

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2025**

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**SENATE BILL 595**  
**Finance Committee Substitute Adopted 6/11/25**

Short Title: Various Revenue Laws Changes.

(Public)

Sponsors:

Referred to:

March 26, 2025

1 A BILL TO BE ENTITLED  
2 AN ACT TO MAKE VARIOUS TECHNICAL, CLARIFYING, AND ADMINISTRATIVE  
3 CHANGES TO THE REVENUE LAWS; TO CONFORM TO THE FEDERAL SYSTEM  
4 FOR AUDITING PARTNERSHIPS BY IMPOSING TAX AT THE PARTNERSHIP  
5 LEVEL FOR FEDERAL CHANGES AND BY AUTHORIZING REFUNDS FOR  
6 FEDERAL CHANGES; TO PROVIDE TAX PARITY FOR SHORT-TERM CAR  
7 RENTALS BY EXPANDING ALTERNATE HIGHWAY USE TAX TO INCLUDE  
8 PEER-TO-PEER RENTALS; TO SHIFT ENFORCEMENT OF VAPOR DIRECTORY  
9 VIOLATIONS TO THE ALE DIVISION; AND TO ENHANCE TAX FORECLOSURE  
10 AND SPECIAL ASSESSMENT COLLECTION EFFORTS.

11 The General Assembly of North Carolina enacts:

12  
13 **PART I. PERSONAL INCOME TAX CHANGES**

14 **SECTION 1.1.(a)** G.S. 105-153.5(c1) reads as rewritten:

15 "(c1) Other ~~Additions-Adjustments~~. – The following other adjustments shall be made in  
16 determining North Carolina taxable income:

17 (1) S Corporations subject to the provisions of Part 1A of this Article, partnerships  
18 subject to the provisions of this Part, and estates and trusts subject to the  
19 provisions of Part 3 of this Article must add any amount deducted under  
20 section 164 of the Code as state, local, or foreign income tax.

21 (2) A shareholder of an S Corporation subject to the provisions of Part 1A of this  
22 Article may deduct the aggregate amount of losses or deductions of an S  
23 Corporation pursuant to the provisions of G.S. 105-131.4.

24 (3) A shareholder of an S Corporation subject to the provisions of Part 1A of this  
25 Article must add the aggregate amount of losses or deductions of an S  
26 Corporation included in the shareholder's adjusted gross income to the extent  
27 the losses or deductions exceed the shareholder's combined adjusted bases,  
28 determined in accordance with G.S. 105-131.3, in the stock and indebtedness  
29 of the S Corporation."

30 **SECTION 1.1.(b)** This section is effective for taxable years beginning on or after  
31 January 1, 2025.

32 **SECTION 1.2.(a)** G.S. 105-153.5A reads as rewritten:

33 "**§ 105-153.5A. Net operating loss provisions.**

34 ...

35 (g) Limitation. – The provisions of this section apply only to individuals, estates, and  
36 trusts."



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1           **SECTION 1.2.(b)** G.S. 105-153.5A(a) reads as rewritten:

2           "(a) State Net Operating Loss. – A taxpayer's State net operating loss for a taxable year is  
3 the amount by which business deductions for the year exceed gross income for the year as  
4 determined under the Code adjusted as provided in G.S. 105-153.5 and G.S. 105-153.6. The  
5 amount of a taxpayer's State net operating loss must also be determined in accordance with the  
6 following modifications:

7           (1) No State net operating loss deduction shall be allowed.

8           (2) The amount deductible on account of losses from sales or exchanges of capital  
9 assets shall not exceed the amount includable on account of gains from sales  
10 or exchanges of capital assets.

11           (3) The exclusion provided by Code section 1202 shall not be allowed.

12           (4) No deduction shall be allowed under G.S. 105-153.5(a1) for the child  
13 deduction.

14           (5) The deductions which are not attributable to a taxpayer's trade or business  
15 shall be allowed only to the extent of the amount of the gross income not  
16 derived from such trade or business.

17           (6) Any deduction under Code section 199A shall not be allowed.

18           (7) The amount of the taxpayer's excess business loss, as defined under the  
19 provisions of section 461(l) of the Code, shall be fully allowed as a State net  
20 operating loss."

21           **SECTION 1.2.(c)** Subsection (a) of this section is effective when this Part becomes  
22 law and applies retroactively to taxable years beginning on or after January 1, 2022. Subsection  
23 (b) of this section is effective for taxable years beginning on or after January 1, 2025. The  
24 remainder of this section is effective when this Part becomes law.

25           **SECTION 1.3.(a)** G.S. 105-160.2 reads as rewritten:

26           **"§ 105-160.2. Imposition of tax.**

27           (a) Scope. – The tax imposed by this Part applies to the taxable income of estates and  
28 trusts as determined under the provisions of the Code except as otherwise provided in this Part.  
29 The taxable income of an estate or trust is the same as taxable income for such an estate or trust  
30 under the provisions of the Code, adjusted as provided in G.S. 105-153.5 and ~~G.S. 105-153.6,~~  
31 ~~except that the adjustments provided in G.S. 105-153.5 and G.S. 105-153.6 are apportioned~~  
32 ~~between the estate or trust and the beneficiaries based on the distributions made during the~~  
33 ~~taxable year.~~ G.S. 105-153.6.

34           (b) Tax Base. – The tax is computed on the amount of the taxable income of the estate or  
35 trust that ~~is for the benefit of a resident of this State, or for the benefit of a nonresident to the~~  
36 ~~extent that the income~~ (i) is derived from North Carolina sources and is attributable to the  
37 ownership of any interest in real or tangible personal property in this State or (ii) is derived from  
38 a business, trade, profession, or occupation carried on in this State. For purposes of the preceding  
39 sentence, taxable income and gross income is computed subject to the adjustments provided in  
40 G.S. 105-153.5 and ~~G.S. 105-153.6.~~ G.S. 105-153.6 and is apportioned and allocated to this State  
41 under G.S. 105-130.4.

42           (c) Tax Rate. – The tax on the amount computed above is at the rate levied in  
43 G.S. 105-153.7. The fiduciary responsible for administering the estate or trust shall pay the tax  
44 computed under the provisions of this Part.

45           (d) Adjustments. – For the purposes of this section, the adjustments provided in  
46 G.S. 105-153.5 and G.S. 105-153.6 are apportioned between the estate or trust and the  
47 beneficiaries based on the distributions made during the taxable year."

48           **SECTION 1.3.(b)** This section is effective for taxable years beginning on or after  
49 January 1, 2025.

50           **SECTION 1.4.** G.S. 105-163.6 reads as rewritten:

51           **"§ 105-163.6. When employer must file returns and pay withheld taxes.**

1 ...  
2 (c) Monthly. – An employer who withholds an average of at least two hundred fifty  
3 dollars (\$250.00) but less than two thousand dollars (\$2,000) of State income taxes from wages  
4 each month must file a return and pay the withheld taxes on a monthly basis. A return for the  
5 months of January through November is due by the 15th day of the month following the end of  
6 the month covered by the return. A return for the month of December is due the following January  
7 31.

8 (d) Semiweekly. – An employer who withholds an average of at least two thousand  
9 dollars (\$2,000) of State income taxes from wages each month ~~shall~~ must file a return ~~by the date~~  
10 ~~set under the Code for filing a return for federal employment taxes attributable to the same wages~~  
11 ~~and shall~~ on a quarterly basis. A quarterly return covers a calendar quarter and is due by the last  
12 day of the month following the end of the quarter. The employer also must pay the withheld State  
13 taxes by the date set under the Code for depositing or paying federal employment taxes  
14 attributable to the same wages. The date set by the Code for depositing or paying federal  
15 employment taxes shall be determined without regard to § 6302(g) of the Code.

16 ~~An extension of time granted to file a return for federal employment taxes attributable to~~  
17 ~~wages is an automatic extension of time for filing a return for State income taxes withheld from~~  
18 ~~the same wages, and an extension of time granted to pay federal employment taxes attributable~~  
19 ~~to wages is an automatic extension of time for paying State income taxes withheld from the same~~  
20 ~~wages. An employer who pays withheld State income taxes under this subsection is not subject~~  
21 ~~to interest on or penalties for a shortfall in the amount due if the employer would not be subject~~  
22 ~~to a failure to deposit penalty had the shortfall occurred in a deposit of federal employment taxes~~  
23 ~~attributable to the same wages and the employer pays the shortfall by the date the employer would~~  
24 ~~have to deposit a shortfall in the federal employment taxes forth below:~~

- 25 (1) If an employer's payday falls on a Wednesday, Thursday, or Friday, the  
26 withheld taxes must be paid on or before the following Wednesday.  
27 (2) If an employer's payday falls on a Saturday, Sunday, Monday, or Tuesday, the  
28 withheld taxes must be paid on or before the following Friday.  
29 (3) If any of the three weekdays following the close of a semiweekly period is a  
30 legal holiday, the employer has an additional business day for each day that is  
31 a legal holiday by which to pay the withheld taxes.

32 ...  
33 (f) The Secretary may close a taxpayer's withholding account if the taxpayer files no  
34 withholding returns or files returns showing no State income taxes withheld for a period of 18  
35 months."

36 **SECTION 1.5.(a)** G.S. 105-130.34A, as recodified and amended by Section 9.1(a)  
37 of S.L. 2025-4, reads as rewritten:

38 **"§ 105-130.34A. Credit for certain real property donations.**

39 ...  
40 (b) Definitions. – The following definitions apply in this section:  
41 (1) Allocated credit. – A requested credit minus the reduction required under  
42 subsection ~~(h)~~ (i) of this section.

43 ...  
44 (9) Total allocated credits. – Total requested credits less any reduction required  
45 under subsection ~~(h)~~ (i) of this section and  
46 ~~G.S. 105-153.11(f); G.S. 105-153.11(m).~~

47 ...  
48 (h) Ceiling; Use; Allocation. – The amount of total allocated credits to taxpayers under  
49 this section and G.S. 105-153.11 for a taxable year may not exceed five million dollars  
50 (\$5,000,000), of which three million two hundred fifty thousand dollars (\$3,250,000) is a  
51 prioritized amount. If the total requested credits are equal to or less than the maximum amount,

the Secretary shall allow the total requested credits. If the total requested credits are greater than the maximum amount, the Secretary shall allocate the total requested credits in accordance with ~~this subsection-subsection (i) of this section.~~

...."

**SECTION 1.5.(b)** G.S. 105-153.11, as amended by Section 9.1(c) of S.L. 2025-4, reads as rewritten:

**"§ 105-153.11. Credit for certain real property donations.**

...

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

(1) Allocated credit. – A requested credit minus the reduction required under subsection ~~(l)~~(m) of this section.

...

(10) Total allocated credits. – Total requested credits less any reduction required under subsection ~~(l)~~(m) of this section and ~~G.S. 105-130.34A(h).~~G.S. 105-130.34A(i).

...

(h) Cap. – The allocated credit may not exceed the amount of the tax against which it is claimed for the taxable year reduced by the sum of all credits allowed, except payments of tax made by or on behalf of the ~~individual or pass-through entity.~~individual.

...

(l) Ceiling; Use; Allocation. – The amount of total allocated credits under this section and G.S. 105-130.34A for a taxable year may not exceed five million dollars (\$5,000,000), of which three million two hundred fifty thousand dollars (\$3,250,000) is a prioritized amount. If the total requested credits are equal to or less than the maximum amount, the Secretary shall allow the total requested credits. If the total requested credits are greater than the maximum amount, the Secretary shall allocate the total requested credits in accordance with ~~this subsection-subsection (m) of this section.~~

...."

**SECTION 1.6.** G.S. 105-153.5(b) reads as rewritten:

"(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may deduct from the taxpayer's adjusted gross income any of the following items that are included in the taxpayer's adjusted gross income:

...

(17) For taxable year 2024, the amount of an eligible timber casualty loss that is equal to the fair market value of the timberland after the casualty loss subtracted from the fair market value of the timberland before the loss, less any amount received, directly or indirectly, related to the eligible timber casualty loss, including insurance payments, tax credits, tax deductions, disaster payments, grants, or relief funding. The eligible timber casualty loss must be determined by reference to a single, identifiable property that has been damaged or destroyed in accordance with section 165 of the Code. The taxpayer may elect to take the deduction in the taxable year 2023 by filing an amended return within the statute of limitations for obtaining a refund. No deduction is allowed under this subdivision if another person claimed the eligible timber casualty loss for the same timberland, or if the eligible timber casualty loss was excluded from the taxpayer's adjusted gross income. For purposes of this subdivision, an "eligible timber casualty loss" is a timber casualty loss that meets all of the following conditions:

a. It occurred between September 24, 2024, and October 31, 2024, as the result of damage or destruction caused by Hurricane Helene in a

1 county that qualified for individual and public assistance under FEMA  
2 4827 DR federal major disaster declaration as of September 28, 2024.  
3 b. It is attributable to at least 20 but no more than 2,000 acres of  
4 timberland in this State that are owned by the taxpayer."

5 **SECTION 1.7.(a)** Section 13.1(a) of S.L. 2024-51 reads as rewritten:

6 **"SECTION 13.1.(a)** Interest Waiver for Certain State Taxes. – Notwithstanding  
7 G.S. 105-241.21(b), the Secretary of Revenue shall waive the accrual of interest from September  
8 25, 2024, through ~~May 1, 2025, September 25, 2025,~~ on an underpayment of tax imposed on a  
9 franchise, corporate income, or individual income tax return, including a partnership and estate  
10 and trust tax return, due on September 25, 2024, through ~~May 1, 2025, September 25, 2025,~~ for  
11 a taxpayer that resides or is located in a county identified in Section 4.1(b) of this act. The relief  
12 from accrual of interest includes interest imposed pursuant to G.S. 105-163.15 and  
13 G.S. 105-163.41 for underpayment of estimated income tax."

14 **SECTION 1.7.(b)** Section 13.1(c) of S.L. 2024-51 reads as rewritten:

15 **"SECTION 13.1.(c)** Withholding Taxes Interest Waiver. – Notwithstanding  
16 G.S. 105-241.21(b) and excluding taxpayers under G.S. 105-163.6(d), the Secretary of Revenue  
17 shall waive the accrual of interest as described in this subsection for an underpayment of withheld  
18 taxes by a taxpayer located in a county described in Section 4.1(b) of this act:

19 (1) For an underpayment of tax due on a quarterly return ~~for as follows:~~

- 20 a. For the third calendar quarter of 2024, the amount of interest accrued  
21 from October 31, 2024, through ~~November 30, 2024, September 25,~~  
22 2025, so long as the payment is made on or before ~~November 30,~~  
23 2024.September 25, 2025.  
24 b. For the fourth calendar quarter of 2024, the amount of interest accrued  
25 from January 31, 2024, through September 25, 2025, so long as the  
26 payment is made on or before September 25, 2025.  
27 c. For the first calendar quarter of 2025, the amount of interest accrued  
28 from April 30, 2025, through September 25, 2025, so long as the  
29 payment is made on or before September 25, 2025.  
30 d. For the second calendar quarter of 2025, the amount of interest accrued  
31 from July 31, 2025, through September 25, 2025, so long as the  
32 payment is made on or before September 25, 2025.

33 ...."

34 **SECTION 1.8.** Except as otherwise provided, this Part is effective when this act  
35 becomes law.

## 36 37 **PART II. CONFORM TO FEDERAL SYSTEM FOR AUDITING PARTNERSHIPS**

38 **SECTION 2.(a)** Part 2 of Article 4 of Chapter 105 of the General Statutes is amended  
39 by adding a new section to read:

### 40 **"§ 105-154.2. Federal partnership adjustments.**

41 (a) Definitions. – The following definitions apply in this Part:

- 42 (1) Administrative adjustment request. – An administrative adjustment request  
43 filed by a partnership under section 6227 of the Code.  
44 (2) Audited partnership. – A partnership subject to a partnership level audit  
45 resulting in a federal partnership adjustment.  
46 (3) Corporate partner. – A partner that is subject to tax under Part 1 of this Article.  
47 (4) Direct partner. – A partner that holds a direct interest in a partnership subject  
48 to a federal partnership adjustment.  
49 (5) Exempt partner. – A partner that is not subject to State income tax under this  
50 Article that holds a direct interest in a partnership subject to a federal  
51 partnership adjustment.

- (6) Federal partnership adjustment. – A change or correction arising from a partnership level audit or an administrative adjustment request that affects the calculation of a taxpayer's State tax.
- (7) Federal partnership representative. – The person the partnership designates for the taxable year as the partnership's representative, or the person the Internal Revenue Service has appointed to act as the federal partnership representative, pursuant to section 6223(a) of the Code.
- (8) Final federal partnership adjustment. – A federal partnership adjustment that is final. A federal partnership adjustment is final when the federal partnership adjustment is not subject to administrative or judicial review. If the federal partnership adjustment results from filing an administrative adjustment request, the federal partnership adjustment is final when the administrative adjustment request is filed. Additionally, a federal partnership adjustment relating to a partnership level audit is deemed final in the following circumstances:
- a. The taxpayer has received a partnership level audit from the Internal Revenue Service for the tax period and the taxpayer does not timely file an administrative appeal with the Internal Revenue Service.
- b. The taxpayer consented to any of the partnership level audit findings for the tax period and through a final decision or other written agreement with the Internal Revenue Service all rights of appeal have been waived or exhausted.
- (9) Indirect partner. – A beneficiary of an estate or nongrantor trust or an owner in a partnership or pass-through entity, where the estate, partnership, pass-through entity, or nongrantor trust holds, either itself or through another indirect partner, a direct interest in a partnership or pass-through entity subject to a final federal partnership adjustment.
- (10) Partnership level audit. – An audit of a partnership by the Internal Revenue Service pursuant to Subchapter C of Title 26, Subtitle F, Chapter 63 of the Code, as enacted by the Bipartisan Budget Act of 2015, Public Law 114-74, which results in federal partnership adjustments.
- (11) Reviewed year. – The taxable year of a partnership that is subject to a partnership level audit from which federal partnership adjustments arise.
- (12) State partnership representative. – The federal partnership representative unless the partnership designates another person as its State partnership representative. The Secretary is authorized to establish procedures for designating a person, other than the federal partnership representative, to be a State partnership representative.
- (13) Tiered partner. – An estate, partnership, S Corporation, or nongrantor trust that is a partner in a partnership subject to a federal partnership adjustment.
- (b) General Rule. – Except in the case of a final federal partnership adjustment that is required to be reported to the Secretary using the procedures in subsection (c) of this section, a partner must report and pay any State income tax due in accordance with the provisions of G.S. 105-130.20 or G.S. 105-159.
- (c) Reporting a Final Federal Partnership Adjustment. – Except for the distributive share of adjustments that have been reported as required by subsection (b) of this section and an audited partnership that has made a timely election under subsection (d) of this section, a partnership and a partner must report a final federal partnership adjustment as follows:
- (1) No later than 90 days after the final federal partnership adjustment, a partnership doing business in this State must do both of the following:

- 1                   a.     File an income tax return reflecting the partnership's final federal  
2                   partnership adjustments, as modified by G.S. 105-153.5 and  
3                   G.S. 105-153.6, and any other information required by the Secretary,  
4                   and pay the additional amount due under G.S. 105-154(d) and  
5                   G.S. 105-154.1.
- 6                   b.     Notify each of its direct partners of the direct partner's distributive  
7                   share of the final federal partnership adjustments, including any  
8                   information necessary for the direct partner to properly file a State  
9                   income tax return. The information must be in the form prescribed by  
10                  the Secretary.
- 11               (2)    No later than six months after the final federal partnership adjustment, each  
12                  direct partner subject to tax under this Article must file a State income tax  
13                  return reporting the direct partner's distributive share of the adjustments  
14                  reported to the direct partner under sub-subdivision b. of subdivision (1) of  
15                  this subsection, as modified by G.S. 105-153.5 and G.S. 105-153.6, and any  
16                  other information required by the Secretary, and pay any additional amount of  
17                  tax due as if the final federal partnership adjustments had been properly  
18                  reported.
- 19               (d)    Election for Partnership to Pay; Exceptions. – Except as otherwise provided in  
20                  subdivision (2) of this subsection, an audited partnership may elect to report a final federal  
21                  partnership adjustment arising from a partnership level audit in the manner prescribed by the  
22                  Secretary. An election made under this subsection is irrevocable and cannot be made if the  
23                  required income tax return is not filed within the period required by this subsection. The  
24                  following provisions apply to an audited partnership that makes an election under this subsection:
- 25               (1)    Reporting and payment of tax. – The reporting and payment requirements are  
26                  as follows:
- 27               a.     No later than six months after the final federal partnership adjustment,  
28                  the audited partnership must file an income tax return reflecting the  
29                  partnership's final federal partnership adjustment, as modified by  
30                  G.S. 105-153.5 and G.S. 105-153.6, and provide any other  
31                  information required by the Secretary.
- 32               b.     No later than six months after the final federal partnership adjustment,  
33                  the audited partnership must notify each of its tiered partners of the  
34                  tiered partner's distributive share of the final federal partnership  
35                  adjustment, including any information necessary for the tiered partner  
36                  to properly file a State income tax return. The information must be in  
37                  the form prescribed by the Secretary.
- 38               c.     No later than six months after the final federal partnership adjustment,  
39                  the audited partnership must pay the amount determined under this  
40                  subdivision. If properly reported and paid by the audited partnership,  
41                  the amount shall be treated as paid in lieu of taxes owed by the direct  
42                  and indirect partners, to the extent applicable, on the same final federal  
43                  adjustment. The direct partners or indirect partners may not take a  
44                  deduction or credit for this amount on the State income tax return or  
45                  claim a refund of the amount paid on the State income tax return. The  
46                  amount in lieu of taxes is calculated as follows:
- 47                   1.     Exclude from the final federal adjustment the distributive share  
48                   of all adjustments reported to an exempt partner not subject to  
49                   tax under this Article.
- 50                   2.     For the total distributive shares of the final federal adjustment,  
51                   as modified by G.S. 105-153.5 and G.S. 105-153.6, reported to

1 direct corporate partners subject to tax under this Article,  
2 apportion and allocate the adjustments as provided under  
3 G.S. 105-130.4 and multiply the resulting amount by the tax  
4 rate under G.S. 105-130.3.

5 3. For the total distributive shares of the final federal adjustment,  
6 as modified by G.S. 105-153.5 and G.S. 105-153.6, reported to  
7 nonresident individual direct partners and nonresident grantor  
8 trust direct partners subject to tax under this Article, apportion  
9 and allocate such adjustments as provided under  
10 G.S. 105-130.4 and multiply the resulting amount by the tax  
11 rate under G.S. 105-153.7.

12 4. For the total distributive shares of the final federal adjustment,  
13 as modified by G.S. 105-153.5 and G.S. 105-153.6, reported to  
14 resident individual direct partners and resident grantor trust  
15 direct partners subject to tax under this Article, multiply that  
16 amount by the tax rate under G.S. 105-153.7. For purposes of  
17 this sub-sub-subdivision, an audited partnership may deduct  
18 from each resident individual direct partner's and resident  
19 grantor trust direct partner's distributive share the amount of  
20 the resident individual direct partner's and resident grantor trust  
21 direct partner's share of distributive income not attributable to  
22 the State from the partnership to the extent the resident  
23 individual direct partner's and resident grantor trust direct  
24 partner's share of distributive income not attributable to the  
25 State was included in the partnership's taxable income in  
26 another state or the District of Columbia and was subject to an  
27 entity-level tax levied on the aggregate distributive share of the  
28 partnership's income allocable to one or more of its partners. A  
29 partnership is taxable in another state or the District of  
30 Columbia if the partnership's business activity in that state or  
31 the District of Columbia subjects the partnership to a net  
32 income tax or a tax measured by net income.

33 5. Add the amounts determined in sub-sub-subdivisions 1.  
34 through 4. of this sub-subdivision.

35 (2) Exceptions. – A partnership may not elect to pay tax under this subsection if  
36 any of the following apply:

37 a. The partnership made the election to be a taxed partnership under  
38 G.S. 105-154.1(a) for the reviewed year.

39 b. The partnership's final federal partnership adjustment resulted from an  
40 administrative adjustment request.

41 c. The partnership was not required to file an information return under  
42 the provisions of G.S. 105-154(c) for the reviewed year because the  
43 partnership was not doing business in this State for the reviewed year.

44 (e) Collection of Tax for Failure to Pay. – If an audited partnership makes an election  
45 under subsection (d) of this section but does not pay the amount due, the Department may collect  
46 the tax from the audited partnership pursuant to G.S. 105-241.22(1). The Secretary must issue a  
47 notice of collection for the amount of the tax debt to the audited partnership. If the tax debt is not  
48 paid to the Secretary within 60 days of the date the notice of collection is mailed to the audited  
49 partnership, the Secretary may assess the partners of the audited partnership for the partners'  
50 distributive share of the tax debt by sending the partners a notice of proposed assessment in



1 accordance with G.S. 105-241.9. For purposes of this subsection, the term "tax debt" has the  
2 same meaning as defined in G.S. 105-243.1(a).

3 (f) Tiered Partners. – The direct and indirect partners of an audited partnership that are  
4 tiered partners, and all of the owners or beneficiaries of those tiered partners that are subject to  
5 tax under this Article, are subject to the reporting and payment requirements of subsection (c) of  
6 this section, and the tiered partners are entitled to make the election provided in subsection (d)  
7 of this section. The Secretary is authorized to establish procedures and interim time periods for  
8 the reports and payments required by tiered partners and their owners or partners and for making  
9 the election under this subsection.

10 (g) Failure of Audited Partnership or Tiered Partner to Report or Pay. – Nothing in this  
11 section prevents the Secretary from proposing an assessment against a direct partner or indirect  
12 partner pursuant to G.S. 105-241.9 for tax due if a partnership or tiered partner fails to timely  
13 make any report or payment required by this section for any reason.

14 (h) State Partnership Representative. – The partnership's direct partners and indirect  
15 partners are bound by the actions of the State partnership representative. In addition, with respect  
16 to any action required or permitted to be taken by a partnership under this section, the State  
17 partnership representative has the sole authority to:

18 (1) Act on behalf of the partnership.

19 (2) Bring a contested case hearing in accordance with G.S. 105-241.15.

20 (3) Request a judicial review in accordance with G.S. 105-241.16.

21 (i) Assessments of Additional State Tax Arising from a Final Federal Partnership  
22 Adjustment. – The Secretary must assess additional State tax arising from a final federal  
23 partnership adjustment in accordance with G.S. 105-241.9."

24 **SECTION 2.(b)** G.S. 105-228.90(b) reads as rewritten:

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

26 ...

27 (15) Federal determination. – A change or correction arising from an audit by the  
28 Commissioner of Internal Revenue or an agreement of the U.S. competent  
29 authority, and the change or correction has become ~~final~~-final, but does not  
30 include a final federal partnership adjustment as defined in G.S. 105-154.2(a).  
31 A federal determination is final when the determination is not subject to  
32 administrative or judicial review. Additionally, audit findings made by the  
33 Internal Revenue Service are deemed final in the following circumstances:

34 a. The taxpayer has received audit findings from the Internal Revenue  
35 Service for the tax period and the taxpayer does not timely file an  
36 administrative appeal with the Internal Revenue Service.

37 b. The taxpayer consented to any of the audit findings for the tax period  
38 through a form or other written agreement with the Internal Revenue  
39 Service.

40 (16) Final federal partnership adjustment. – As defined in G.S. 105-154.2(a).

41 ...."

42 **SECTION 2.(c)** G.S. 105-153.5 reads as rewritten:

43 **"§ 105-153.5. Modifications to adjusted gross income.**

44 ...

45 (c2) Decoupling Adjustments. – In calculating North Carolina taxable income, a taxpayer  
46 must make the following adjustments to the taxpayer's adjusted gross income:

47 ...

48 (24) A taxpayer must add the amount by which the taxpayer's distributive share of  
49 partnership income, subject to the adjustments provided in this section and  
50 G.S. 105-153.6, is increased as a result of a final federal partnership

adjustment, as defined in G.S. 105-154.2(a), reported to this State under G.S. 105-154.2(c)(2).

(25) A taxpayer may deduct the amount by which the taxpayer's distributive share of partnership income, as modified by this section and G.S. 105-153.6, is decreased as a result of a final federal partnership adjustment, as defined in G.S. 105-154.2(a), reported to this State under G.S. 105-154.2(c)(2).

...."

**SECTION 2.(d)** G.S. 105-130.5 reads as rewritten:

**"§ 105-130.5. Adjustments to federal taxable income in determining State net income.**

(a) The following additions to federal taxable income shall be made in determining State net income:

...

(33) The amount by which the taxpayer's distributive share of partnership income, subject to the adjustments provided in this section and G.S. 105-130.5B, is increased as a result of a final federal partnership adjustment, as defined in G.S. 105-154.2(a), reported to this State under G.S. 105-154.2(c)(2).

(b) The following deductions from federal taxable income shall be made in determining State net income:

...

(33) The amount by which the taxpayer's distributive share of partnership income, subject to the adjustments provided in this section and G.S. 105-130.5B, is decreased as a result of a final federal partnership adjustment, as defined in G.S. 105-154.2(a), reported to this State under G.S. 105-154.2(c)(2).

...."

**SECTION 2.(e)** G.S. 105-241.6 reads as rewritten:

**"§ 105-241.6. Statute of limitations for refunds.**

...

(b) Exceptions. – The exceptions to the general statute of limitations for obtaining a refund of an overpayment are as follows:

...

(7) Final Federal Partnership Adjustment. – If a taxpayer files a return reflecting a final federal partnership adjustment and the return is filed within the time required by this Subchapter, the period for requesting a refund is one year after the return reflecting the final federal partnership adjustment is filed or three years after the original return was filed or due to be filed, whichever is later."

**SECTION 2.(f)** G.S. 105-241.8 reads as rewritten:

**"§ 105-241.8. Statute of limitations for assessments.**

(a) General. – The general statute of limitations for proposing an assessment applies unless a different period applies under subsection (b) of this section. The general statute of limitations for proposing an assessment is the later of the following:

(1) Three years after the due date of the return.

(2) Three years after the taxpayer filed the return.

(b) Exceptions. – The exceptions to the general statute of limitations for proposing an assessment are as follows:

...

(6) Final federal partnership adjustment. – If a taxpayer files a return reflecting a final federal partnership adjustment and the return is filed within the time required by this Subchapter, the period for proposing an assessment of any tax due is one year after the return is filed or three years after the original return was filed or due to be filed, whichever is later. If there is a final federal partnership adjustment and the taxpayer does not file the return within the

required time, the period for proposing an assessment of any tax due is six years after the date the Secretary received the final report of the final federal partnership adjustment."

**SECTION 2.(g)** This Part is effective for taxable years beginning on or after January 1, 2025, and applies to federal partnership adjustments that become final on or after that date.

### **PART III. SALES TAX CHANGES**

**SECTION 3.1.(a)** G.S. 105-164.8(b) reads as rewritten:

"(b) Remote Sales. – A retailer who makes a remote sale is engaged in business in this State and is subject to the tax levied under this Article if at least one of the following conditions is met:

...

(9) The retailer makes gross sales in excess of one hundred thousand dollars (\$100,000) from remote sales sourced to this State, including sales as a marketplace seller, for the previous or the current calendar year. A retailer that solely meets this condition, or both this condition and the condition in subdivision (10) of this subsection, is engaged in business on the first day of the first calendar month occurring at least 60 days after the retailer's gross sales exceed the threshold.

(10) The retailer is a marketplace facilitator that makes gross sales in excess of one hundred thousand dollars (\$100,000), including all marketplace-facilitated sales for all marketplace sellers, from sales sourced to this State for the previous or the current calendar year. A retailer that solely meets this condition, or both this condition and the condition in subdivision (9) of this subsection, is engaged in business on the first day of the first calendar month occurring at least 60 days after the retailer's gross sales exceed the threshold."

**SECTION 3.1.(b)** This section is effective when it becomes law and applies to retailers that exceed the threshold on or after that date.

**SECTION 3.2.** G.S. 105-164.3(259) reads as rewritten:

"(259) Streamlined Agreement. – The Streamlined Sales and Use Tax Agreement as amended as of ~~November 7, 2023~~ October 9, 2024."

**SECTION 3.3.(a)** G.S. 105-187.90(9) reads as rewritten:

"(9) ~~Shared for hire ground transport~~ Shared-ride service. – A for-hire ground transport service for which an individual has been matched with another individual by a for-hire ground transport service provider."

**SECTION 3.3.(b)** G.S. 105-187.95 reads as rewritten:

**"§ 105-187.95. Use of tax proceeds.**

~~Each quarter, the~~ The Secretary shall credit the net tax proceeds of the taxes collected under this Article to the Highway Fund. The Secretary may retain the cost of administering this Article as reimbursement to the Department."

**SECTION 3.3.(c)** This section becomes effective July 1, 2025.

**SECTION 3.4.** Except as otherwise provided, this Part is effective when this act becomes law.

### **PART IV. EXCISE TAX CHANGES**

**SECTION 4.1.** G.S. 105-113.39A(a2) reads as rewritten:

"(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."

**SECTION 4.2.** G.S. 105-113.83A(a) reads as rewritten:

"(a) Registration Required. – A person who holds a wine shipper permit issued under G.S. 18B-1001.1 or one or more of the following ABC permits issued under Article 11 of Chapter 18B of the General Statutes must register with the Secretary:

- (1) Unfortified winery.
- (2) Fortified winery.
- (3) Brewery.
- (4) Distillery.
- (5) Wine importer.
- (6) Wine wholesaler.
- (7) Malt beverages importer.
- (8) Malt beverages wholesaler.
- (9) Nonresident malt beverage vendor.
- (10) Nonresident wine vendor.
- (11) Wine Producer.
- ~~(12) Nonresident spirituous liquor vendor."~~

**SECTION 4.3.(a)** G.S. 105-449.42 reads as rewritten:

**"§ 105-449.42. Payment of tax.**

The tax levied by this Article is due when 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 by the last day of the month following the quarter in which the motor fuel or alternative fuel was used by the motor carrier."

**SECTION 4.3.(b)** This section becomes effective July 1, 2025, and applies to taxes due on or after that date.

**SECTION 4.4.(a)** G.S. 105-449.60 reads as rewritten:

**"§ 105-449.60. Definitions.**

The following definitions apply in this Article:

...

(43a) Renewable diesel. – A motor fuel chemically equivalent to diesel fuel that is manufactured from organic feedstocks and meets American Society for Testing and Materials Specification D975, "Standard Specification for Diesel Fuel."

...."

**SECTION 4.4.(b)** G.S. 105-449.60(12) reads as rewritten:

"(12) Diesel fuel. – Any liquid, other than gasoline, that is suitable for use as a fuel in a diesel-powered highway vehicle. The term includes biodiesel, fuel oil, heating oil, high-sulfur dyed diesel fuel, ~~and kerosene.~~ kerosene, and renewable diesel. The term does not include jet fuel."

**SECTION 4.5.(a)** G.S. 105-449.60(46) reads as rewritten:

"(46) Supplier. – Any of the following:

- a. A position holder or a person who receives motor fuel pursuant to a two-party exchange.
- b. A fuel alcohol provider.
- c. A biodiesel provider.

d. Repealed by Session Laws 2017-39, s. 12, effective June 21, 2017.

e. A person who owns tax-paid motor fuel as it enters the terminal transfer system at a location other than an approved terminal as defined by 26 C.F.R. § 48.4081-1(b)."

**SECTION 4.5.(b)** G.S. 105-449.97(e) reads as rewritten:

"(e) Credit for Motor Fuel in ~~Terminal~~-Terminal Transfer System. – 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-transfer system if either of the following applies:

(1) The supplier is the position holder.

(2) The supplier is the person who owns tax-paid motor fuel as it enters the terminal transfer system at a location other than an approved terminal as defined by 26 C.F.R. § 48.4081-1(b)."

**SECTION 4.5.(c)** G.S. 105-449.72 reads as rewritten:

**"§ 105-449.72. Bond or letter of credit required as a condition of obtaining and keeping certain licenses or of applying for certain refunds.**

(a) Initial Bond. – An applicant for a license as a refiner, a terminal operator, a supplier, an importer, a blender, a permissive supplier, or a distributor must file with the Secretary a bond or an irrevocable letter of credit. A bond or an irrevocable letter of credit must be conditioned upon compliance with the requirements of this Article, be payable to the State, and be in the form required by the Secretary. The amount of the bond or irrevocable letter of credit is determined as follows:

(1) For an applicant for a license as any of the following, the amount is two million dollars (\$2,000,000):

a. A refiner.

b. A terminal operator.

c. A supplier that is a position holder or a person that receives motor fuel pursuant to a two-party exchange.

d. A bonded importer.

e. A permissive supplier.

f. A supplier who owns tax-paid motor fuel as it enters the terminal transfer system at a location other than an approved terminal as defined by 26 C.F.R. § 48.4081-1(b).

...."

**SECTION 4.5.(d)** This section is effective July 1, 2025.

**SECTION 4.6.(a)** G.S. 105-449.69 reads as rewritten:

**"§ 105-449.69. How to apply for a license.**

...

(e) Export Activity. – An applicant for a license as an exporter or as a distributor must list on the application each state to which the applicant intends to export motor fuel received in this State by means of a transfer that is outside the terminal transfer system and, if required by a state listed, must be licensed or registered for motor fuel tax purposes in that state. If a state listed requires the applicant to be licensed or registered, the applicant must give the applicant's license or registration number in that state. If the Secretary determines that an exporter has ceased operations as an exporter in this State for one year, the Secretary may cancel the exporter's license by sending a notice of cancellation in accordance with G.S. 105-449.76(b1)."

**SECTION 4.6.(b)** G.S. 105-449.76(a) reads as rewritten:

"(a) Cancellation. – The Secretary may cancel a license issued under this Article upon the written request of the ~~licensee~~-licensee or as permitted under G.S. 105-449.69(e). The licensee's request must include a proposed effective date of cancellation and must return the license to the Secretary on or before the proposed effective date. If the licensee's request does not include a proposed effective date of cancellation, the license is cancelled 15 days after the Department

receives the written request. If the license is unable to be returned, the licensee must include a written statement of the reasons, satisfactory to the Secretary, why the license cannot be returned. The Secretary shall notify the licensee when the license is cancelled."

**SECTION 4.7.** G.S. 105-449.87(a)(3) reads as rewritten:

"(3) Motor fuel that is used to operate a highway vehicle after an application for a refund of tax paid on the motor fuel is made or allowed under ~~G.S. 105-449.107(a)~~ G.S. 105-449.106(d) on the basis that the motor fuel was used for an off-highway purpose."

**SECTION 4.8.** G.S. 105-449.139 reads as rewritten:

**"§ 105-449.139. Miscellaneous provisions.**

(a) Records. – A 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 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 a person designated by the Secretary shall have the right at any reasonable time to inspect the records.

(b) Violations. – The offenses listed in subdivisions (1) through (9) of G.S. 105-449.120 apply to this Article. In applying those offenses to this Article, references to "this Article" are to be construed as references to Article 36D and references to "motor fuel" are to be construed as references to alternative fuel.

(c) Lists. – The Secretary must make available a list of licensed alternative fuel providers to each licensed bulk end-user and licensed retailer. The Secretary must also make available a list of licensed bulk end-users and licensed retailers to each licensed alternative fuel provider. A list must state the name, account number, and business address of each licensee on the list. The Secretary must update the lists required under this section annually.

(d) Inspection. – The Secretary, or the Secretary's designee, shall have the right at any reasonable time to inspect the records subject to audit under this section 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 retailer, bulk-end user, or a provider that is not licensed under this Article.

(3) Examine a tank or other equipment used to make, store, or transport alternative fuel."

**SECTION 4.9.** G.S. 150B-2(3) reads as rewritten:

"(3) License. – Any certificate, permit, or other evidence, by whatever name called, of a right or privilege to engage in any activity, except licenses issued under Chapter 20 and Subchapter I and Subchapter V of Chapter 105 of the General Statutes, occupational licenses, and certifications of electronic poll books, ballot duplication systems, or voting systems under G.S. 163-165.7."

**SECTION 4.10.** G.S. 18C-901(7) reads as rewritten:

"(7) Gross wagering revenue. – The total of amounts received by an interactive sports wagering operator from sports wagers as authorized under this Article less the amounts paid as winnings before any deductions for expenses, fees, or taxes. Gross wagering revenue includes the cash value of any bonuses or promotional credits when returned to an interactive sports wagering operator in the form of a deposit or sports wager."

**SECTION 4.11.(a)** G.S. 105-113.4 reads as rewritten:

**"§ 105-113.4. Definitions.**

The following definitions apply in this Article:

...

(10b) Smokeless tobacco. – Any finely cut, ground, powdered, or leaf tobacco, or other product containing tobacco, that is intended to be placed in the oral or nasal cavity or otherwise consumed without being combusted. The term includes snuff.

(10d) Snuff. – A tobacco product consisting of finely cut, ground, or powdered tobacco that is not intended to be smoked.

...."

**SECTION 4.11.(b)** G.S. 105-113.36A(a) reads as rewritten:

"(a) Tax Imposed. – An excise tax is levied on the sale, use, consumption, handling, or distribution of tobacco products at the following rates:

...

(2a) On snuff, excluding other smokeless tobacco, the rate of forty cents (40¢) per ounce and a proportionate rate on all fractional parts of an ounce. The tax shall be computed based on the net weight as listed by the manufacturer on the package in accordance with federal law.

...."

**SECTION 4.11.(c)** This section becomes effective July 1, 2025, and applies to sales or purchases occurring on or after that date.

**SECTION 4.12.** Except as otherwise provided, this Part is effective when this act becomes law.

## **PART V. ADMINISTRATIVE CHANGES**

**SECTION 5.1.** G.S. 105-228.90 reads as rewritten:

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

(a) Scope. – This Article applies to all of the following:

...

(3) The primary forest product assessment levied under Article ~~81-84~~ of Chapter 106 of the General Statutes.

...

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

...

(7) Code. – The Internal Revenue Code as enacted as of ~~January 1, 2023~~, January 1, 2025, including any provisions enacted as of that date that become effective either before or after that date.

...

(23) Person. – An individual, a fiduciary, a firm, an association, a partnership, a limited liability company, a corporation, a unit of government, or another group acting as a unit. The term includes an officer or employee of a corporation, a member, a manager, or an employee of a limited liability company, and a member or employee of a partnership who, as officer, employee, member, or manager, is under a duty to perform an act in meeting the requirements of Subchapter I, V, or VIII of this Chapter, of G.S. 55-16-22, of Article ~~81-84~~ of Chapter 106 of the General Statutes, or of Article 3 of Chapter 119 of the General Statutes.

...

(27) Tax. – A tax levied under Subchapter I, V, or VIII of this Chapter, the primary forest product assessment levied under Article ~~81-84~~ of Chapter 106 of the General Statutes, or an inspection tax levied under Article 3 of Chapter 119 of the General Statutes. Unless the context clearly requires otherwise, the term "tax" includes penalties and interest as well as the principal amount.

(29) Taxpayer. – A person subject to the tax or reporting requirements of Subchapter I, V, or VIII of this Chapter, of Article ~~81-84~~ 84 of Chapter 106 of the General Statutes, or of Article 3 of Chapter 119 of the General Statutes.

...."

**SECTION 5.2.** G.S. 105-236(a) reads as rewritten:

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

...

(1b) Making Payment in Wrong Form. – For making a payment of tax in a form other than the form required by the Secretary pursuant to G.S. 105-241(a), the Secretary shall assess a penalty equal to five percent (5%) of the amount of the tax, 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.~~

...

(10a) Filing a Frivolous Return. – If a taxpayer files a frivolous return under Part 2 of Article 4 of this Chapter, the Secretary shall assess a penalty in the amount of up to ~~five hundred dollars (\$500.00).~~ two thousand dollars (\$2,000). A frivolous return is a return that meets both of the following requirements:

- a. It fails to provide sufficient information to permit a determination that the return is correct or contains information which positively indicates the return is incorrect, and
- b. It evidences an intention to delay, impede or negate the revenue laws of this State or purports to adopt a position that is lacking in seriousness.

...."

**SECTION 5.3.** G.S. 105-249.2 reads as rewritten:

**"§ 105-249.2. ~~Due date extended and penalties waived~~ Relief for certain military personnel or persons affected by a presidentially declared disaster.**

(a) Combat. – The Secretary may not assess interest or a penalty against a taxpayer for any period that is disregarded under section 7508 of the Code in determining the taxpayer's liability for a federal tax. A taxpayer is granted an extension of time to file a return or take another action concerning a State tax for any period during which the Secretary may not assess interest or a penalty under this section.

(b) Disaster. – The penalties in G.S. 105-236(a)(2), (3), (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-disregarded~~ under section 7508A of the Code because of a presidentially declared disaster. ~~The extension of time granted period of time disregarded 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 period of time disregarded 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 5.4.** G.S. 105-251.2 reads as rewritten:

**"§ 105-251.2. Compliance informational returns.**

...

(c1) Interactive Sports Wagering Operator. – An interactive sports wagering operator licensed by the North Carolina State Lottery Commission to engage in sports wagering in this State must give information to the Secretary when the Secretary requests the information. The Secretary may not request the information more than once per month. For purposes of this subsection, the term "interactive sports wagering operator" has the same meaning as defined in



G.S. 18C-901. The Secretary may request an interactive sports wagering operator provide the following information on a return or a report:

- (1) A registered player's name, tax identification number, address, and any other information that identifies a registered player.
- (2) The amount of wagers placed by the registered player.
- (3) The outcome of wagers placed by the registered player.
- (4) The amount of winnings paid to the registered player.
- (5) Any other information pertaining to the registered player in possession of the interactive sports wagering operator that the Secretary deems necessary to determine the registered player's compliance with this Chapter.

(c2) North Carolina State Lottery Commission. – The North Carolina State Lottery Commission must give information to the Secretary when the Secretary requests the information. The Secretary may not request the information more than once per month. For purposes of this subsection, the term "lottery game" has the same meaning as defined in G.S. 18C-103 and the term "account holder" is a person that has established an account with the North Carolina State Lottery for the purpose of playing lottery games. The Secretary may request the North Carolina State Lottery Commission provide the following information on a return or report:

- (1) The name, tax identification number, address, and any other information that identifies an account holder.
- (2) The amount of winnings paid to the account holder as prizes from lottery games.
- (3) Any other information pertaining to the account holder in possession of the North Carolina State Lottery Commission that the Secretary deems necessary to determine the account holder's compliance with this Chapter.

...."

**SECTION 5.5.** Except as otherwise provided, this Part is effective when this act becomes law.

## **PART VI. PROPERTY TAX CHANGES**

**SECTION 6.1.** G.S. 105-278.2 reads as rewritten:

### **"§ 105-278.2. Burial property.**

(a) **Commercial Property.** – Real property set apart for human burial purposes that is owned and held for purposes of (i) sale or rental or (ii) sale of burial rights therein is exempt from taxation. A single application is required under G.S. 105-282.1 for property exempt under this subsection.

(b) **Other Property.** – Real property set apart for human burial purposes not owned and held for a purpose listed in subsection (a) of this section is exempt from taxation. No application is required under G.S. 105-282.1 for property exempt under this subsection. A local government cannot deny the exemption provided under this subsection to a taxpayer that lacks a survey or plat detailing the exempt property.

(c) **Terms.** – For purposes of this section, the term "real property" includes land, tombs, vaults, monuments, and mausoleums, and the term "burial" includes entombment."

**SECTION 6.2.(a)** A tax levied by a taxing unit which is then deemed by the governing body of the taxing unit, via resolution, to be an improperly collected fire tax is deemed an illegal tax for purposes of G.S. 105-381. A tax deemed to be illegal under this section is limited to the properties or area indicated in the resolution as affected by the levy of said illegal tax and to the tax years indicated in the resolution in which the illegal tax was levied. Notwithstanding G.S. 105-380 and the time limitations for refunds under G.S. 105-381(a)(3), a taxpayer that paid a tax deemed illegal under this section may seek a refund of said taxes under G.S. 105-381(a) by submitting a written request for refund of the taxes to the governing body of the taxing unit at

any time within 10 years after said tax first became due or within six months from the date of payment of such tax, whichever is the later date.

**SECTION 6.2.(b)** This section is effective when it becomes law and expires July 1, 2026.

**SECTION 6.3.** Article 12 of Chapter 105 of the General Statutes is amended by adding a new section to read:

**"§ 105-274.1. Prohibition on double taxation.**

A taxing unit may assess tax imposed by this Subchapter on each property only once per tax year. Nothing in this section prevents a taxing unit from correcting an abstract as provided in this Subchapter."

**SECTION 6.4.** Except as otherwise provided, this Part is effective when this act becomes law.

**PART VII. PROVIDE TAX PARITY FOR SHORT-TERM CAR RENTALS TO INCLUDE PEER-TO-PEER RENTALS**

**SECTION 7.1.(a)** G.S. 105-187.1(a) reads as rewritten:

"(a) The following definitions and the definitions in G.S. 105-164.3 apply to this Article:

...

(3b) Peer-to-peer vehicle sharing provider. – A person or entity that operates, facilitates, or administers a peer-to-peer vehicle sharing program as defined in G.S. 20-280.15.

...

(6) Retailer. – A retailer as defined in G.S. 105-164.3 who is engaged in the business of selling, leasing, renting, offering short-term leases or rentals, long-term leases or rentals, or offering vehicle subscriptions for motor vehicles.

(7) Short-term lease or rental. – A lease or rental of a motor vehicle or motor vehicles, vehicles by a person, including a vehicle sharing service, service or a peer-to-peer vehicle sharing provider, that is not a long-term lease or rental or a vehicle subscription.

...."

**SECTION 7.1.(b)** G.S. 105-187.3(a) reads as rewritten:

"(a) Tax Base. – The Except as otherwise provided in G.S. 105-187.5, the tax imposed by this Article is applied to the sum of the retail value of a motor vehicle for which a certificate of title is issued and any fee regulated by G.S. 20-101.1. The tax does not apply to the sales price of a service contract, provided the charge is separately stated on the bill of sale or other similar document given to the purchaser at the time of the sale."

**SECTION 7.1.(c)** G.S. 105-187.4(a) reads as rewritten:

"(a) Method. – The Except as otherwise provided in G.S. 105-187.5, the tax imposed by this Article must be paid to the Commissioner when applying for a certificate of title for a motor vehicle. The Commissioner may not issue a certificate of title for a vehicle until the tax imposed by this Article has been paid. The tax may be paid in cash or by check."

**SECTION 7.1.(d)** G.S. 105-187.5 reads as rewritten:

**"§ 105-187.5. Alternate tax for Tax on a limited possession commitment.**

(a) Applicability. – A retailer listed in this section shall pay a tax on the gross receipts of a limited possession commitment in accordance with this section. The tax is for the privilege of using the highways of this State and is imposed on a retailer but is to be added to a limited possession commitment and paid by the person who enters into a limited possession commitment with the retailer. The retailers are:

(1) A retailer that purchases a motor vehicle for use as a limited possession commitment and makes an election under this section.

(2) A peer-to-peer vehicle sharing provider.

(a1) Election. – A retailer that has purchased a motor vehicle for a limited possession commitment may elect not to pay to pay the tax imposed by this section instead of the tax imposed by this Article at the rate set in G.S. 105-187.3 when applying for a certificate of title for a motor vehicle purchased by the retailer for a limited possession commitment. A retailer who makes this election shall pay a tax on the gross receipts of the limited possession commitment of the vehicle. To make the election, the retailer shall complete a form provided by the Division providing the information needed to collect the alternate tax based on gross receipts. Once made, an election is irrevocable. The Division shall notify the Secretary of Revenue of a retailer who makes the election under this subsection.

(a2) Gross Receipts. – Gross receipts do not include the amount of any allowance given for a motor vehicle taken in trade as a partial payment on the limited possession commitment. The portion of a limited possession commitment billing or payment that represents any amount applicable to the sales price of a service contract as defined in G.S. 105-164.3 should not be included in the gross receipts subject to the tax imposed by this Article. section. The charge must be separately stated on documentation given to the purchaser at the time the limited possession commitment goes into effect, or on the monthly billing statement or other documentation given to the purchaser. When a limited possession commitment is sold to another retailer, the seller of the limited possession commitment should provide to the purchaser of the limited possession commitment the documentation showing that the service contract and applicable sales taxes were separately stated at the time the limited possession commitment went into effect-effect, and the new retailer must retain the information to support an allocation for tax computed on the gross receipts subject to highway use tax. Like the tax imposed by G.S. 105-187.3, this alternate tax is a tax on the privilege of using the highways of this State. The tax is imposed on a retailer, but is to be added to the limited possession commitment of a motor vehicle and thereby be paid by the person who enters into a limited possession commitment with a retailer.

(b) Rate. – The applicable tax rates on the gross receipts from a limited possession commitment are as listed in this subsection. Gross receipts does not include the amount of any allowance given for a motor vehicle taken in trade as a partial payment on the limited possession commitment. The maximum tax in G.S. 105-187.3(a1) on certain motor vehicles applies to a continuous limited possession commitment of such a motor vehicle to the same person. The applicable tax rates are as follows:

<b>Type of Limited Possession Commitment</b>	<b>Tax Rate</b>
Short-term lease or rental	8%
Vehicle subscription	5%
Long-term lease or rental	3%

(c) Method. – A retailer who elects to pay tax on the gross receipts of the limited possession commitment of a motor vehicle shall make this election when applying for a certificate of title for the vehicle. To make the election, the retailer shall complete a form provided by the Division giving information needed to collect the alternate tax based on gross receipts. Once made, an election is irrevocable.

(d) Administration. – The Division shall notify the Secretary of Revenue of a retailer who makes the election under this section. A retailer who makes this election pays the tax under this section shall report and remit to the Secretary the tax on the gross receipts of the limited possession commitment of the motor vehicle. The Secretary shall administer the tax imposed by this section on gross receipts in the same manner as the tax levied under G.S. 105-164.4(a)(2). The administrative provisions and powers of the Secretary that apply to the tax levied under G.S. 105-164.4(a)(2) apply to the tax imposed by this section. In addition, the Division may request the Secretary to audit a retailer who elects to pay tax on gross receipts under this section. When the Secretary conducts an audit at the request of the Division, the Division shall reimburse the Secretary for the cost of the audit, as determined by the Secretary. In conducting an audit of

a retailer under this section, the Secretary may audit any sales of motor vehicles made by the retailer."

**SECTION 7.2.(a)** G.S. 153A-156 reads as rewritten:

**"§ 153A-156. Gross receipts tax on short-term leases or rentals.**

(a) ~~As a substitute for and in replacement of the ad valorem tax, which is excluded by G.S. 105-275(42), a~~ A county may levy a gross receipts tax on the gross receipts from the short-term lease or rental of vehicles at retail to the general public. The tax rate shall not exceed one and one-half percent (1.5%) of the gross receipts from ~~such the~~ short-term leases or rentals.

(b) If a county enacts ~~the substitute and replacement a~~ gross receipts tax pursuant to this section, ~~any an~~ entity required to collect the tax shall include a provision in each retail short-term lease or rental agreement noting that the percentage amount enacted by the county of the total lease or rental price, excluding highway use tax, is being charged as a tax on gross receipts. For purposes of this section, the transaction giving rise to the tax ~~shall be deemed to have occurred~~ occurs at the location of the entity from which ~~where~~ the customer takes delivery of the vehicle. The tax shall be collected at the time of lease or rental and placed in a segregated account until remitted to the county.

...

(e) The ~~following~~ definitions in G.S. 105-187.1 apply in this ~~section~~ section.

(1) ~~Short term lease or rental. Defined in G.S. 105-187.1.~~

(2) ~~Vehicle. Any of the following:~~

a. ~~A motor vehicle of the passenger type, including a passenger van, minivan, or sport utility vehicle.~~

b. ~~A motor vehicle of the cargo type, including cargo van, pickup truck, or truck with a gross vehicle weight of 26,000 pounds or less used predominantly in the transportation of property for other than commercial freight and that does not require the operator to possess a commercial drivers license.~~

c. ~~A trailer or semitrailer with a gross vehicle weight of 6,000 pounds or less.~~

...."

**SECTION 7.2.(b)** G.S. 160A-215.1 reads as rewritten:

**"§ 160A-215.1. Gross receipts tax on short-term leases or rentals.**

(a) ~~As a substitute for and in replacement of the ad valorem tax, which is excluded by G.S. 105-275(42), a~~ A city may levy a gross receipts tax on the gross receipts from the short-term lease or rental of vehicles at retail to the general public. The tax rate shall not exceed one and one-half percent (1.5%) of the gross receipts from ~~such the~~ short-term leases or rentals.

(b) If a city enacts ~~the substitute and replacement a~~ gross receipts tax pursuant to this section, ~~any an~~ entity required to collect the tax shall include a provision in each retail short-term lease or rental agreement noting that the percentage amount enacted by the city of the total lease or rental price, excluding highway use tax, is being charged as a tax on gross receipts. For purposes of this section, the transaction giving rise to the tax ~~shall be deemed to have occurred~~ occurs at the location of the entity from which ~~where~~ the customer takes delivery of the vehicle. The tax shall be collected at the time of lease or rental and placed in a segregated account until remitted to the city.

...

(e) The ~~following~~ definitions in G.S. 105-187.1 apply in this ~~section~~ section.

(1) ~~Short term lease or rental. Defined in G.S. 105-187.1.~~

(2) ~~Vehicle. Any of the following:~~

a. ~~A motor vehicle of the passenger type, including a passenger van, minivan, or sport utility vehicle.~~

- b. ~~A motor vehicle of the cargo type, including cargo van, pickup truck, or truck with a gross vehicle weight rating of 26,000 pounds or less used predominantly in the transportation of property for other than commercial freight and that does not require the operator to possess a commercial drivers license.~~
- e. ~~A trailer or semitrailer with a gross vehicle weight of 6,000 pounds or less.~~

...."

**SECTION 7.2.(c)** G.S. 105-550 reads as rewritten:

**"§ 105-550. Definitions.**

The definitions in ~~G.S. 105-164.3~~ G.S. 105-164.3, G.S. 105-187.1, and the following definitions apply in this Article:

- (1) Authority. – A regional public transportation authority or a regional transportation authority created pursuant to Article 26 or Article 27 of Chapter 160A of the General Statutes.
- (2) ~~Long-term lease or rental. — Defined in G.S. 105-187.1.~~
- (3) Motorcycle. – Defined in G.S. 20-4.01.
- (4) Repealed by Session Laws 1998-98, s. 33, effective August 14, 1998.
- (5) Public transportation system. – Any combination of real and personal property established for purposes of public transportation. The systems may include one or more of the following: structures, improvements, buildings, equipment, vehicle parking or passenger transfer facilities, railroads and railroad rights-of-way, rights-of-way, bus services, shared-ride services, high-occupancy vehicle facilities, car-pool and vanpool programs, voucher programs, telecommunications and information systems, integrated fare systems, bus lanes, and busways. The term does not include, however, streets, roads, or highways except to the extent they are dedicated to public transportation vehicles or to the extent they are necessary for access to vehicle parking or passenger transfer facilities.
- (6) ~~Short-term lease or rental. — Defined in G.S. 105-187.1.~~
- (7) U-drive-it vehicle. – Defined in G.S. 20-4.01."

**SECTION 7.2.(d)** G.S. 105-551 reads as rewritten:

**"§ 105-551. Tax on gross receipts authorized.**

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

- (1) A retailer engaged in the business of leasing or renting U-drive-it vehicles or motorcycles and whose place of business or inventory is located within the territorial jurisdiction of the Authority.
- (2) A peer-to-peer vehicle sharing provider if the customer takes delivery of the vehicle within the territorial jurisdiction of the Authority.

...."

**SECTION 7.2.(e)** G.S. 105-552 reads as rewritten:

**"§ 105-552. Collection and administration of gross receipts tax.**

...

(b) Collection. – A tax levied by an Authority under this Article shall be collected by the Authority but shall otherwise be administered in the same manner as the ~~optional~~ gross receipts

tax levied ~~by under~~ G.S. 105-187.5. Like the ~~optional~~ gross receipts tax, a tax levied under this Article is to be added to the lease or rental price of a ~~U-drive-it vehicle or motorcycle~~ the vehicle and thereby be paid by the person to whom it is leased or rented.

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

(c) Penalties and Remedies. – The penalties and remedies that apply to local sales and use taxes levied under Subchapter VIII of this Chapter apply to a tax levied under this Article. The board of trustees of an Authority may exercise any power the Secretary of Revenue or a board of county commissioners may exercise in collecting local sales and use taxes."

**SECTION 7.3.** G.S. 20-280.15 reads as rewritten:

**"§ 20-280.15. Definitions.**

The following definitions apply in this Article:

- (1) Airport operator. – As defined in G.S. 20-280.1.
- (2) Peer-to-peer vehicle sharing. – The authorized use of a shared vehicle for financial consideration by an individual other than the shared vehicle owner through a peer-to-peer vehicle sharing program.
- (3) Peer-to-peer vehicle sharing program. – A commercial business platform that connects shared vehicle owners with drivers to enable the sharing of vehicles for financial consideration. ~~peer-to-peer vehicle sharing.~~
- (4) Shared vehicle. – A vehicle that is available for ~~sharing through a peer-to-peer vehicle sharing program.~~ sharing.
- (5) Shared vehicle owner. – The registered owner of a shared ~~vehicle that is made available for sharing through a peer-to-peer vehicle sharing program.~~ vehicle, or a person or entity designated by the registered owner, who has not made an election under G.S. 105-187.5.

...."

**SECTION 7.4.** This Part becomes effective October 1, 2025, and applies to gross receipts derived from rentals or leases billed on or after that date.

**PART VIII. CORPORATE AND FRANCHISE TAX CHANGES**

**SECTION 8.1.** G.S. 105-114.1(d) reads as rewritten:

"(d) No Double Inclusion. – If a corporation is required to include a percentage of a noncorporate limited liability company's assets in its tax ~~bases~~ base under this Article pursuant to subsection (b) of this section, its investment in the noncorporate limited liability company is not included in its computation of net worth base under G.S. 105-122(b)."

**SECTION 8.2.(a)** G.S. 105-122(d2) reads as rewritten:

"(d2) Tax Rate. – For a C Corporation, as defined in G.S. 105-130.2, the tax rate is one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) of its tax base with a minimum of two hundred dollars (\$200.00) and a maximum of five hundred dollars (\$500.00) for the first one million dollars (\$1,000,000) of the corporation's its tax base as determined under subsection (d) of this section. ~~base.~~ For an S Corporation, as defined in G.S. 105-130.2, the tax rate is two hundred dollars (\$200.00) for the first one million dollars (\$1,000,000) of ~~the corporation's its~~ tax base ~~as determined under subsection (d) of this section~~ and one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) of its tax base that exceeds one million dollars (\$1,000,000). ~~In no event may the tax imposed by this section be less than two hundred dollars (\$200.00). For~~

purposes of this subsection, a corporation's tax base is determined under subsection (d) of this section."

**SECTION 8.2.(b)** G.S. 105-120.2(b) reads as rewritten:

"(b) Tax Rate. – Every corporation taxed under this section shall annually pay to the Secretary of Revenue, at the time the return is due, a franchise or privilege tax at the rate of ~~one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) of its tax base with a maximum of five hundred dollars (\$500.00) for the first one million dollars (\$1,000,000) of the corporation's tax base as determined under subsection (a) of this section, set forth in G.S. 105-122(d2),~~ but in no case shall the tax be more than one hundred fifty thousand dollars (\$150,000) nor less than two hundred dollars (\$200.00)."

**SECTION 8.3.** G.S. 105-131.1(b) reads as rewritten:

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

**SECTION 8.4.(a)** G.S. 105-122(b) reads as rewritten:

"(b) Determination of Net Worth. – A corporation taxed under this section shall determine the total amount of its net worth on the basis of the books and records of the corporation as of the close of its income year. The net worth of a corporation is its total assets without regard to the deduction for accumulated depreciation, depletion, or amortization less its total liabilities, computed in accordance with generally accepted accounting principles as of the end of the corporation's taxable year. If the corporation does not maintain its books and records in accordance with generally accepted accounting principles, then its net worth is computed in accordance with the accounting method used by the entity for federal tax purposes. A corporation's net worth is subject to the following adjustments:

...

(9) A deduction for any investment, whether direct or indirect, in an insurance company subject to tax under Article 8B of this Chapter and any investment, whether direct or indirect, in an insurance company that would be subject to such tax if it engaged in business in this State. The deduction afforded under this subdivision only applies if the corporation owns, directly or indirectly, more than eighty percent (80%) of the outstanding voting stock, voting capital interests, or ownership interests in the insurance company."

**SECTION 8.4.(b)** This section is effective retroactively for taxable years beginning on or after January 1, 2019, and applicable to the calculation of franchise tax reported on the 2018 and later corporate income tax returns.

**SECTION 8.5.** Except as otherwise provided, this Part is effective when this act becomes law.

## **PART IX. ADMINISTRATIVE CHANGES TO THE VAPOR PRODUCTS REGISTRY**

**SECTION 9.(a)** G.S. 14-313(h) reads as rewritten:

"(h) Fines and Civil Penalties. – The following penalties shall apply to violations of the certification requirements for consumable products and vapor products required by Part 3 of Article 4 of Chapter 143B of the General Statutes:

(1) Retailer, distributor, or wholesaler fines. – A retailer, distributor, or wholesaler who offers for sale a consumable product or vapor product intended for ultimate retail sale in this State that is not included in the directory is subject to a warning with a mandatory reinspection of the retailer within 30 days of the violation of Part 3 of Article 4 of Chapter 143B of the General Statutes. ~~[The following applies:]~~ The following provisions apply:

- a. For a second violation of this type within a 12-month period, the fine shall be at least five hundred dollars (\$500.00) but not more than seven hundred fifty dollars (\$750.00) and, if licensed, the licensee's license shall be suspended for 30 days.
- b. For a third or subsequent violation of this type within a 12-month period, the fine shall be at least one thousand dollars (\$1,000) but not more than one thousand five hundred dollars (\$1,500) and, if licensed, the licensee's license shall be revoked.
- c. Upon a second or subsequent violation of this type, consumable products or vapor products that are not on the directory as required by G.S. 143B-245.12, and are possessed by a retailer, distributor, or wholesaler, shall be subject to seizure, forfeiture, and destruction. The cost of such seizure, forfeiture, and destruction shall be borne by the person from whom the products are confiscated, except that no products may be seized from a consumer who has made a bona fide purchase of such product. The ~~Secretary~~ ALE Division may store and dispose of the seized products as appropriate, in accordance with federal, State, and local laws pertaining to storage and disposal of such products.

...."

**SECTION 9.(b)** G.S. 143B-245.10 reads as rewritten:

**"§ 143B-245.10. Definitions.**

The following definitions apply throughout this Part:

- (1) ALE Division. – As defined in G.S. 18B-101.
- (1a) Alternative nicotine product. – As defined in G.S. 14-313(a)(1).
- (2) Consumable product. – As defined in G.S. 14-313(a)(1a).
- (3) Distribute. – As defined in G.S. 14-313(a)(1b).
- (4) FDA. – As defined in G.S. 14-313(a)(1c).
- (5) Secretary. – The Secretary of the Department of Revenue.
- (6) Timely Filed Premarket Tobacco Product Application. – As defined in G.S. 14-313(a)(3c).
- (7) Tobacco product. – As defined in G.S. 14-313(a)(4).
- (8) Vapor product. – As defined in G.S. 14-313(a)(5)."

**SECTION 9.(c)** G.S. 143B-245.15 reads as rewritten:

**"§ 143B-245.15. Compliance.**

(a) Unannounced Compliance Check. – Each retailer, distributor, and wholesaler that sells or distributes consumable products or vapor products in this State shall be subject to unannounced compliance checks by the ~~Secretary or its designee, which may include State and local law enforcement officials,~~ ALE Division for purposes of enforcing this Part. Unannounced follow-up compliance checks of all noncompliant retailers, distributors, and wholesalers shall be conducted within 30 days after any violation of this Part. ~~{The following applies:}~~ The following provisions apply with respect to this section:

- (1) Any person who observes a violation described in G.S. 143B-245.13 may alert the ~~Secretary~~ ALE Division of ~~such the~~ violation, and the ~~Secretary~~ ALE Division shall cause an unannounced compliance check to occur with respect to the person alleged to be in violation.
- (2) The ~~Secretary~~ ALE Division shall publish the results of all compliance checks at least annually and shall make the results available to the public on request.
- (3) The ALE Division shall report to the Secretary any violation of this Chapter for which civil penalties are authorized and regardless of whether criminal charges have been filed.



(4) Any products identified for sale that are not on the registry in compliance with the provisions of this Chapter may be subject to seizure, forfeiture, and destruction in accordance with G.S. 14-313(h)(1)c.

...."

**SECTION 9.(d)** G.S. 143B-245.16 reads as rewritten:

**"§ 143B-245.16. Rules; use of fees; report.**

(a) Rules. – The Secretary shall adopt rules for the implementation and enforcement of this Part.

(b) ~~Use of Fees and Penalties.~~ Fees. – The fees received under this Part and ~~the penalties~~ collected under G.S. 14-313(h) by the Department of Revenue shall be used by the Department of Revenue exclusively for processing the ~~certifications, certifications and~~ operating and maintaining the ~~directory, and enforcement directory~~ of this Part.

(b1) Use of Penalties. – The penalties collected under G.S. 14-313(h) shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

(c) Report. – Beginning on January 31, 2026, and annually thereafter, the Secretary shall provide a report to the legislature regarding the status of the directory, manufacturers and products included in the directory, revenue and expenditures related to administration of this section ~~[Article], and enforcement activities undertaken pursuant to this section [Article], including the number of stores that have been inspected and the results from such inspections.~~ Article."

**SECTION 9.(e)** G.S. 143B-218 reads as rewritten:

**"§ 143B-218. Department of Revenue – duties.**

~~It shall be~~ is the duty of the Department to collect and account for the State's tax funds, to insure uniformity of administration of the tax laws and regulations, to conduct research on revenue matters, ~~and to exercise general and specific supervision over the valuation and taxation of property throughout the State.~~ State, and to perform other non-tax-related functions as enacted by the General Assembly."

**SECTION 9.(f)** G.S. 143B-219 reads as rewritten:

**"§ 143B-219. Department of Revenue – functions.**

(a) The functions of the Department of Revenue shall comprise, except as otherwise expressly provided by the Executive Organization Act of 1973 or by the Constitution of North Carolina, all executive functions of the State in relation to revenue collection, tax research, tax settlement, and property tax supervision including those prescribed powers, ~~duties~~ duties, and functions enumerated in Article 16 of Chapter 143A of the General ~~Statutes of this State.~~ Statutes. The Department of Revenue may also perform other non-tax-related functions as enacted by the General Assembly.

(b) All functions, powers, duties, and obligations heretofore vested in any agency enumerated in Article 16 of Chapter 143A of the General Statutes are hereby transferred to and vested in the Department of Revenue, except as otherwise provided by the Executive Organization Act of 1973. They shall include, by way of extension and not of limitation, the functions of:

(1) ~~The Commissioner~~ Secretary and Department of ~~Revenue,~~ Revenue.

(2) The Department of Tax ~~Research, and~~ Research.

~~(3) The State Board of Assessment."~~

**SECTION 9.(g)** This Part is effective when it becomes law.

## **PART X. TAX FORECLOSURE CHANGES**

**SECTION 10.(a)** G.S. 1-339.1(a) reads as rewritten:

"(a) A judicial sale is a sale of property made pursuant to an order of a judge or clerk in an action or proceeding in the superior or district court, including a sale pursuant to an order made in an action in court to foreclose a mortgage or deed of trust, but is not

1 ...

2 (5) A tax foreclosure sale, but for the purposes of federal law, nothing herein shall  
3 be construed to mean that a tax foreclosure sale under G.S. 105-374 is a  
4 non-judicial sale, or

5 ...."

6 **SECTION 10.(b)** G.S. 160A-233(c) reads as rewritten:

7 "(c) Assessment liens may be foreclosed under any procedure prescribed by law for the  
8 foreclosure of property tax liens, except that lien sales and lien sale certificates shall not be  
9 required, and foreclosure may be begun at any time after 30 days after the due date. The city shall  
10 not be entitled to a deficiency judgment in an action to foreclose an assessment lien. The lien of  
11 special assessments shall be inferior to all prior and subsequent liens for ~~State, local, and federal~~  
12 State and local taxes, and superior to all other liens."

13 **SECTION 10.(c)** G.S. 153A-200(c) reads as rewritten:

14 "(c) A county may foreclose assessment liens under any procedure provided by law for  
15 the foreclosure of property tax liens, except that (i) lien sales and lien sale certificates are not  
16 required and (ii) foreclosure may be begun at any time after 30 days after the due date. The county  
17 is not entitled to a deficiency judgment in an action to foreclose an assessment lien. The lien of  
18 special assessments is inferior to all prior and subsequent liens for ~~State, local, and federal~~ State  
19 and local taxes, and superior to all other liens."

20 **SECTION 10.(d)** Subsections (b) and (c) of this section become effective October  
21 1, 2025. The remainder of this Part is effective when it becomes law.

22  
23 **PART XI. EFFECTIVE DATE**

24 **SECTION 11.** Except as otherwise provided, this act is effective when it becomes  
25 law.