State's right to collect State unemployment
40 taxes for which a credit against federal unemployment
41 taxes may be taken for contributions paid into a State
42 unemployment insurance fund, this paragraph 16 ~~shall~~
43 does not apply, with respect to any individual, to service

1 during any period for which an assessment for federal
2 unemployment taxes is made by the Internal Revenue
3 Service pursuant to the Federal Unemployment Tax Act
4 which assessment becomes a final determination (as
5 defined by section 1313 of the Internal Revenue Code of
6 1954 as amended). Code.)"

7 **SECTION 22.** G.S. 96-8(13)b. reads as rewritten:

8 "b. "Wages" shall not include:

- 9 1. Any payment made to, or on behalf of, an employee or
10 his ~~the employee's~~ beneficiary from or to a trust ~~which~~
11 that qualifies under the conditions set forth in ~~Sections~~
12 sections 401(a)(1) and (2) of the Internal Revenue Code
13 ~~of 1954; Code;~~
- 14 2. Any payment made to, or under, an annuity plan which
15 at the time of the payment meets the requirements of
16 ~~Sections~~ sections 401(a)(3), (4), (5) and (6) of the
17 Internal Revenue Code and exempt from tax under
18 ~~Section~~ section 501(a) of the Internal Revenue Code at
19 the time of the payment, unless the payment is made to
20 an employee of the trust as remuneration for services
21 rendered as an employee and not as beneficiary of the
22 trust; or
- 23 3. Any payment made to, or on behalf of, an employee or
24 his beneficiary under a Cafeteria Plan within the
25 meaning of ~~Section~~ section 125 of the Internal Revenue
26 Code."

27 **SECTION 23.** The first paragraph of G.S. 96-9(d) reads as rewritten:

28 "(d) Benefits paid to employees of nonprofit organizations shall be financed in
29 accordance with the provisions of this paragraph. For the purposes of this paragraph, a
30 nonprofit organization is an organization (or group of organizations) described in
31 section 501(c)(3) of the ~~United States~~ Internal Revenue Code ~~of 1954 which that~~ is
32 exempt from income tax under section 501(a) of ~~said~~ the Internal Revenue Code."

33 **SECTION 24.** G.S. 96-12(g)(3) reads as rewritten:

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

39 **SECTION 25.** G.S. 96-12.01(a) is recodified as G.S. 91-12.01(a1).

40 **SECTION 26.** The first sentence of G.S. 96-12.01 is designated as
41 subsection (a) of that section and reads as rewritten:

42 "(a) ~~Effective January 1, 1972, extended~~ Extended benefits shall be paid under
43 this Chapter as ~~herein specified; provided in this section.~~

1 **SECTION 27.** G.S. 96-12.01(a1)(11) reads as rewritten:

2 "(11) "State law" means the unemployment insurance law of any state
3 approved by the United States Secretary of Labor under section 3304
4 of the Internal Revenue ~~Code of 1954.~~ Code."

5 **SECTION 28.** G.S. 116D-11(g) reads as rewritten:

6 "(g) University Improvement Bonds Fund. – The proceeds of university
7 improvement general obligation bonds and notes, including premium thereon, if any,
8 except the proceeds of bonds the issuance of which has been anticipated by bond
9 anticipation notes or the proceeds of refunding bonds or notes, shall be placed by the
10 State Treasurer in a special fund to be designated 'University Improvement Bonds
11 Fund'. Moneys in the University Improvement Bonds Fund shall be used for the
12 purposes set forth in this Article.

13 Any additional moneys that may be received by means of a grant or grants from the
14 United States of America or any agency or department thereof or from any other source
15 to aid in financing the cost of any university improvements authorized by this Article
16 may be placed by the State Treasurer in the University Improvement Bonds Fund or in a
17 separate account or fund and shall be disbursed, to the extent permitted by the terms of
18 the grant or grants, without regard to any limitations imposed by this act ~~[the Michael~~
19 ~~K. Hooker Higher Education Facilities Financing Act, S. L. 2000-3].~~ Article.

20 The proceeds of university improvement general obligation bonds and notes may be
21 used with any other moneys made available by the General Assembly for the making of
22 university improvements, including the proceeds of any other State bond issues,
23 whether previously made available or which may be made available after the effective
24 date of this Article. The proceeds of university improvement bonds and notes shall be
25 expended and disbursed under the direction and supervision of the Director of the
26 Budget. The funds provided by this Article for university improvements shall be
27 disbursed for the purposes provided in this Article upon warrants drawn on the State
28 Treasurer by the State Controller, which warrants shall not be drawn until requisition
29 has been approved by the Director of the Budget and which requisition shall be
30 approved only after full compliance with the Executive Budget Act, Article 1 of Chapter
31 143 of the General Statutes."

32 **SECTION 29.** G.S. 116D-46(g) reads as rewritten:

33 "(g) Community College Bonds Fund. – The proceeds of community college
34 general obligation bonds and notes, including premium thereon, if any, except the
35 proceeds of bonds the issuance of which has been anticipated by bond anticipation notes
36 or the proceeds of refunding bonds or notes, shall be placed by the State Treasurer in a
37 special fund to be designated 'Community College Bonds Fund'. Moneys in the
38 Community College Bonds Fund shall be used for the purposes set forth in this Article.

39 Any additional moneys that may be received by means of a grant or grants from the
40 United States of America or any agency or department thereof or from any other source
41 to aid in financing the cost of any community college capital facilities authorized by this
42 Article may be placed by the State Treasurer in the Community College Bonds Fund or
43 in a separate account or fund and shall be disbursed, to the extent permitted by the terms

1 of the grant or grants, without regard to any limitations imposed by this act [~~the Michael~~
2 ~~K. Hooker Higher Education Facilities Financing Act, S. L. 2000 3]. Article.~~

3 The proceeds of community college general obligation bonds and notes may be used
4 with any other moneys made available by the General Assembly for the making of
5 grants to community colleges for capital facilities, including the proceeds of any other
6 State bond issues, whether previously made available or which may be made available
7 after the effective date of this Article. The proceeds of community college bonds and
8 notes shall be expended and disbursed under the direction and supervision of the
9 Director of the Budget. The funds provided by this Article for grants to community
10 colleges shall be disbursed for the purposes provided in this Article upon warrants
11 drawn on the State Treasurer by the State Controller, which warrants shall not be drawn
12 until requisition has been approved by the Director of the Budget and which requisition
13 shall be approved only after full compliance with the Executive Budget Act, Article 1 of
14 Chapter 143 of the General Statutes."

15 **SECTION 30.** G.S. 143B-221 reads as rewritten:

16 "**§ 143B-221. Department of Revenue – organization.**

17 The Department of Revenue shall be organized ~~initially to include the Property Tax~~
18 ~~Commission, the Division of Inheritance and Gift Tax, Division of Privilege License,~~
19 ~~Beverage and Cigarette Tax, Division of Corporate Income and Franchise Tax, Division~~
20 ~~of Individual Income Tax, Division of Sales and Use Tax, Division of Intangibles Tax,~~
21 ~~Division of Gasoline Tax, Division of Audit and Collection, Division of Accounts,~~
22 ~~Division of Planning and Processing, the Division of Tax Research, the Ad Valorem~~
23 ~~Tax Division, and such other divisions as may be established under the provisions of the~~
24 ~~Executive Organization Act of 1973.~~ in accordance with Article 1 of this Chapter.

25 The Secretary of Revenue may ~~create and appoint~~ create, appoint, and disband
26 committees and councils to consult with and advise him and the subordinate officers of
27 the Department on matters relating to the duties, responsibilities, or functions of the
28 Department; and he may disband any such committee or council at his pleasure.
29 Department."

30 **SECTION 31.** G.S. 160A-215.1(e) reads as rewritten:

31 "(e) The following definitions apply in this section:

32 (1) Vehicle. – Any of the following:

- 33 a. A motor vehicle of the passenger type, including a passenger
34 van, minivan, or sport utility vehicle.
35 b. A motor vehicle of the cargo type, including cargo van, pickup
36 truck, or truck with a gross vehicle weight rating of 26,000
37 pounds or less used predominantly in the transportation of
38 property for other than commercial freight and that does not
39 require the operator to possess a commercial drivers license.
40 c. A trailer or semitrailer with a gross vehicle weight of 6,000
41 pounds or less.

42 (2) Short-term lease or rental. – Defined in G.S. 105-187.1."

1 **SECTION 32.** Section 16 of this act is effective retroactively to August 2,
2 2000. The remainder of this act is effective when it becomes law.