

June 13, 2002

**S 1407. CONTRACTS TO REIMBURSE FUEL TAX. TO ESTABLISH A CONTRACT RIGHT REGARDING THE TIMING OF PAYMENTS UNDER CONTRACTS REQUIRING REIMBURSEMENT OF FEDERAL FUEL EXCISE TAXES.** Adds new GS 119-65, as title indicates, providing that the party making reimbursement is not required to tender payment for the taxes more than one business day before the day the second party is required to remit the taxes to the IRS. Sets out procedure and notice requirements and security provisions relating to exercise of the right. Effective Sept. 1, 2002, and applies to contracts entered into or renewed on or after that date. Also applies to all contracts in effect on that date that have no expiration date and are continuing contracts. Does not apply to a contract in effect on Sept. 1, 2002, that, by its terms, will terminate on a later date.

**Intro. by Kerr.**

Ref. to Finance	GS 119
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July 24, 2002

**S 1407. CONTRACTS TO REIMBURSE FUEL TAX/FUEL TAX CHG.** Intro. 6/13/02. Senate committee substitute makes the following changes to 1st edition. Changes title to *AN ACT TO ESTABLISH A CONTRACT RIGHT REGARDING THE TIMING OF PAYMENTS UNDER CONTRACTS REQUIRING REIMBURSEMENT OF FEDERAL FUEL EXCISE TAXES AND TO MAKE VARIOUS MOTOR FUEL EXCISE TAX CHANGES*. Makes technical changes to part of bill concerning contract rights regarding tax reimbursement. Repeals GS 105-449.41 which made it a Class 1 misdemeanor to make a false statement for the purpose of obtaining a reduction in tax liability for fuel purchased outside of the state. Amends GS 105-449.47 to provide that a motor carrier must keep records of all identification markers issued to the carrier by the Sec'y pursuant to Article 36B regulating fuels purchased outside of the state, and mends GS 105-449.52 to provide for a penalty of \$100 for each identification marker for which a carrier is unable to account. Sets a penalty of \$1,000 for the display of identification markers not lawfully obtained from the Sec'y. Amends various parts of Article 36C of GS 105 regulating and taxing gasoline, diesel and blends. Makes provisions regarding biodiesel fuels, defined to be fuels derived in whole or in part from agricultural products or animal fats. Amends 105-449.77 to provide that the Sec'y must annually give each license holder under the Article a list of all license holders in the state. Refiners, suppliers, and any one who specifically requests must be given monthly updates of the list. Amends GS 105-449.87 to remove exemption from tax for diesel fuel used to operate special mobile equipment, to impose the excise tax on fuel that is delivered to this state after being diverted from delivery to another state, and to designate responsibility for tax on fuels diverted to or from North Carolina. Adds new section to GS 105-449.87 to exempt from tax fuel sold to a county or a municipality for its use and makes conforming changes to other sections of Article 36C. Amends GS 105-449.115(f) to provide that penalty against a transporter for failure to have proper shipping documents is \$5,000 (was, \$1,500 for first violation and \$7,500 for second or subsequent violation). Adds new section 105-449.115A to require a shipping document to transport fuel by tank wagon. Penalty for failure to transport without proper documents is \$1,000. Finally, amends GS 105-449.118 to provide that the civil penalty for buying or selling non-tax-paid fuel is \$250 per occurrence (was a range of \$75 to \$300 based on number of gallons dispensed). All changes to fuel excise tax statutes are effective Jan. 1, 2003.

September 11, 2002

**SL 2002-108 (S 1407). CONTRACTS TO REIMBURSE FUEL TAX/FUEL TAX CHG. AN ACT TO ESTABLISH A CONTRACT RIGHT REGARDING THE TIMING OF PAYMENTS UNDER CONTRACTS REQUIRING REIMBURSEMENT OF FEDERAL FUEL EXCISE TAXES AND TO MAKE VARIOUS MOTOR FUEL EXCISE TAX CHANGES.** Summarized in *Daily Bulletin* 6/13/02 and 7/24/02. Enacted September 6, 2002. Section 1 of this act becomes effective September 1, 2002, and applies to contracts entered into or renewed on or after that date and to all continuing contracts that are in effect on that date and have no expiration date. Section 1 of this act does not apply to a contract in effect on September 1, 2002, that, by its terms, will terminate on a later date.

Section 1 of this act does not impair the obligation arising under any contract executed before September 1, 2002.