

§ 105-113.86. Bond or irrevocable letter of credit.

(a) Wholesalers and Importers. – The Secretary may require a wholesaler or importer to furnish a bond in an amount that adequately protects the State from a wholesaler's or importer's failure to pay taxes due under this Article. The amount of the bond shall not be less than five thousand dollars (\$5,000).

(a1) Distilleries. – The Secretary may require a distillery to furnish a bond in an amount that adequately protects the State from a distillery's failure to pay taxes under this Article. The amount of the bond shall not be less than two thousand dollars (\$2,000).

(a2) Periodic Review. – The Secretary should periodically review the sufficiency of the bonds required under this section. The Secretary may increase the amount required, not to exceed fifty thousand dollars (\$50,000), if the bond no longer covers the taxpayer's anticipated tax liability. The Secretary may decrease the amount required when the Secretary determines that a smaller bond amount will adequately protect the State from loss. The bond must be conditioned on compliance with this Article, payable to the State, in a form acceptable to the Secretary, and secured by a corporate surety.

(b) Nonresident Vendors. – The Secretary may require the holder of a nonresident vendor ABC permit to furnish a bond in an amount not to exceed two thousand dollars (\$2,000). The bond must be conditioned on compliance with this Article, payable to the State in a form acceptable to the Secretary, and secured by a corporate surety.

(c) Letter of Credit. – For purposes of this section, a wholesaler or importer, a nonresident vendor, or a distillery may substitute an irrevocable letter of credit for the secured bond required by this section. The letter of credit must be issued by a commercial bank acceptable to the Secretary and available to the State as a beneficiary. The letter of credit must be in a form acceptable to the Secretary, conditioned upon compliance with this Article, and in the amounts stipulated in this section. (1985, c. 114, s. 1; 1987, c. 18; 1998-95, s. 25; 2014-3, s. 9.1(c); 2018-5, s. 38.6(d); 2021-180, s. 42.13E(h).)