GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H **D**

HOUSE BILL 97
PROPOSED COMMITTEE SUBSTITUTE H97-PCS30384-SVxfr-24

Short Title: 2015 Appropriations Act. (Public)

Sponsors:

Referred to:

February 24, 2015

A BILL TO BE ENTITLED

AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER PURPOSES.

The General Assembly of North Carolina enacts:

PART I. INCOME TAX CHANGES

EXTEND RESEARCH & DEVELOPMENT TAX CREDIT FOR FOUR YEARS

SECTION 1.1.(a) G.S. 105-129.51(b) reads as rewritten:

"(b) This Article is repealed for taxable years beginning on or after ~~January 1, 2016.~~January 1, 2020."

SECTION 1.1.(b) G.S. 105-129.50(6) reads as rewritten:

"(6) Qualified North Carolina research expenses. – Qualified research expenses, ~~other than~~ including North Carolina university research expenses, for research performed in this State."

SECTION 1.1.(c) This section is effective when this act becomes law.

EXTEND RENEWABLE ENERGY CREDIT FOR TWO YEARS FOR SOLAR PROJECTS AND FOR FOUR YEARS FOR ALL OTHER PROJECTS

SECTION 1.2.(a) G.S. 105-129.16A(e), as amended by Section 1 of S.L. 2015-11, reads as rewritten:

"**§ 105-129.16A. Credit for investing in renewable energy property.**

…

(e) Sunset. – Except for taxpayers covered by subsection (f) of this section, this section is repealed effective for renewable energy property placed into service on or after ~~January 1, 2016.~~January 1, 2020."

SECTION 1.2.(b) G.S. 105-129.15 reads as rewritten:

"**§ 105-129.15. Definitions.**

The following definitions apply in this Article:

…

(7) Renewable energy property. – Any of the following machinery and equipment or real property:

a. Biomass equipment that uses renewable biomass resources for biofuel production of ethanol, methanol, and biodiesel; anaerobic biogas production of methane utilizing agricultural and animal waste

or garbage; or commercial thermal or electrical generation. The term also includes related devices for converting, conditioning, and storing the liquid fuels, gas, and electricity produced with biomass equipment.

b. Combined heat and power system property. – Defined in section 48 of the Code.

c. Geothermal equipment that meets either of the following descriptions:

1. It is a heat pump that uses the ground or groundwater as a thermal energy source to heat a structure or as a thermal energy sink to cool a structure.

2. It uses the internal heat of the earth as a substitute for traditional energy for water heating or active space heating or cooling.

d. Hydroelectric generators located at existing dams or in free-flowing waterways, and related devices for water supply and control, and converting, conditioning, and storing the electricity generated.

~~e. Solar energy equipment that uses solar radiation as a substitute for traditional energy for water heating, active space heating and cooling, passive heating, daylighting, generating electricity, distillation, desalination, detoxification, or the production of industrial or commercial process heat. The term also includes related devices necessary for collecting, storing, exchanging, conditioning, or converting solar energy to other useful forms of energy.~~

f. Wind equipment required to capture and convert wind energy into electricity or mechanical power, and related devices for converting, conditioning, and storing the electricity produced or relaying the electricity by cable from the turbine motor to the power grid.

…."

SECTION 1.2.(c) G.S. 105-129.16A(c)(2) reads as rewritten:

"(2) Nonbusiness. – The following ceilings apply to renewable energy property placed in service for a nonbusiness purpose:

~~a. One thousand four hundred dollars ($1,400) per dwelling unit for solar energy equipment for domestic water heating, including pool heating.~~

b. Three thousand five hundred dollars ($3,500) per dwelling unit for solar energy equipment for active space heating, combined active space and domestic hot water systems, and passive space heating.

c. Eight thousand four hundred dollars ($8,400) for each installation of geothermal equipment.

d. Ten thousand five hundred dollars ($10,500) for each installation of any other renewable energy property."

SECTION 1.2.(d) Subsections (b) and (c) of this section become effective January 1, 2018, and apply to renewable energy property placed into service on or after that date. The remainder of this section is effective when this act becomes law.

HISTORIC PRESERVATION TAX CREDIT

SECTION 1.3.(a) Chapter 105 of the General Statutes is amended by adding a new Article to read:

"Article 3L.

"Historic Rehabilitation Tax Credits Investment Program.

"**§ 105-129.100. Credit for rehabilitating income-producing historic structure.**

(a) Credit. – A taxpayer who is allowed a federal income tax credit under section 47 of the Code for making qualified rehabilitation expenditures for a certified historic structure located in this State is allowed a credit equal to the sum of the following:

(1) Base amount. – The percentage of qualified rehabilitation expenditures at the levels provided in the table below:

Expenses Over	Up To	Rate
0	$10 million	15.00%
$10 million	$20 million	10.00%

(2) Development tier bonus. – An amount equal to five percent (5%) of qualified rehabilitation expenditures not exceeding twenty million dollars ($20,000,000) if the certified historic structure is located in a development tier one or two area.

(3) Targeted investment bonus. – An amount equal to five percent (5%) of qualified rehabilitation expenditures not exceeding twenty million dollars ($20,000,000) if the certified historic structure is located on an eligible targeted investment site.

(b) Pass-Through Entity. – Notwithstanding the provisions of G.S. 105-131.8 and G.S. 105-269.15, a pass-through entity that qualifies for the credit provided in this section may allocate the credit among any of its owners in its discretion as long as an owner's adjusted basis in the pass-through entity, as determined under the Code, at the end of the taxable year in which the certified historic structure is placed in service, is at least forty percent (40%) of the amount of credit allocated to that owner. Owners to whom a credit is allocated are allowed the credit as if they had qualified for the credit directly. A pass-through entity and its owners must include with their tax returns for every taxable year in which an allocated credit is claimed a statement of the allocation made by the pass-through entity and the allocation that would have been required under G.S. 105-131.8 or G.S. 105-269.15.

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

(1) Certified historic structure. – Defined in section 47 of the Code.

(2) Development tier area. – Defined in G.S. 143B-437.08.

(3) Eligibility certification. – A certification obtained from the State Historic Preservation Officer that the site comprises an eligible targeted investment site.

(4) Eligible targeted investment site. – A site located in this State that satisfies all of the following conditions:

a. It was used as a manufacturing facility or for purposes ancillary to manufacturing, as a warehouse for selling agricultural products, or as a public or private utility.

b. It is a certified historic structure.

c. It has been at least sixty-five percent (65%) vacant for a period of at least two years immediately preceding the date the eligibility certification is made.

(5) Pass-through entity. – Defined in G.S. 105-228.90.

(6) Qualified rehabilitation expenditures. – Defined in section 47 of the Code.

(7) State Historic Preservation Officer. – The Deputy Secretary of the Office of Archives and History of the North Carolina Department of Cultural Resources, or the Deputy Secretary's designee, who acts to administer the historic preservation programs within the State.

(8) Targeted investment. – Qualified rehabilitation expenditures on a certified historic structure that is located on an eligible targeted investment site.

(d) Limitations. – The amount of credit allowed under this section with respect to qualified rehabilitation expenditures for an income-producing certified historic structure may not exceed four million five hundred thousand dollars ($4,500,000).

"**§ 105-129.101. Credit for rehabilitating non-income-producing historic structure.**

(a) Credit. – A taxpayer who is not allowed a federal income tax credit under section 47 of the Code and who has rehabilitation expenses of at least ten thousand dollars ($10,000) for a State-certified historic structure located in this State is allowed a credit equal to fifteen percent (15%) of the rehabilitation expenses.

(b) Limitations. – The amount of credit allowed under this section with respect to rehabilitation expenses for a non-income-producing certified historic structure may not exceed twenty-two thousand five hundred dollars ($22,500) per discrete property parcel. In the event that the taxpayer is the transferee of a State-certified historic structure for which rehabilitation expenses were made, the taxpayer as transferee is allowed a credit under this section only if the transfer takes place before the structure is placed in service. In this event, no other taxpayer may claim such credit. A taxpayer is allowed to claim a credit under this section no more than once in any five-year period, carryovers notwithstanding.

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

(1) Certified rehabilitation. – Repairs or alterations consistent with the Secretary of the Interior's Standards for Rehabilitation and certified as such by the State Historic Preservation Officer.

(2) Discrete property parcel. – A lot or tract described by metes and bounds, a deed or plat of which has been recorded in the deed records of the county in which the property is located, and on which a State-certified historic structure is located, or a single condominium unit in a State-certified historic structure.

(3) Placed in service. – The later of the date on which the rehabilitation is completed or the date on which the property is used for its intended purpose.

(4) Rehabilitation expenses. – Expenses incurred in the certified rehabilitation of a certified historic structure and added to the property's basis. The expenses must be incurred within any 24-month period per discrete property parcel. The term does not include the cost of acquiring the property, the cost attributable to the enlargement of an existing building, the cost of site work expenditures, or the cost of personal property.

(5) State-certified historic structure. – A structure that is individually listed in the National Register of Historic Places or is certified by the State Historic Preservation Officer as contributing to the historic significance of a National Register Historic District or a locally designated historic district certified by the United States Department of the Interior.

(6) State Historic Preservation Officer. – Defined in G.S. 105-129.100(c)(7).

"**§ 105-129.102. Rules; fees.**

(a) Rules. – The North Carolina Historical Commission, in consultation with the State Historic Preservation Officer, may adopt rules needed to administer any certification process required by this Article.

(b) Fees. – The North Carolina Historical Commission, in consultation with the State Historic Preservation Officer, may adopt a schedule of fees for providing any certifications required by this Article, or Article 3D or 3H as they provided as of December 31, 2014. In establishing the fee schedule, the Commission shall consider the administrative and personnel costs incurred by the Department of Cultural Resources. An application fee may not exceed one percent (1%) of the completed qualifying rehabilitation expenditures. The proceeds of the fees are receipts of the Department of Cultural Resources and must be used for performing its duties under this Article.

"**§ 105-129.103. Tax credited; credit limitations.**

(a) Tax Credited. – The credits provided in this Article are allowed against the franchise tax imposed in Article 3 of this Chapter, the income taxes levied in Article 4 of this Chapter, or the gross premiums tax imposed in Article 8B of this Chapter. The taxpayer may take a credit allowed by this Article against only one of the taxes against which it is allowed. The taxpayer must elect the tax against which a credit will be claimed when filing the return on which it is claimed, and this election is binding. Any carryforwards of a credit must be claimed against the same tax.

(b) Return. – A taxpayer may claim a credit allowed by this Article on a return filed for the taxable year in which the certified historic structure was placed into service. When an income-producing certified historic structure as defined in G.S. 105-129.100 is placed into service in two or more phases in different years, the amount of credit that may be claimed in a year is the amount based on the qualified rehabilitation expenditures associated with the phase placed into service during that year.

(c) Cap. – A credit allowed under this Article 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 taxpayer. Any unused portion of the credit may be carried forward for the succeeding nine years.

(d) Forfeiture for Disposition. – A taxpayer who is required under section 50 of the Code to recapture all or part of the federal credit for rehabilitating an income-producing historic structure located in this State forfeits the corresponding part of the State credit allowed under G.S. 105-129.100 with respect to that historic structure. If the credit was allocated among the owners of a pass-through entity, the forfeiture applies to the owners in the same proportion that the credit was allocated.

(e) Forfeiture for Change in Ownership. – If an owner of a pass-through entity that has qualified for the credit allowed under G.S. 105-129.100 disposes of all or a portion of the owner's interest in the pass-through entity within five years from the date the rehabilitated historic structure is placed in service and the owner's interest in the pass-through entity is reduced to less than two-thirds of the owner's interest in the pass-through entity at the time the historic structure was placed in service, the owner forfeits a portion of the credit. The amount forfeited is determined by multiplying the amount of credit by the percentage reduction in ownership and then multiplying that product by the forfeiture percentage. The forfeiture percentage equals the recapture percentage found in the table in section 50(a)(1)(B) of the Code.

(f) Exceptions to Forfeiture. – Forfeiture as provided in subsection (e) of this section is not required if the change in ownership is the result of any of the following:

(1) The death of the owner.

(2) A merger, consolidation, or similar transaction requiring approval by the shareholders, partners, or members of the taxpayer under applicable State law, to the extent the taxpayer does not receive cash or tangible property in the merger, consolidation, or other similar transaction.

(g) Liability From Forfeiture. – A taxpayer or an owner of a pass-through entity that forfeits a credit under this section is liable for all past taxes avoided as a result of the credit plus interest at the rate established under G.S. 105-241.21, computed from the date the taxes would have been due if the credit had not been allowed. The past taxes and interest are due 30 days after the date the credit is forfeited. A taxpayer or owner of a pass-through entity that fails to pay the taxes and interest by the due date is subject to the penalties provided in G.S. 105-236.

(h) Substantiation. – To claim a credit allowed by this Article, the taxpayer must provide any information required by the Secretary of Revenue, including a copy of the certification obtained from the State Historic Preservation Office verifying that the historic structure has been rehabilitated in accordance with the requirements set out in this Article, and

a copy of the eligibility certification if the historic structure is located in an eligible targeted investment site and the target investment bonus is claimed. Every taxpayer claiming a credit under this Article must maintain and make available for inspection by the Secretary of Revenue any records the Secretary considers necessary to determine and verify the amount of the credit to which the taxpayer is entitled. The burden of proving eligibility for the credit and the amount of the credit rests upon the taxpayer, and no credit may be allowed to a taxpayer that fails to maintain adequate records or to make them available for inspection.

(i) No Double Credit. – A taxpayer that claims a credit under this Article may not also claim a credit under Article 3D or Article 3H of this Chapter with respect to the same activity."

"**§ 105-129.104. Report; tracking.**

(a) The Department must include in the economic incentives report required by G.S. 105-256 the following information itemized by taxpayer:

(1) The number of taxpayers that took the credits allowed in this Article.

(2) The amount of rehabilitation expenses and qualified rehabilitation expenditures with respect to which credits were taken.

(3) The total cost to the General Fund of the credits taken.

(b) The Department shall include in the economic incentives report required by G.S. 105-256 the following information:

(1) The total amount of tax credits claimed and the total amount of tax credits taken against current taxes, by type of tax, during the relevant tax year.

(2) The total amount of tax credits carried forward, by type of tax."

"**§ 105-129.105. Sunset.**

This Article expires for qualified rehabilitation expenditures and rehabilitation expenses incurred on or after January 1, 2021."

SECTION 1.3.(b) G.S. 105-129.75 reads as rewritten:

"**§ 105-129.75. Sunset.**

This Article expires January 1, 2015, for rehabilitation projects for which an application for an eligibility certification is submitted on or after that date. Eligibility certifications under this Article expire January 1, 2023."

SECTION 1.3.(c) Subsection (a) of this section becomes effective January 1, 2015, and applies to qualified rehabilitation expenditures and rehabilitation expenses incurred on or after that date. The remainder of the section is effective when this act becomes law.

SENIOR TAX DEDUCTION FOR MEDICAL EXPENSES

SECTION 1.4.(a) G.S. 105-153.5(a) reads as rewritten:

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

(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	**Standard Deduction**
Married, filing jointly	$15,000
Head of Household	12,000
Single	7,500
Married, filing separately	7,500.

(2) Itemized deduction amount. – An amount equal to the sum of the items listed in this subdivision. The amounts allowed under this subdivision are not subject to the overall limitation on itemized deductions under section 68 of the Code:

a. Charitable contribution deduction amount. – The amount allowed as a deduction for charitable contributions under section 170 of the Code for that taxable year.

b. Mortgages expenses and property taxes. – The amount allowed as a deduction for interest paid or accrued during the taxable year under section 163(h) of the Code with respect to any qualified residence plus the amount claimed by the taxpayer as a deduction for property taxes paid or accrued on real estate under section 164 of the Code for that taxable year. The amount allowed under this sub-subdivision may not exceed twenty thousand dollars ($20,000). For spouses filing as married filing separately or married filing jointly, the total mortgage interest and real estate taxes claimed by both spouses combined may not exceed twenty thousand dollars ($20,000). For spouses filing as married filing separately with a joint obligation for mortgage interest and real estate taxes, the deduction for these items is allowable to the spouse who actually paid them. If the amount of the mortgage interest and real estate taxes paid by both spouses exceeds twenty thousand dollars ($20,000), these deductions must be prorated based on the percentage paid by each spouse. For joint obligations paid from joint accounts, the proration is based on the income reported by each spouse for that taxable year.

c. Medical expenses. – The amount allowed as a deduction for medical expenses under section 213 of the Code for that taxable year."

SECTION 1.4.(b) This section is effective for taxable years beginning on or after January 1, 2015.

PART II. SALES TAX CHANGES

EXTEND SALES TAX PREFERENCES FOR MOTORSPORTS FOR FOUR YEARS

SECTION 2A.(a) G.S. 105-164.4I(b)(3) reads as rewritten:

"(b) Exemptions. – The tax imposed by this section does not apply to the sales price of or the gross receipts derived from a service contract applicable to any of the following items:

…

(3) An item purchased by a professional motorsports racing team or a related member of a team for which the team may receive a sales tax refund under G.S. 105-164.14A(5).

…."

SECTION 2A.(b) This section is effective when it becomes law and applies to service contracts purchased on or after January 1, 2014.

SECTION 2B.(a) G.S. 105-164.14A(a) reads as rewritten:

"(a) Refund. – The following taxpayers are allowed an annual refund of sales and use taxes paid under this Article:

…

(4) Motorsports team or sanctioning body. – A professional motorsports racing team, a motorsports sanctioning body, or a related member of such a team or body is allowed a refund of the sales and use tax paid by it in this State on aviation fuel that is used to travel to or from a motorsports event in this

State, to travel to a motorsports event in another state from a location in this State, or to travel to this State from a motorsports event in another state. For purposes of this subdivision, a "motorsports event" includes a motorsports race, a motorsports sponsor event, and motorsports testing. This subdivision is repealed for purchases made on or after ~~January 1, 2016.~~January 1, 2020.

(5) Professional motorsports team. – A professional motorsports racing team or a related member of a team is allowed a refund of fifty percent (50%) of the sales and use tax paid by it in this State on tangible personal property, other than tires or accessories, that comprises any part of a professional motorsports vehicle. For purposes of this subdivision, "motorsports accessories" includes instrumentation, telemetry, consumables, and paint. This subdivision is repealed for purchases made on or after ~~January 1, 2016.~~January 1, 2020.

…."

SECTION 2B.(b) This section is effective when this act becomes law.

DATA CENTER INFRASTRUCTURE

SECTION 2.3.(a) G.S. 105-164.3 reads as rewritten:

"**§ 105-164.3. Definitions.**

The following definitions apply in this Article:

…

(33) Purchase price. – The term has the same meaning as the term "sales price" when applied to an item subject to use tax.

(33a) Qualifying data center. – A data center that satisfies each of the following conditions:

a. The data center meets the wage standard and health insurance requirements of G.S. 143B-437.08A.

b. The Secretary of Commerce has made a written determination that at least seventy-five million dollars ($75,000,000) in private funds has been or will be invested by one or more owners, users, or tenants of the data center within five years of the date the owner, user, or tenant of the data center makes its first real or tangible property investment in the data center on or after January 1, 2012. Investments in real or tangible property in the data center made prior to January 1, 2012, may not be included in the investment required by this subdivision.

(33b) Real property contractor. – A person that contracts to perform construction, reconstruction, installation, repair, or any other service with respect to real property and to furnish tangible personal property to be installed or applied to real property in connection with the contract and the labor to install or apply the tangible personal property that becomes part of real property. The term includes a general contractor, a subcontractor, or a builder for purposes of G.S. 105-164.4H.

~~(33b)~~(33c) Related member. – Defined in G.S. 105-130.7A.

~~(33c)~~(33d) Remote sale. – A sale of tangible personal property or digital property ordered by mail, by telephone, via the Internet, or by another similar method, to a purchaser who is in this State at the time the order is remitted, from a retailer who receives the order in another state and delivers the property or causes it to be delivered to a person in this State. It is presumed that a resident of this State who remits an order was in this State at the time the order was remitted.

…."

SECTION 2.3.(b) G.S. 105-164.13 is amended by adding a new subdivision to read:

"(55a) Sales of electricity for use at a qualifying data center and data center support equipment to be located and used at the qualifying data center. As used in this subdivision, "data center support equipment" is property that is capitalized for tax purposes under the Code and is used for any of the following purposes:

a. For the provision of a service or function included in the business of an owner, user, or tenant of the data center.

b. For the generation, transformation, transmission, distribution, or management of electricity, including exterior substations, generators, transformers, unit substations, uninterruptible power supply systems, batteries, power distribution units, remote power panels, and other capital equipment used for these purposes.

c. For HVAC and mechanical systems, including chillers, cooling towers, air handlers, pumps, and other capital equipment used for these purposes.

d. For hardware and software for distributed and mainframe computers and servers, data storage devices, network connectivity equipment, and peripheral components and equipment.

e. To provide related computer engineering or computer science research.

If the level of investment required by G.S. 105-164.3(33a) is not timely made, the exemption provided under this subdivision is forfeited. If the level of investment required by G.S. 105-164.3(33a) is timely made but any specific data center support equipment is not located and used at the qualifying data center, the exemption provided for such data center support equipment under this subdivision is forfeited. If the level of investment required by G.S. 105-164.3(33a) is timely made but any portion of electricity is not used at the qualifying data center, the exemption provided for such electricity under this subdivision is forfeited. A taxpayer that forfeits an exemption under this subdivision is liable for all past taxes avoided as a result of the forfeited exemption, computed from the date the taxes would have been due if the exemption had not been allowed, plus interest at the rate established under G.S. 105-241.21. If the forfeiture is triggered due to the lack of a timely investment required by G.S. 105-164.3(33a), interest is computed from the date the taxes would have been due if the exemption had not been allowed. For all other forfeitures, interest is computed from the time as of which the data center support equipment or electricity was put to a disqualifying use. The past taxes and interest are due 30 days after the date the exemption is forfeited. A taxpayer that fails to pay the past taxes and interest by the due date is subject to the provisions of G.S. 105-236."

SECTION 2.3.(c) This section becomes effective July 1, 2015, and applies to sales made on or after that date.

EXEMPT SERVICE CONTRACTS ON AIRCRAFT

SECTION 2.4.(a) G.S. 105-164.4I(b) reads as rewritten:

"(b) Exemptions. – The tax imposed by this section does not apply to the sales price of or the gross receipts derived from a service contract applicable to any of the following items:

(1) An item exempt from tax under this Article, other than a motor vehicle exempt from tax under G.S. 105-164.13(32).

(2) A transmission, distribution, or other network asset contained on utility-owned land, right-of-way, or easement.
(3) An item purchased by a professional motorsports racing team for which the team may receive a sales tax refund under G.S. 105-164.14A(5).
(4) An item subject to tax under Article 5F of Chapter 105 of the General Statutes.
(5) A qualifying aircraft or qualifying jet engine if the service contract is sold by the manufacturer of the aircraft or jet engine or a related member of the manufacturer. A qualifying aircraft is an aircraft with a maximum take-off weight of more than 10,000 pounds but not in excess of 20,000 pounds; a qualifying jet engine is an engine certified pursuant to Part 33 of Title 14 of the Code of Federal Regulations."

SECTION 2.4.(b) This section becomes effective July 1, 2017, and applies to sales made on or after that date.

EXEMPT ADMISSION CHARGE TO CERTAIN AGRICULTURAL FAIRS FROM TAX

SECTION 2.5.(a) G.S. 105-164.4G(f) is amended by adding a new subdivision to read:

(f) Exemptions. – The following gross receipts derived from an admission charge to an entertainment activity are specifically exempt from the tax imposed by this Article:

…

(6) An agricultural fair if all of the following conditions are met:
a. The fair is operated solely by a nonprofit entity that is exempt from tax under Article 4 of this Chapter.
b. The fair meets the requirements of G.S. 106-520.1, as determined by the Commissioner of Agriculture."

SECTION 2.5.(b) This section becomes effective July 1, 2015, and applies to gross receipts derived on or after that date.

PART III. MOTOR FUEL TAX CHANGE

MOTOR FUEL TAX RATE CHANGE

SECTION 3.1.(a) G.S. 105-449.80(a), as amended by Section 2.2(a) of S.L. 2015-2, reads as rewritten:

"(a) Rate. – ~~For the period that begins~~ Beginning on January 1, 2016, ~~and ends on June 30, 2016,~~ the motor fuel excise tax rate is a flat rate of ~~thirty-five cents (35¢)~~ thirty-six cents (36¢) per ~~gallon. For the period that begins on July 1, 2016, and ends on December 31, 2016, the motor fuel excise tax rate is a flat rate of thirty-four cents (34¢) per gallon. For the calendar years beginning on January 1, 2017, the motor fuel excise tax rate is a flat rate of thirty-four cents (34¢) per gallon, multiplied by a percentage.~~ gallon for diesel fuel and thirty-three cents (33¢) per gallon for all other motor fuels. For calendar years beginning on or after January 1, ~~2018,~~ 2017, the motor fuel excise tax rate is the amount for the preceding calendar year, multiplied by a percentage. The percentage is one hundred percent (100%) plus or minus the sum of the following:

(1) The percentage change in population for the applicable calendar year, as estimated under G.S. 143C-2-2, multiplied by seventy-five percent (75%).
(2) The annual percentage change in the Consumer Price Index for All Urban Consumers, multiplied by twenty-five percent (25%). For purposes of this subdivision, "Consumer Price Index for All Urban Consumers" means the United States city average for energy index contained in the detailed report

released in the October prior to the applicable calendar year by the Bureau of Labor Statistics of the United States Department of Labor."

SECTION 3.1.(b) This section becomes effective January 1, 2016.

PART V. BOND AUTHORIZATION

TWO-THIRDS BONDS ACT OF 2015

SECTION 5.1.(a) Short Title. – This section may be cited as the "Two-Thirds Bonds Act of 2015."

SECTION 5.1.(b) Findings and Determinations. – It is the intent and purpose of the General Assembly by this section to provide for the issuance of general obligation bonds or notes of the State in order to provide funds for the cost of State capital facilities.

SECTION 5.1.(c) Definitions. – The following definitions apply in this section unless the context otherwise requires:

(1) Bonds. – Bonds issued under this section.

(2) Cost. – The term includes all of the following:

a. The cost of constructing, reconstructing, renovating, repairing, enlarging, acquiring, and improving State capital facilities, including the acquisition of land, rights-of-way, easements, franchises, equipment, machinery, furnishings, and other interests in real or personal property acquired or used in connection with a State capital facility.

b. The cost of engineering, architectural, and other consulting services as may be required.

c. Administrative expenses and charges.

d. The cost of providing personnel to ensure effective project management.

e. The cost of bond insurance, investment contracts, credit enhancement and liquidity facilities, interest-rate swap agreements or other derivative products, financial and legal consultants, and related costs of bond and note issuance to the extent and as determined by the State Treasurer.

f. Finance charges, reserves for debt service, and other types of reserves required pursuant to the terms of any bond or note or related documents, interest before and during construction or acquisition of a State capital facility and, if considered advisable by the State Treasurer, for a period not exceeding two years after the estimated date of completion of construction or acquisition.

g. The cost of bond insurance, investment contracts, credit enhancement facilities and liquidity facilities, interest-rate swap agreements or other derivative products, financial and legal consultants, and related costs of the incurrence or issuance of any bond or note.

h. The cost of reimbursing the State for any payments made for any cost described in this subdivision.

i. Any other costs and expenses necessary or incidental to the purposes of this section.

(3) Credit facility. – An agreement entered into by the State Treasurer on behalf of the State with a bank, savings and loan association, or other banking institution; an insurance company, reinsurance company, surety company, or other insurance institution; a corporation, investment banking firm, or other investment institution; or any financial institution or other similar provider

of a credit facility, which provider may be located within or without the United States, such agreement providing for prompt payment of all or any part of the principal or purchase price (whether at maturity, presentment or tender for purchase, redemption, or acceleration), redemption premium, if any, and interest on any bonds or notes payable on demand or tender by the owner, in consideration of the State agreeing to repay the provider of the credit facility in accordance with the terms and provisions of such agreement.

(4) Notes. – Notes issued under this section.

(5) Par formula. – A provision or formula adopted by the State to provide for the adjustment, from time to time, of the interest rate or rates borne by any bonds or notes, including the following:

a. A provision providing for such adjustment so that the purchase price of such bonds or notes in the open market would be as close to par as possible.

b. A provision providing for such adjustment based upon a percentage or percentages of a prime rate or base rate, which percentage or percentages may vary or be applied for different periods of time.

c. Such other provision as the State Treasurer may determine to be consistent with this act and will not materially and adversely affect the financial position of the State and the marketing of bonds or notes at a reasonable interest cost to the State.

(6) State. – The State of North Carolina, including any State agency.

(7) State agency. – Any agency, institution, board, commission, bureau, council, department, division, officer, or employee of the State. The term does not include counties, municipal corporations, political subdivisions, local boards of education, or other local public bodies.

SECTION 5.1.(d) Authorization of Bonds and Notes. – The State Treasurer is authorized, by and with the consent of the Council of State, to issue and sell at one time or from time to time general obligation bonds of the State to be designated "State of North Carolina General Obligation Bonds," with any additional designations as may be determined, or notes of the State, in the aggregate principal amount of up to two hundred sixty-nine million five hundred twenty-five thousand two hundred dollars ($269,525,200), this amount being not in excess of two-thirds of the amount by which the State's outstanding indebtedness was reduced during the fiscal biennium that ended June 30, 2015, for the purpose of providing funds, with any other available funds, for the purposes authorized by this section. However, bonds shall only be issued under this section for projects listed in subsection (f) of this section that are not otherwise authorized by May 31, 2016, to be financed with general obligation debt approved by a majority of the qualified voters of the State who vote thereon.

SECTION 5.1.(e) Uses of Bond and Note Proceeds. – The proceeds of bonds and notes shall be used for financing the cost of State capital facilities as provided in this section. Any additional monies that may be received by grant from the United States of America or any agency or department thereof or from any other source to aid in financing the cost of any State capital facilities authorized by this section may be placed by the State Treasurer in a separate fund or funds and shall be disbursed, to the extent permitted by the terms of the grant, without regard to any limitations imposed by this section.

The proceeds of bonds and notes may be used with any other monies made available by the General Assembly for the cost of State capital facilities, including the proceeds of any other State bond or special indebtedness issues, whether heretofore made available or that may be made available at the session of the General Assembly at which this section is ratified or any subsequent sessions. The proceeds of bonds and notes shall be expended and disbursed under

the direction and supervision of the Director of the Budget. The funds provided by this section shall be disbursed for the purposes provided in this section upon warrants drawn on the State Treasurer by the State Controller, which warrants shall not be drawn until requisition has been approved by the Director of the Budget and which requisition shall be approved only after full compliance with the State Budget Act, Chapter 143C of the General Statutes.

The Office of State Budget and Management shall provide semiannual reports to the chair of the Senate Appropriations/Base Budget Committee, the chair of the House of Representatives Appropriations Committee, and the Fiscal Research Division on the expenditure of monies authorized by this section. The reports shall continue until the completion of the projects provided for in this section.

SECTION 5.1.(f) Allocation of Proceeds. – The proceeds of bonds and notes shall be allocated and expended as provided as follows:

(1) A maximum aggregate principal amount of seventy million seven hundred eighty-two thousand dollars ($70,782,000) to finance the capital facility costs of a health sciences building at Appalachian State University.

(2) A maximum aggregate principal amount of sixty-five million one hundred thousand dollars ($65,100,000) to finance the capital facility costs of an engineering building at North Carolina State University.

(3) A maximum aggregate principal amount of ninety million dollars ($90,000,000) to finance the capital facility costs of a new sciences building at the University of North Carolina at Charlotte.

(4) A maximum aggregate principal amount of twelve million nine hundred seventy-six thousand dollars ($12,976,000) to finance the capital facility costs of a new DHHS medical examiner facility at Wake Forest University.

(5) A maximum aggregate principal amount of thirty million six hundred sixty-seven thousand two hundred dollars ($30,667,200) to finance the capital facility costs of Phase 1 of the Highway Patrol Training Academy.

SECTION 5.1.(g) Issuance of Bonds and Notes. –

(1) Terms and conditions. – Bonds or notes may bear a date or dates, may be serial or term bonds or notes, or any combination thereof, may mature in such amounts and at such time or times, not exceeding 40 years from their date or dates, may be payable at such place or places, either within or without the United States of America, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, may bear interest at such rate or rates, which may vary from time to time, and may be made redeemable before maturity, at the option of the State or otherwise as may be provided by the State, at such price or prices, including a price less than or greater than the face amount of the bonds or notes, and under such terms and conditions, all as may be determined by the State Treasurer, by and with the consent of the Council of State.

(2) Signatures; form and denomination; registration. – Bonds or notes may be issued in certificated or uncertificated form. If issued in certificated form, bonds or notes shall be signed on behalf of the State by the Governor or shall bear the Governor's facsimile signature, shall be signed by the State Treasurer or shall bear the State Treasurer's facsimile signature, and shall bear the Great Seal of the State of North Carolina or a facsimile of the Seal shall be impressed or imprinted thereon. If bonds or notes bear the facsimile signatures of the Governor and the State Treasurer, the bonds or notes shall also bear a manual signature that may be that of a bond registrar, trustee, paying agent, or designated assistant of the State Treasurer. Should any

officer whose signature or facsimile signature appears on bonds or notes cease to be such officer before the delivery of the bonds or notes, the signature or facsimile signature shall nevertheless have the same validity for all purposes as if the officer had remained in office until delivery. Bonds or notes may bear the facsimile signatures of persons, who at the actual time of the execution of the bonds or notes shall be the proper officers to sign any bond or note, although at the date of the bond or note such persons may not have been such officers. The form and denomination of bonds or notes, including the provisions with respect to registration of the bonds or notes and any system for their registration, shall be as the State Treasurer may determine in conformity with this section.

(3) Manner of sale; expenses. – Subject to the approval by the Council of State as to the manner in which bonds or notes shall be offered for sale, whether at public or private sale, whether within or without the United States, and whether by publishing notices in certain newspapers and financial journals, mailing notices, inviting bids by correspondence, negotiating contracts of purchase, or otherwise, the State Treasurer is authorized to sell bonds or notes at one time or from time to time at any rates of interest, which may vary from time to time, and at any prices, including a price less than or greater than the face amount of the bonds or notes, as the State Treasurer may determine. All expenses incurred in the preparation, sale, and issuance of bonds or notes shall be paid by the State Treasurer from the proceeds of bonds or notes or other available monies.

(4) Notes; repayment. –

a. By and with the consent of the Council of State, the State Treasurer is hereby authorized to borrow money and to execute and issue notes of the State for the same, but only in the following circumstances and under the following conditions:

1. For anticipating the sale of bonds, the issuance of which the Council of State has approved, if the State Treasurer considers it advisable to postpone the issuance of the bonds;
2. For the payment of interest on or any installment of principal of any bonds then outstanding, if there are not sufficient funds in the State treasury with which to pay the interest or installment of principal as they respectively become due;
3. For the renewal of any loan evidenced by notes authorized in this section;
4. For the purposes authorized in this section; and
5. For refunding bonds or notes as authorized in this section.

b. Funds derived from the sale of bonds or notes may be used in the payment of any bond anticipation notes issued under this section. Funds provided by the General Assembly for the payment of interest on or principal of bonds shall be used in paying the interest on or principal of any notes and any renewals thereof, the proceeds of which shall have been used in paying interest on or principal of the bonds.

(5) Refunding bonds and notes. – By and with the consent of the Council of State, the State Treasurer is authorized to issue and sell refunding bonds and notes pursuant to the provisions of the State Refunding Bond Act for the purpose of refunding bonds or notes issued pursuant to this section. The refunding bonds and notes may be combined with any other issues of State

bonds and notes similarly secured. Refunding bonds or notes may be issued at any time prior to the final maturity of the debt obligation to be refunded. The proceeds from the sale of any refunding bonds or notes shall be applied to the immediate payment and retirement of the bonds or notes being refunded or, if not required for the immediate payment of the bonds or notes being refunded, the proceeds shall be deposited in trust to provide for the payment and retirement of the bonds or notes being refunded and to pay any expenses incurred in connection with the refunding. Money in a trust fund may be invested in (i) direct obligations of the United States government, (ii) obligations the principal of and interest on which are guaranteed by the United States government, (iii) obligations of any agency or instrumentality of the United States government if the timely payment of principal and interest on the obligations is unconditionally guaranteed by the United States government, or (iv) certificates of deposit issued by a bank or trust company located in the State if the certificates are secured by a pledge of any of the obligations described in (i), (ii), or (iii) above having an aggregate market value, exclusive of accrued interest, equal at least to the principal amount of the certificates so secured. This section does not limit the duration of any deposit in trust for the retirement of bonds or notes being refunded but that have not matured and are not presently redeemable or, if presently redeemable, have not been called for redemption.

(6) Tax exemption. – Bonds and notes shall at all times be free from taxation by the State or any political subdivision or any of their agencies, excepting estate, inheritance, or gift taxes, income taxes on the gain from the transfer of bonds or notes, and franchise taxes. The interest on bonds or notes is not subject to taxation as income.

(7) Investment eligibility. – Bonds and notes are securities in which all of the following may invest, including capital in their control or belonging to them: public officers, agencies, and public bodies of the State and its political subdivisions, all insurance companies, trust companies, investment companies, banks, savings banks, savings and loan associations, credit unions, pension or retirement funds, other financial institutions engaged in business in the State, executors, administrators, trustees, and other fiduciaries. Bonds and notes are hereby made securities that may properly and legally be deposited with and received by any officer or agency of the State or political subdivision of the State for any purpose for which the deposit of bonds, notes, or obligations of the State or any political subdivision is now or may hereafter be authorized by law.

(8) Faith and credit. – The faith and credit and taxing power of the State are hereby pledged for the payment of the principal of and the interest on bonds and notes. The State expressly reserves the right to amend any provision of this section to the extent it does not impair any contractual right of a bond owner.

(9) Other agreements. – The State Treasurer may authorize, execute, obtain, or otherwise provide for bond insurance, investment contracts, credit and liquidity facilities, interest-rate swap agreements and other derivative products, and any other related instruments and matters the State Treasurer determines are desirable in connection with issuance, incurrence, carrying, or securing of bonds or notes. The State Treasurer is authorized to employ and designate any financial consultants, underwriters, and bond attorneys to

be associated with any bond or note issue under this section as the State Treasurer considers necessary.

SECTION 5.1.(h) Variable Rate Demand Bonds and Notes. – In fixing the details of bonds and notes, the State Treasurer may provide that any of the bonds or notes may:

(1) Be made payable from time to time on demand or tender for purchase by the owner, if a credit facility supports the bonds or notes, unless the State Treasurer specifically determines that a credit facility is not required upon a finding and determination by the State Treasurer that the absence of a credit facility will not materially and adversely affect the financial position of the State and the marketing of the bonds or notes at a reasonable interest cost to the State;

(2) Be additionally supported by a credit facility;

(3) Be made subject to redemption or a mandatory tender for purchase prior to maturity;

(4) Bear interest at a rate or rates that may vary for any period of time, as may be provided in the proceedings providing for the issuance of the bonds or notes, including, without limitation, such variations as may be permitted pursuant to a par formula; and

(5) Be made the subject of a remarketing agreement whereby an attempt is made to remarket bonds or notes to new purchasers prior to their presentment for payment to the provider of the credit facility or to the State.

If the aggregate principal amount payable by the State under a credit facility is in excess of the aggregate principal amount of bonds or notes secured by the credit facility, whether as a result of the inclusion in the credit facility of a provision for the payment of interest for a limited period of time or the payment of a redemption premium or for any other reason, then the amount of authorized but unissued bonds or notes during the term of such credit facility shall not be less than the amount of such excess, unless the payment of such excess is otherwise provided for by agreement of the State executed by the State Treasurer.

SECTION 5.1.(i) Interpretation of Section. –

(1) Additional method. – The foregoing subsections of this section shall be deemed to provide an additional and alternative method for the doing of the things authorized under it and shall be regarded as supplemental and additional to powers conferred by other laws and shall not be regarded as in derogation of any powers now existing.

(2) Statutory references. – References in this section to specific sections or Chapters of the General Statutes or to specific acts are intended to be references to such sections, Chapters, or acts as they may be amended from time to time by the General Assembly.

(3) Broad construction. – This section, being necessary for the health and welfare of the people of the State, shall be broadly construed to affect the purposes thereof.

(4) Inconsistent provisions. – Insofar as the provisions of this section are inconsistent with the provisions of any general, special, or local laws, or parts thereof, the provisions of this section shall be controlling.

(5) Severability. – If any provision of this section or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the section that can be given effect without the invalid provision or application, and to this end the provisions of this section are declared to be severable.

SECTION 5.1.(j) The State, upon the direction of the Director of the Budget, and subject to the limitations set forth in subsection (d) of this section, may finance with the

proceeds of special indebtedness the capital facility costs of a project set forth in subsection (f) of this section and approved for financing with proceeds of bonds authorized pursuant to this section. If the financing is to be provided by special indebtedness, then such indebtedness may be issued or incurred before the enactment of this act or during or beyond the fiscal biennium ending June 30, 2017. The total amount of financing for a project from special indebtedness and the proceeds of two-thirds bonds issued pursuant to this section shall not exceed the applicable amount set forth in subsection (f) of this section.

SECTION 5.1.(k) This section is effective when this act becomes law.

PART VI. FEE PROVISIONS

DRUG MANUFACTURING LICENSING AND REGISTRATION FEES

SECTION 6.1.(a) G.S. 106-140.1(h) reads as rewritten:

"(h) The Commissioner shall adopt rules to implement the registration requirements of this section. These rules ~~may~~ shall provide for an annual registration fee of ~~up to five hundred dollars ($500.00)~~one thousand dollars ($1,000) for companies operating as ~~manufacturers, wholesalers, or repackagers.~~manufacturers or repackagers and seven hundred dollars ($700.00) for companies operating as wholesalers. The Department of Agriculture and Consumer Services shall use these funds for the implementation of the North Carolina Food, Drug and Cosmetic Act."

SECTION 6.1.(b) G.S. 106-145.4(b) reads as rewritten:

"**§ 106-145.4. Application and fee for license.**

"(b) Fee. – An application for an initial license or a renewed license as a wholesale distributor shall be accompanied by a nonrefundable fee of ~~five hundred dollars ($500.00)~~ one thousand dollars ($1,000) for a manufacturer or ~~three hundred fifty dollars ($350.00)~~ seven hundred dollars ($700.00) for any other person."

DYNAMIC PRICING FOR STATE PARKS AND ATTRACTIONS

SECTION 6.2.(a) G.S. 150B-1(d) is amended by adding a new subdivision to read:

"(27) The Department of Environment and Natural Resources with respect to operating hours, admission fees, or related activity fees at:

a. The North Carolina Zoological Park pursuant to G.S. 143B-335.

b. State Parks pursuant to G.S. 113-35.

c. The North Carolina Aquariums pursuant to G.S. 143B-289.44."

SECTION 6.2.(b) The Department of Environment and Natural Resources shall establish admission fees and related activity fees using a dynamic pricing strategy as defined in subsection (c) of this section. Any rule currently in the Administrative Code related to fees covered by subsection (a) of this section are ineffective and repealed upon the effective date of new admission fees and related activity fees adopted by the Department under the authority set out in subsection (a) of this section. Notice of the initial adoption of new admission fees and related activity fees under subsection (a) of this section shall be given by the Department to the Codifier of Rules, who, upon receipt of notice of the initial adoption of new admission fees and related activity fees by the Department, shall note the repeal of these rules in the Administrative Code.

SECTION 6.2.(c) It is the intent of the General Assembly that the Department of Environment and Natural Resources institute dynamic pricing as a flexible pricing strategy for entrance fees and related activity fees for the North Carolina Zoological Park, State Parks, and the North Carolina Aquariums. Dynamic pricing is the adjustment of fees for admission and related activities from time to time to reflect marketing forces, including seasonal variations and special event interests, with the intent and effect to maximize revenues from use of these State resources to the extent practicable to offset appropriations from the General Assembly.

SECTION 6.2.(d) Nothing in this section is intended to authorize the Department of Environment and Natural Resources to charge new entrance or parking fees at the State Parks or to charge new parking fees at the North Carolina Zoological Park or the North Carolina Aquariums.

SECTION 6.2.(e) This section applies to operating hours revised or admission fees or related activity fees charged on or after the effective date of this act.

FOOD MANUFACTURER AND RETAILER INSPECTION FEES

SECTION 6.3. G.S. 106-254 reads as rewritten:

"**§ 106-254. Inspection fees; wholesalers; retailers and cheese factories.**

For the purpose of defraying the expenses incurred in the enforcement of this Article, the owner, proprietor or operator of each ice cream factory where ice cream, milk shakes, milk sherbet, sherbet, water ices, mixes for frozen or semifrozen desserts and other similar frozen or semifrozen food products are made or stored, or any cheese factory or butter-processing plant that disposes of its products at wholesale to retail dealers for resale in this State shall pay to the Commissioner of Agriculture each year an inspection fee of ~~forty dollars ($40.00).~~one hundred dollars ($100.00). Each maker of ice cream, milk shakes, milk sherbet, sherbet, water ices and/or other similar frozen or semifrozen food products who disposes of his product at retail only, and cheese factories, shall pay to the Commissioner of Agriculture an inspection fee of ~~ten dollars ($10.00)~~ fifty dollars ($50.00) each year. The inspection fee of ~~ten dollars ($10.00)~~ fifty dollars ($50.00) shall not apply to conventional spindle-type milk-shake mixers, but shall apply to milk-shake dispensing and vending machines, which operate on a continuous or automatic basis."

REPEAL APPRENTICESHIP FEE

SECTION 6.4. G.S. 94-12 is repealed.

SET REGULATORY FEE FOR UTILITIES COMMISSION

SECTION 6.5.(a) G.S. 62-302(a) reads as rewritten:

"(a) Fee Imposed. – It is the policy of the State of North Carolina to provide fair regulation of public utilities in the interest of the public, as provided in G.S. 62-2. The cost of regulating public utilities is a burden incident to the privilege of operating as a public utility. Therefore, for the purpose of defraying the cost of regulating public utilities, every public utility subject to the jurisdiction of the Commission shall pay a quarterly regulatory fee, in addition to all other fees and taxes, as provided in this section. The fees collected shall be used only to pay the expenses of the Commission and the Public Staff in regulating public utilities in the interest of the ~~public.~~public and to maintain a reasonable margin for a reserve fund. The amount of the reserve may not exceed one-half of the cost of operating the Commission and the Public Staff as reflected in the certified budget for the previous fiscal year.

It is also the policy of the State to provide limited oversight of certain electric membership corporations as provided in G.S. 62-53. Therefore, for the purpose of defraying the cost of providing the oversight authorized by G.S. 62-53 and G.S. 117-18.1, each fiscal year each electric membership corporation whose principal purpose is to furnish or cause to be furnished bulk electric supplies at wholesale as provided in G.S. 117-16 shall pay an annual fee as provided in this section."

SECTION 6.5.(b) Subdivisions 14.19(e1)(4), (5), (6), and (10) of S.L. 2009-451 are repealed.

SECTION 6.5.(c) G.S. 62-302, as amended by subsection (a) of this section, reads as rewritten:

"(a) Fee Imposed. – It is the policy of the State of North Carolina to provide fair regulation of public utilities in the interest of the public, as provided in G.S. 62-2. The cost of

regulating public utilities is a burden incident to the privilege of operating as a public utility. Therefore, for the purpose of defraying the cost of regulating public utilities, every public utility subject to the jurisdiction of the Commission shall pay a quarterly regulatory fee, in addition to all other fees and taxes, as provided in this section. The fees collected shall be used only to pay the expenses of the Commission and the Public Staff in regulating public utilities in the interest of the public and to maintain a reasonable margin for a reserve fund. The amount of the reserve may not exceed one-half of the cost of operating the Commission and the Public Staff as reflected in the certified budget for the previous fiscal year.

It is also the policy of the State to provide limited oversight of certain electric membership corporations as provided in G.S. 62-53. Therefore, for the purpose of defraying the cost of providing the oversight authorized by G.S. 62-53 and G.S. 117-18.1, each fiscal year each electric membership corporation whose principal purpose is to furnish or cause to be furnished bulk electric supplies at wholesale as provided in G.S. 117-16 shall pay an annual fee as provided in this section.

(b) Public Utility Rate. –

(1) Repealed by Session Laws 2000-140, s. 56, effective July 21, 2000.

(2) Unless adjusted under subdivision (3) of this subsection, the public utility fee is a percentage of a utility's jurisdictional revenues as follows:

Noncompetitive jurisdiction revenues	0.148%
Subsection (h) competitive jurisdictional revenues	0.06%
Subsection (m) competitive jurisdictional revenues	0.05%

~~For noncompetitive jurisdictional revenues as defined in sub-subdivision (4)a. of this subsection, the public utility regulatory fee for each fiscal year is the greater of (i) a percentage rate, established by the General Assembly, of each public utility's noncompetitive jurisdictional revenues for each quarter or (ii) six dollars and twenty-five cents ($6.25) each quarter. For subsection (h) competitive jurisdictional revenues as defined in sub-subdivision (4)b. of this subsection, and subsection (m) competitive jurisdictional revenues as defined in sub-subdivision (4)c. of this subsection, the public utility regulatory fee for each fiscal year is a percentage rate established by the General Assembly of each public utility's competitive jurisdictional revenues for each quarter.~~

~~When the Commission prepares its budget request for the upcoming fiscal year, the Commission shall propose a percentage rate of the public utility regulatory fee. For fiscal years beginning in an odd-numbered year, that proposed rate shall be included in the budget message the Governor submits to the General Assembly pursuant to G.S. 143C-3-5. For fiscal years beginning in an even-numbered year, that proposed rate shall be included in a special budget message the Governor shall submit to the General Assembly. The General Assembly shall set the percentage rate of the public utility regulatory fee by law.~~

~~The percentage rate may not exceed the amount necessary to generate funds sufficient to defray the estimated cost of the operations of the Commission and the Public Staff for the upcoming fiscal year, including a reasonable margin for a reserve fund. The amount of the reserve may not exceed the estimated cost of operating the Commission and the Public Staff for the upcoming fiscal year. In calculating the amount of the reserve, the General Assembly shall consider all relevant factors that may affect the cost of operating the Commission or the Public Staff or a possible unanticipated increase or decrease in North Carolina jurisdictional revenues.~~

(3) In the first half of each calendar year, the Commission shall review the estimated cost of operating the Commission and the Public Staff for the next fiscal year, including a reasonable margin for the reserve fund allowed under this section. In making this determination, the Commission shall consider all relevant factors that may affect the cost of operating the Commission or the Public Staff or a possible unanticipated change in competitive and noncompetitive jurisdictional revenues. If the estimated receipts provided for under this section are less than the estimated cost of operating the Commission and the Public Staff for the next fiscal year, including the reasonable margin for the reserve fund, then ~~If the Commission, the Public Staff, or both experience a revenue shortfall,~~ the Commission ~~shall~~ may ~~implement a temporary~~increase the public utility regulatory fee ~~surcharge~~ on noncompetitive jurisdictional revenues effective for the next fiscal year.~~to avert the deficiency that would otherwise occur.~~ In no event may the ~~total~~ percentage rate of the public utility regulatory fee on noncompetitive jurisdiction revenues ~~plus any surcharge established by the Commission~~ exceed ~~twenty-five hundredths percent (0.25%).~~seventeen and one-half hundredths of one percent (0.175%). If the estimated receipts provided for under this section are more than the estimated cost of operating the Commission and the Public Staff for the next fiscal year, including the reasonable margin for the reserve fund, then the Commission shall decrease the public utility regulatory fee on noncompetitive jurisdictional revenues effective for the next fiscal year.

(4) As used in this section:

a. "Noncompetitive jurisdictional revenues" means all revenues derived or realized from intrastate tariffs, rates, and charges approved or allowed by the Commission or collected pursuant to Commission order or rule, but not including tap-on fees or any other form of contributions in aid of construction.

b. "Subsection (h) competitive jurisdictional revenues" means all revenues derived from retail services provided by local exchange companies and competing local providers that have elected to operate under G.S. 62-133.5(h).

c. "Subsection (m) competitive jurisdictional revenues" means all revenues derived from retail services provided by local exchange companies and competing local providers that have elected to operate under G.S. 62-133.5(m).

(b1) Electric Membership Corporation Rate. – The electric membership corporation regulatory fee for each fiscal year ~~shall be a dollar amount as established by the General Assembly by law.~~is two hundred thousand dollars ($200,000).

~~When the Commission prepares its budget request for the upcoming fiscal year, the Commission shall propose the amount of the electric membership corporation regulatory fee. For fiscal years beginning in an odd-numbered year, the proposed amount shall be included in the budget message the Governor submits to the General Assembly pursuant to G.S. 143C-3-5. For fiscal years beginning in an even-numbered year, the proposed amount shall be included in a special budget message the Governor shall submit to the General Assembly.~~

~~The amount of the electric membership corporation regulatory fee proposed by the Commission may not exceed the amount necessary to defray the estimated cost of the operations of the Commission and the Public Staff for the regulation of the electric membership corporations in the upcoming fiscal year, including a reasonable margin for a reserve fund. The~~

~~amount of the reserve may not exceed the estimated cost of the Commission and the Public Staff for the regulation of the electric membership corporations for the upcoming fiscal year.~~

…

(e) ~~Recovery of fee increase.~~Fee Changes. – If a utility's regulatory fee obligation is ~~increased,~~changed, the Commission shall either adjust the utility's rates to reflect the change ~~allow for the recovery of the increased fee obligation,~~ or approve the utility's request for an accounting order allowing deferral of the ~~increase~~ change in the fee obligation."

SECTION 6.5.(d) G.S. 62-302(b)(2), as amended by subsection (c) of this section, reads as rewritten:

"(2) Unless adjusted under subdivision (3) of this subsection, the public utility fee is a percentage of a utility's jurisdictional revenues as follows:

Noncompetitive jurisdiction revenues	0.148%
Subsection (h) competitive jurisdictional revenues	~~0.06%~~0.04%
Subsection (m) competitive jurisdictional revenues	~~0.05%~~0.02%"

SECTION 6.5.(e) Subsection (c) of this section is effective July 1, 2015, and applies to jurisdictional revenues earned in each quarter that begins on or after July 1, 2015. Subsection (d) of this section is effective July 1, 2016, and applies to jurisdictional revenues earned in each quarter that begins on or after July 1, 2016. The remainder of this section is effective on the date this act becomes law.

INSURANCE REGULATORY CHARGE

SECTION 6.6. The percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25 is six and one-half percent (6.5%) for the 2016 calendar year.

STATE AGENCY/ENHANCED DEBT COLLECTION

SECTION 6.7. Article 1 of Chapter 105A of the General Statutes reads as rewritten:

"**Chapter 105A.**

"**Setoff Debt Collection Act.**

"Article 1.

"In General.

"**§ 105A-1. Purposes.**

The purpose of this Chapter is to establish as policy that all claimant agencies and the Department of Revenue shall cooperate in identifying debtors who owe money to the State or to a local government through their various agencies and who qualify for refunds from the Department of Revenue. It is also the intent of this Chapter that procedures be established for setting off against any refund the sum of any debt owed to the State or to a local government. Furthermore, it is the legislative intent that this Chapter be liberally construed so as to effectuate these purposes as far as legally and practically possible.

"**§ 105A-2. Definitions.**

The following definitions apply in this Chapter:

(1) Claimant agency. – Either of the following:

a. A State agency.

b. A local agency acting through a clearinghouse or an organization pursuant to G.S. 105A-3(b1).

c. A federal agency.

(2) Debt. – Any of the ~~following, except as limited in sub-subdivision (f.) of this subdivision:~~following:

a. A sum owed to a claimant agency that has accrued through contract, subrogation, tort, operation of law, or any other legal theory regardless of whether there is an outstanding judgment for the sum.
b. A sum a claimant agency is authorized or required by law to collect, such as child support payments collectible under Title IV, Part D of the Social Security Act.
c. A sum owed as a result of an intentional program violation or a violation due to inadvertent household error under the Food and Nutrition Services Program enabled by Part 5 of Article 2 of Chapter 108A of the General Statutes.
d. Reserved for future codification purposes.
e. A sum owed as a result of having obtained public assistance payments under any of the following programs through an intentional false statement, intentional misrepresentation, intentional failure to disclose a material fact, or inadvertent household error:
1. The Work First Program provided in Article 2 of Chapter 108A of the General Statutes.
2. The State-County Special Assistance Program enabled by Part 3 of Article 2 of Chapter 108A of the General Statutes.
3. A successor program of one of these programs.
~~f. For any school of medicine, clinical program, facility, or practice affiliated with one of the constituent institutions of The University of North Carolina that provides medical care to the general public and for The University of North Carolina Health Care System and other persons or entities affiliated with or under the control of The University of North Carolina Health Care System, the term "debt" is limited to the sum owed to one of these entities by law or by contract following adjudication of a claim resulting from an individual's receipt of hospital or medical services at a time when the individual was covered by commercial insurance, Medicaid, Health Choice, Medicare, Medicare Advantage, a Medicare supplement plan, or any other government insurance.~~
g. A sum owed to the United States government or its federal agencies.

(3) Debtor. – A person who owes a debt.
(4) Department. – The Department of Revenue.
(5) Federal official. – A unit or official of the federal government charged with the collection of nontax debts payable to the federal government pursuant to 31 U.S.C. § 3716.
(6) Local agency. – Any of the following:
a. A county, to the extent it is not considered a State agency.
b. A municipality.
c. A water and sewer authority created under Article 1 of Chapter 162A of the General Statutes.
d. A regional joint agency created by interlocal agreement under Article 20 of Chapter 160A of the General Statutes between two or more counties, cities, or both.
e. A public health authority created under Part 1B of Article 2 of Chapter 130A of the General Statutes or other authorizing legislation.
f. A metropolitan sewerage district created under Article 5 of Chapter 162A of the General Statutes.

g. A sanitary district created under Part 2 of Article 2 of Chapter 130A of the General Statutes.

h. A housing authority created under Chapter 157 of the General Statutes, provided that the debt owed to a housing authority has been reduced to a final judgment in favor of the housing authority.

i. A regional solid waste management authority created under Article 22 of Chapter 153A of the General Statutes.

(7) Net proceeds collected. – Gross proceeds collected through setoff against a debtor's refund or nontax payment minus the collection assistance fees provided in G.S. 105A-13.

(7a) Nontax payment. – A payment, including an expense reimbursement, made by the State to a person. The term does not include a person's salary, wages, or pension or a refund.

(7b) Person. – Defined in G.S. 105-228.90.

(8) Refund. – A debtor's North Carolina tax refund.

(9) State agency. – Any of the following:

a. A unit of the executive, legislative, or judicial branch of State government.

b. A local agency, to the extent it administers a program supervised by the Department of Health and Human Services or it operates a Child Support Enforcement Program, enabled by Chapter 110, Article 9, and Title IV, Part D of the Social Security Act.

c. A community college.

"**§ 105A-3. Remedy additional; mandatory State usage; optional local usage; obtaining identifying information; registration.**

(a) Remedy Additional. – The collection remedy under this Chapter is in addition to and not in substitution for any other remedy available by law.

(b) Mandatory State Usage. – A State agency must submit a debt owed to it for collection under this Chapter unless the State Controller has waived this requirement or the State agency has determined that the validity of the debt is legitimately in dispute, an alternative means of collection is pending and believed to be adequate, or such a collection attempt would result in a loss of federal funds. The State Controller may waive the requirement for a State agency, other than the Department of Health and Human Services or a county acting on behalf of that Department, to submit a debt owed to it for collection under this Chapter if the State Controller finds that collection by this means would not be practical or cost effective. A waiver may apply to all debts owed a State agency or a type of debt owed a State agency.

(b1) Optional Local Usage. – A local agency may submit a debt owed to it for collection under this Chapter. A local agency that decides to submit a debt owed to it for collection under this Chapter must establish the debt by following the procedure set in G.S. 105A-5 and must submit the debt through one of the following:

(1) A clearinghouse that is established pursuant to an interlocal agreement adopted under Article 20 of Chapter 160A of the General Statutes and has agreed to submit debts on behalf of any requesting local agency.

(2) The North Carolina League of Municipalities.

(3) The North Carolina Association of County Commissioners.

(c) Identifying Information. – All claimant agencies shall whenever possible obtain the full name, social security number or federal identification number, address, and any other identifying information required by the Department from any person for whom the agencies provide any service or transact any business and who the claimant agencies can foresee may become a debtor under this Chapter.

(d) Registration and Reports. – A State agency must register with the Department and with the State Controller. Every State agency must report annually to the State Controller the amount of debts owed to the agency for which the agency did not submit a claim for setoff and the reason for not submitting the claim.

A clearinghouse or an organization that submits debts on behalf of a local agency must register with the Department. Once a clearinghouse registers with the Department under this subsection, no other clearinghouse may register to submit debts for collection under this Chapter.

"**§ 105A-4. Minimum debt and ~~refund.~~refund or nontax payment.**

This Chapter applies only to a debt that is at least fifty dollars ($50.00) and to a refund or nontax payment that is at least this same amount.

"**§ 105A-5. Local agency notice, hearing, and decision.**

(a) Prerequisite. – A local agency may not submit a debt for collection under this Chapter until it has given the notice required by this section and the claim has been finally determined as provided in this section.

(b) Notice. – A local agency must send written notice to a debtor that the agency intends to submit the debt owed by the debtor for collection by setoff. The notice must explain the basis for the agency's claim to the debt, that the agency intends to apply the debtor's refund or nontax payment against the debt, and that a collection assistance fee ~~of fifteen dollars ($15.00)~~ provided in G.S. 105A-13 will be added to the debt if it is submitted for setoff. The notice must also inform the debtor that the debtor has the right to contest the matter by filing a request for a hearing with the local agency, must state the time limits and procedure for requesting the hearing, and must state that failure to request a hearing within the required time will result in setoff of the debt.

(c) Administrative Review. – A debtor who decides to contest a proposed setoff must file a written request for a hearing with the local agency within 30 days after the date the local agency mails a notice of the proposed action to the debtor. A request for a hearing is considered to be filed when it is delivered for mailing with postage prepaid and properly addressed. The governing body of the local agency or a person designated by the governing body must hold the hearing.

If the debtor disagrees with the decision of the governing body or the person designated by the governing body, the debtor may file a petition for a contested case under Article 3 of Chapter 150B of the General Statutes. The petition must be filed within 30 days after the debtor receives a copy of the local decision. Notwithstanding the provisions of G.S. 105-241.21, a local agency is considered an agency for purposes of contested cases and appeals under this Chapter.

In a hearing under this section, an issue that has previously been litigated in a court proceeding cannot be considered.

(d) Decision. – A decision made after a hearing under this section must determine whether a debt is owed to the local agency and the amount of the debt.

(e) Return of Amount Set Off. – If a local agency submits a debt for collection under this Chapter without sending the notice required by subsection (b) of this section, the agency must send the taxpayer the entire amount set off plus the collection assistance fees provided in G.S. 105A-13. Similarly, if a local agency submits a debt for collection under this Chapter after sending the required notice but before final determination of the debt and a decision finds that the local agency is not entitled to any part of the amount set off, the agency must send the taxpayer the entire amount set off plus the collection assistance fees provided in G.S. 105A-13. That portion of the amount returned that reflects the collection assistance fees must be paid from the local agency's funds.

If a local agency submits a debt for collection under this Chapter after sending the required notice and the net proceeds collected that are credited to the local agency for the debt exceed

the amount of the debt, the local agency must send the balance to the debtor. No part of the collection assistance fees provided in G.S. 105A-13 may be returned when a notice was sent and a debt is owed but the debt is less than the amount set off.

Interest accrues on the amount of a refund returned to a taxpayer under this subsection in accordance with G.S. 105-241.21. A local agency that returns a refund to a taxpayer under this subsection must pay from the local agency's funds any interest that has accrued since the fifth day after the Department mailed the notice of setoff to the taxpayer.

"**§ 105A-6. Procedure Department to follow in making setoff.**

(a) Notice to Department. – A claimant agency seeking to attempt collection of a debt through setoff must notify the Department in writing and supply information necessary to identify the debtor whose refund or nontax payment is sought to be set off. The claimant agency may include with the notification the date, if any, that the debt is expected to expire. The agency must notify the Department in writing when a debt has been paid or is no longer owed the agency.

(b) Setoff by Department. – The Department, upon receipt of notification, must determine each year whether the debtor to the claimant agency is entitled to a refund ~~of~~ or nontax payment and whether the amount is at least fifty dollars ~~($50.00) from the Department.~~ ($50.00). Upon determination by the Department that a debtor specified by a claimant agency qualifies for such a ~~refund,~~ refund or nontax payment, the Department must set off the debt against the refund or nontax payment to which the debtor would otherwise be entitled and must refund any remaining balance to the debtor. The Department must mail the debtor written notice that the setoff has occurred and must credit the net proceeds collected to the claimant agency. If the claimant agency is a State agency, that agency must credit the amount received to a nonreverting trust account and must follow the procedure set in G.S. 105A-8.

"**§ 105A-6.1. State Reciprocal Offset Program.**

(a) Agreement. – The Department is authorized to enter into an agreement with the Secretary of the Treasury to participate in the State Reciprocal Offset Program pursuant to 31 U.S.C. § 3716 for the collection of any debts owed to the State or to State agencies from federal payments to vendors, contractors, and taxpayers. The agreement may provide for the United States to submit nontax debts owed to federal agencies for offset against State payments otherwise due and owing to taxpayers, vendors, and contractors providing goods or services to the State, its departments, agencies, or institutions.

(b) Federal Certification. – Pursuant to the agreement authorized in subsection (a) of this section, a federal official may certify to the Department the existence of a person's delinquent, nontax debt owed by the person to the federal government. To accept the certification provided by the federal official, the certification must include the name of the person, the person's Social Security number or federal tax identification number, and the amount of the person's nontax debt and may include any other information pursuant to the agreement authorized herein.

(c) Offset. – Upon receiving a federal certification complying with subsection (b) of this section and a request by the federal official that the Department withhold a refund or nontax payment, the following provisions, as required or permitted by State law, federal law, or the offset agreement, apply:

(1) The Department may determine if a person for whom the federal certification is received is due a refund or nontax payment.

(2) If the person for whom the federal certification is received is due a refund or nontax payment, the Department shall (i) withhold the refund or nontax payment due, (ii) notify the person of the amount withheld in the manner required by the offset agreement, and (iii) remit to the federal official the lesser of the entire amount of the refund or nontax payment or the amount certified.

(3) If the amount certified is less than the refund or nontax payment, the Department shall pay the excess to the person less the collection assistance fee provided in G.S. 105A-13.

(d) State Certification. – As permitted by State law, federal law, and the offset agreement, the Department may certify to a federal official a person's delinquent debt owed to the State by providing the federal official the name of the person, the person's Social Security number or tax identification number, the amount of the debt due the State, and any other information required by the offset agreement. The Department may request that the federal official withhold any federal vendor or other federal payment pursuant to the offset agreement to which the person is entitled.

(e) Proceeds Retention. – The retention of a portion of the proceeds of any federal administrative setoff pursuant to 31 C.F.R. § 285.6 does not affect the provisions of this section.

…

"**§ 105A-8. State agency notice, hearing, decision, and refund of setoff.**

(a) Notice. – Within 10 days after a State agency receives a refund or nontax payment of a debtor, the agency must send the debtor written notice that the agency has received the debtor's ~~refund.~~ refund or nontax payment. The notice must explain the debt that is the basis for the agency's claim to the debtor's refund or nontax payment and that the agency intends to apply the refund or nontax payment against the debt. The notice must also inform the debtor that the debtor has the right to contest the matter by filing a request for a hearing, must state the time limits and procedure for requesting the hearing, and must state that failure to request a hearing within the required time will result in setoff of the debt. A State agency that does not send a debtor a notice within the time required by this subsection must refund the amount set off plus the collection assistance fee, in accordance with subsection (d) of this section.

(b) Hearing. – A hearing on a contested claim of a State agency, except a constituent institution of The University of North Carolina or the Division of Employment Security, must be conducted in accordance with Article 3 of Chapter 150B of the General Statutes. A hearing on a contested claim of a constituent institution of The University of North Carolina must be conducted in accordance with administrative procedures approved by the Attorney General. A hearing on a contested claim of the Division of Employment Security must be conducted in accordance with rules adopted by that Division. A request for a hearing on a contested claim of any State agency must be filed within 30 days after the State agency mails the debtor notice of the proposed setoff. A request for a hearing is considered to be filed when it is delivered for mailing with postage prepaid and properly addressed. In a hearing under this section, an issue that has previously been litigated in a court proceeding cannot be considered.

(c) Decision. – A decision made after a hearing under this section must determine whether a debt is owed to the State agency and the amount of the debt.

(d) Return of Amount Set Off. – If a State agency fails to send the notice required by subsection (a) of this section within the required time or a decision finds that a State agency is not entitled to any part of an amount set off, the agency must send the taxpayer the entire amount set off plus the collection assistance fee retained by the Department. That portion of the amount returned that reflects the collection assistance fee must be paid from the State agency's funds.

If a debtor owes a debt to a State agency and the net proceeds credited to the State agency for the debt exceed the amount of the debt, the State agency must send the balance to the debtor. No part of the collection assistance fee retained by the Department may be returned when a debt is owed but it is less than the amount set off.

Interest accrues on the amount of a refund returned to a taxpayer under this subsection in accordance with G.S. 105-241.21. A State agency that returns a refund to a taxpayer under this

subsection must pay from the State agency's funds any interest that has accrued since the fifth day after the Department mailed the notice of setoff to the taxpayer.

"**§ 105A-9. Appeals from hearings.**

Appeals from hearings allowed under this Chapter, other than those conducted by the Division of Employment Security, shall be in accordance with the provisions of Chapter 150B of the General Statutes, the Administrative Procedure Act, except that the place of initial judicial review shall be the superior court for the county in which the debtor resides. Appeals from hearings allowed under this Chapter that are conducted by the Division of Employment Security shall be in accordance with the provisions of Chapter 96 of the General Statutes.

…

"**§ 105A-12. Priorities in claims to setoff.**

The Department has priority over all other claimant agencies for collection by setoff whenever it is a competing agency for a ~~refund.~~ refund or nontax payment. State agencies have priority over federal or local agencies for collection by setoff. When there are multiple claims by State agencies other than the Department, the claims have priority based on the date each agency registered with the Department under G.S. 105A-3. When there are multiple claims by two or more organizations submitting debts on behalf of federal or local agencies, the claims have priority based on the date each organization registered with the Department under G.S. 105A-3. When there are multiple claims among federal or local agencies whose debts are submitted by the same organization, the claims have priority based on the date each federal or local agency requested the organization to submit debts on its behalf.

"**§ 105A-13. Collection assistance fees.**

(a) State Setoff. – ~~To~~ Except as provided in subsection (b1) of this section, to recover the costs incurred by the Department in collecting debts under this Chapter, a collection assistance fee of five dollars ($5.00) is imposed on each debt collected through setoff. The Department must collect this fee as part of the debt and retain it. The collection assistance fee shall not be added to child support debts or collected as part of child support debts. Instead, the Department shall retain from collections under Division II of Article 4 of Chapter 105 of the General Statutes the cost of collecting child support debts under this Chapter.

(b) Repealed by Session Laws 2001-380, s. 3, effective November 1, 2001.

(b1) Federal Debts. – To recover the costs incurred by the Department in collecting debts on behalf of a federal agency under this Chapter, a collection assistance fee equal to the fee charged by the federal government is imposed on each debt collected through setoff. The Department must collect this fee as part of the debt and retain it.

(c) Local Debts. – To recover the costs incurred by local agencies in submitting debts for collection under this Chapter, a local collection assistance fee of fifteen dollars ($15.00) is imposed on each local agency debt submitted under G.S. 105A-3(b1) and collected through setoff. The Department must collect this fee as part of the debt and remit it to the clearinghouse that submitted the debt. The local collection assistance fee does not apply to child support debts.

(d) Priority. – If the Department is able to collect only part of a debt through setoff, the collection assistance fee provided in subsection (a) of this section has priority over the local collection assistance fee and over the remainder of the debt. The local collection assistance fee has priority over the remainder of the debt.

"**§ 105A-14. Accounting to the claimant agency; credit to debtor's obligation.**

(a) Simultaneously with the transmittal of the net proceeds collected to a claimant agency, the Department must provide the agency with an accounting of the setoffs for which payment is being made. The accounting must whenever possible include the full names of the debtors, the debtors' social security numbers or federal identification numbers, the gross proceeds collected per setoff, the net proceeds collected per setoff, and the collection assistance fee added to the debt and collected per setoff.

(b) Upon receipt by a claimant agency of net proceeds collected on the claimant agency's behalf by the Department, a final determination of the claim if it is a State agency claim, and an accounting of the proceeds as specified under this section, the claimant agency must credit the debtor's obligation with the net proceeds collected.

"**§ 105A-15. Confidentiality exemption; nondisclosure.**

(a) Notwithstanding G.S. 105-259 or any other provision of law prohibiting disclosure by the Department of the contents of taxpayer records or information and notwithstanding any confidentiality statute of any claimant agency, the exchange of any information among the Department, the claimant agency, the organization submitting debts on behalf of a local agency, and the debtor necessary to implement this Chapter is lawful.

(b) The information a claimant agency or an organization submitting debts on behalf of a local agency obtains from the Department in accordance with the exemption allowed by subsection (a) may be used by the agency or organization only in the pursuit of its debt collection duties and practices and may not be disclosed except as provided in G.S. 105-259, 153A-148.1, or 160A-208.1.

"**§ 105A-16. Rules.**

The Secretary of Revenue may adopt rules to implement this Chapter. The State Controller may adopt rules to implement this Chapter."

INCREASE IN NORTH CAROLINA MEDICAL EXAMINER AUTOPSY FEE

SECTION 6.8.(a) G.S. 130A-389(a) reads as rewritten:

"(a) If, in the opinion of the medical examiner investigating the case or of the Chief Medical Examiner, it is advisable and in the public interest that an autopsy or other study be made; or, if an autopsy or other study is requested by the district attorney of the county or by any superior court judge, an autopsy or other study shall be made by the Chief Medical Examiner or by a competent pathologist designated by the Chief Medical Examiner. A complete autopsy report of findings and interpretations, prepared on forms designated for the purpose, shall be submitted promptly to the Chief Medical Examiner. Subject to the limitations of G.S. 130A-389.1 relating to photographs and video or audio recordings of an autopsy, a copy of the report shall be furnished to any person upon request. A fee for the autopsy or other study shall be paid by the State. However, if the deceased is a resident of the county in which the death or fatal injury occurred, that county shall pay the fee. The fee shall be ~~one thousand two hundred fifty dollars ($1,250).~~one thousand seven hundred fifty dollars ($1,750)."

SECTION 6.8.(b) The Department of Health and Human Services, Division of Public Health, shall study and evaluate (i) the method of autopsy financing and the cost-sharing of this service between the State and counties and (ii) the amount of State appropriations that would be necessary to eliminate the shortfall between the amount of the autopsy fee imposed pursuant to G.S. 130A-389(a) and the actual cost of performing an autopsy. The Department shall report its findings and any recommended changes in State appropriations for, and cost-sharing of, this service to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division for consideration during the 2016 Regular Session of the 2015 General Assembly.

SECTION 6.8.(c) Subsection (a) of this section becomes effective July 1, 2015, and applies to fees imposed for autopsies on or after that date.

INCREASE IN MEDICAL EXAMINER FEES

SECTION 6.9.(a) G.S. 130A-387 reads as rewritten:

"**§ 130A-387. Fees.**

For each investigation and prompt filing of the required report, the medical examiner shall receive a fee paid by the State. However, if the deceased is a resident of the county in which the

death or fatal injury occurred, that county shall pay the fee. The fee shall be ~~one hundred dollars ($100.00).~~two hundred dollars ($200.00)."

SECTION 6.9.(b) Subsection (a) of this section becomes effective July 1, 2015, and applies to fees imposed for investigations and reports filed on or after that date.

LICENSURE OF OVERNIGHT RESPITE FACILITIES

SECTION 6.10.(a) Article 1 of Chapter 131D of the General Statutes is amended by adding a new section to read:

"**§ 131D-6.1. Licensure to offer overnight respite; rules; enforcement.**

(a) As used in this section, "overnight respite services" means the provision of group care and supervision in a place other than their usual place of abode on a 24-hour basis to adults who may be physically or mentally disabled and includes services provided by the following:

(1) Any facility certified to provide adult day care services pursuant to G.S. 131D-6, or adult day health services pursuant to 10A NCAC 06S, or both.

(2) Any adult care home or family care home licensed under this Article.

(b) Any facility described under subsection (a) of this section may apply to the Department for licensure to offer a program of overnight respite services. The Department shall annually license facilities providing overnight respite services under rules adopted by the Department pursuant to subsection (c) of this section. As part of the licensure process, the Division of Health Service Regulation shall inspect the construction projects associated with, and the operations of, each facility providing overnight respite services for compliance with the rules adopted by the Department pursuant to subsection (c) of this section.

(c) The Department shall adopt rules governing the licensure of facilities providing overnight respite in accordance with this section. The Department shall seek input from stakeholders before proposing rules for adoption as required by this subsection. The rules shall limit the provision of 24-hour care for each adult to (i) not more than 14 consecutive calendar days, and not more than 60 total calendar days, during a 365-day period or (ii) the amount of respite allowed under the North Carolina Innovations waiver or Community Alternatives Program for Disabled Adults (CAP/DA) waiver, as applicable. The rules shall include minimum requirements to ensure the health and safety of adult day care overnight respite participants. These requirements shall address all of the following:

(1) Program management.

(2) Staffing.

(3) Building specifications.

(4) Fire safety.

(5) Sanitation.

(6) Nutrition.

(7) Enrollment.

(8) Bed capacity limitations, which shall not exceed six beds in each adult day care program.

(9) Medication management.

(10) Program activities.

(d) The Division of Health Service Regulation shall have the authority to enforce the rules adopted by the Department under subsection (c) of this section and shall be responsible for the investigation of complaints pertaining to facilities licensed to provide overnight respite services.

(e) Each facility that is licensed to provide a program of overnight respite services under this section shall periodically report the number of individuals served and the average daily census to the Division of Health Service Regulation on a schedule determined by the Division.

(f) The Division of Health Service Regulation shall have the authority to suspend or revoke a facility's license to provide a program of overnight respite services at any time due to noncompliance with regulatory requirements that has resulted in death or serious physical harm, or when there is a substantial risk that death or serious physical harm will occur.

(g) Nothing in this section shall be construed to prevent a facility licensed to provide overnight respite services under this section from receiving State funds or participating in any government insurance plan, including the Medicaid program, to the extent authorized or permitted under applicable State or federal law.

(h) The Department shall charge each facility seeking to provide overnight respite services a nonrefundable initial licensure fee of three hundred fifty dollars ($350.00) and a nonrefundable renewal licensure fee in the amount of three hundred fifteen dollars ($315.00)."

SECTION 6.10.(b) G.S. 131E-267(g) reads as rewritten:

"(g) The fee imposed for the review of the following residential construction projects is:

Residential Project	**Project Fee**
Family Care Homes	$225.00 flat fee
ICF/MR Group Homes	$350.00 flat fee
Group Homes: 1-3 beds	$125.00 flat fee
Group Homes: 4-6 beds	$225.00 flat fee
Group Homes: 7-9 beds	$275.00 flat fee
Adult Day Care Overnight Respite Facility	$225.00 flat fee
Adult Day Health Overnight Respite Facility	$225.00 flat fee
Other residential:	
More than 9 beds	$275.00 plus $0.15 per square foot of project space."

SECTION 6.10.(c) Of the funds appropriated to the Department of Health and Human Services, Division of Health Service Regulation, the sum of eighty-two thousand six hundred six dollars ($82,606) for the 2015-2016 fiscal year and the sum of eighty-eight thousand thirty-three dollars ($88,033) for the 2016-2017 fiscal year shall be used to create one full-time equivalent Nursing Consultant position and one full-time equivalent Engineer/Architect position within the Division dedicated to inspecting adult day care, adult day health, adult care home, and family care home facilities seeking licensure to provide overnight respite services in accordance with G.S. 131D-6.1, as enacted by subsection (a) of this section.

SECTION 6.10.(d) The Department of Health and Human Services, Division of Aging and Adult Services, shall add adult day care overnight respite programs as a service category under the Home and Community Care Block Grant. Counties may elect to use an adult day care, adult day health, adult care home, or family care home facility licensed under G.S. 131D-6.1, as enacted by subsection (a) of this section, to provide overnight respite services to caregivers of older adults from funds received under the Home and Community Care Block Grant.

SECTION 6.10.(e) The Department of Health and Human Services, Division of Medical Assistance, shall take any and all action necessary to amend the North Carolina Innovations waiver and the North Carolina Community Alternatives Program for Disabled Adults (CAP/DA) waiver for the purpose of allowing facilities licensed to provide adult day health overnight respite services under G.S. 131D-6.1, as enacted by subsection (a) of this section, to become allowable providers of overnight respite under each waiver.

PROVIDER APPLICATION AND RECREDENTIALING FEE

SECTION 6.11. The Department of Health and Human Services, Division of Medical Assistance, shall charge an application fee of one hundred dollars ($100.00), and the

amount federally required, to each provider enrolling in the Medicaid Program for the first time. The fee shall be charged to all providers at recredentialing every three years.

AMEND CERTIFICATE OF RELIEF/FEE

SECTION 6.12.(a) G.S. 15A-173.2(a) reads as rewritten:

"(a) An individual who is convicted of ~~no more than two Class G, H, or I felonies or misdemeanors in one session of court, and who has no other convictions for a felony or misdemeanor other than a traffic violation,~~criminal offenses no higher than a Class G felony may petition the court where the individual was convicted of his or her most serious offense for a Certificate of Relief relieving collateral consequences as permitted by this Article. Except as otherwise provided in this subsection, after payment by the petitioner of the fee required by G.S. 7A-313.2, the petition shall be heard by the senior resident superior court judge if the convictions were in superior court, or the chief district court judge if the convictions were in district court. The senior resident superior court judge and chief district court judge in each district may delegate their authority to hold hearings and issue, modify, or revoke Certificates of Relief to judges, clerks, or magistrates in that district."

SECTION 6.12.(b) Article 28 of Chapter 7A of the General Statutes is amended by adding a new section to read:

"**§ 7A-313.2. Certificate of relief fee.**

A person who petitions the court for a Certificate of Relief pursuant to Article 6 of this Chapter shall pay an administrative fee of fifty dollars ($50.00) at the time of the filing of the petition. The fee shall be remitted to the State Treasurer for support of the General Court of Justice."

SECTION 6.12.(c) This section becomes effective October 1, 2015, and applies to certificates issued on or after that date.

CLARIFY BOXING COMMISSION FEE

SECTION 6.13.(a) G.S. 143-655(b1) reads as rewritten:

"(b1) Admission Fees. – The Branch shall collect a fee in the amount of two dollars ($2.00) per ~~each ticket sold~~ spectator to attend events regulated in this Article."

SECTION 6.13.(b) This section is effective on July 1, 2015, and applies to fees collected or assessed on or after that date.

CLARIFY HAZARDOUS MATERIALS FEE

SECTION 6.14.(a) G.S. 166A-29.1 reads as rewritten:

"**§ 166A-29.1. Hazardous materials facility fee.**

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

(1) EPCRA. – The federal Emergency Planning and Community Right-to-Know Act, P.L. No. 99-499 et. seq.

(2) Extremely hazardous substance. – Any substance, regardless of its state, set forth in 40 C.F.R. Part 355, Appendix A or B.

(3) Hazardous chemical. – As defined in 29 C.F.R. 1910.1200(c), except that the term does not include any of the following:

a. Any food, food additive, color additive, drug, or cosmetic regulated by the Food and Drug Administration.

b. Any substance present as a solid in any manufactured item to the extent exposure to the substance does not occur under normal conditions of use.

c. Any substance to the extent that it is used for personal, family, or household purposes or is present in the same form and concentration as a product packaged for distribution and use by the public.

d. Any substance to the extent that it is used in a research laboratory or a hospital or other medical facility under the direct supervision of a technically qualified individual.

e. Any substance to the extent that it is used in routine agricultural operations or is a fertilizer held for sale by a retailer to the ultimate consumer.

(b) Annual Fee Shall Be Charged. – A person or business required under Section 302 or 312 of EPCRA to submit a notification or an annual inventory form to the Division shall be required to pay to the Department an annual fee in the amount set forth in subsection (c) of this section.

(c) Amount of Fee. – The amount of the annual fee charged pursuant to subsection (b) of this section shall be calculated in accordance with the following, up to a maximum annual amount of ~~five thousand dollars ($5,000):~~five thousand dollars ($5,000) per reporting site:

(1) A fee of fifty dollars ($50.00) shall be assessed for each substance at each site reported by a ~~facility~~ person or business that is classified as a hazardous chemical.

(2) A fee of ninety dollars ($90.00) shall be assessed for each substance at each site reported by a ~~facility~~ person or business that is classified as an extremely hazardous substance.

(d) Late Fees. – The Division may impose a late fee against a person or business for failure to submit a report or filing that substantially complies with the requirements of EPCRA by the federal filing deadline or for failure to pay any fee, including a late fee. This fee shall be in addition to the fee imposed pursuant to subsection (c) of this section. Prior to imposing a late fee, the Division shall provide the person or business who will be assessed the late fee with written notice that identifies the specific requirements that have not been met and informs the person or business of its intent to assess a late fee. The assessment of a late fee shall be subject to the following limitations:

(1) If the report filing or fee is submitted within 30 days after receipt of the Division's notice that it intends to assess a late fee, no late fee shall be assessed.

(2) If the report filing or fee has not been submitted by the end of the period set forth in subdivision (1) of this subsection, the Division may impose a late fee in an amount equal to the amount of the fee charged pursuant to subsection (c) of this section.

(e) Exemptions. – No fee shall be charged under this section to any of the following:

(1) An owner or operator of a family farm enterprise, a facility owned by a State or local government, or a nonprofit corporation.

(2) An owner or operator of a facility where motor vehicle fuels are stored and from which such fuels are offered for retail sale. However, hazardous chemicals or extremely hazardous substances at such a facility, other than motor vehicle fuels for retail sale, shall not be subject to this exemption.

(3) A motor vehicle dealer, as that term is defined in G.S. 20-286(11).

(f) Use of Fee Proceeds. – The proceeds of fees assessed pursuant to this section shall be used for the following:

(1) To ~~pay~~ offset costs associated with the establishment and maintenance of a hazardous materials ~~database.~~database and a hazardous materials response application.

(2) To ~~support the~~ offset costs associated with the operations of the regional response program for hazardous materials emergencies and terrorist incidents.

(3) To provide grants to counties for hazardous materials emergency response planning, training, and related exercises.

(4) To offset Division costs that directly support hazardous materials emergency preparedness and response."

SECTION 6.14.(b) This section becomes effective on July 1, 2015, and applies to fees assessed or collected on or after that date.

ELIMINATE 10-DAY TRIP PERMIT & INCREASE TEMPORARY TAG FEE

SECTION 6.15.(a) G.S. 20-183.4C reads as rewritten:

"**§ 20-183.4C. When a vehicle must be inspected; 10-day ~~trip permit.~~temporary license plate.**

…

(b) ~~Permit.~~Temporary License Plate. – The Division may issue a ~~10-day trip permit~~ temporary license plate under and in accordance with G.S. 20-50(b) that is valid for 10 days to a person that authorizes the person to drive a vehicle whose inspection authorization or registration has expired. ~~The permit may only be issued when the person has furnished proof of financial responsibility. The permit must describe the vehicle whose inspection authorization or registration has expired. The permit authorizes the person to drive the described vehicle for a period not to exceed 10 days from the date of issuance.~~

…."

SECTION 6.15.(b) G.S. 20-50(b) reads as rewritten:

"(b) The Division may issue a temporary license plate for a vehicle. A temporary license plate is valid for the period set by the Division. The period may not be less than 10 days nor more than 60 days.

A person may obtain a temporary license plate for a vehicle by filing an application with the Division and paying the required fee. An application must be filed on a form provided by the Division.

The fee for a temporary license plate that is valid for 10 days is ~~five~~ten dollars ~~($5.00).~~($10.00). The fee for a temporary license plate that is valid for more than 10 days is the amount that would be required with an application for a license plate for the vehicle. If a person obtains for a vehicle a temporary license plate that is valid for more than 10 days and files an application for a license plate for that vehicle before the temporary license plate expires, the person is not required to pay the fee that would otherwise be required for the license plate.

A temporary license plate is subject to the following limitations and conditions:

(1) It may be issued only upon proper proof that the applicant has met the applicable financial responsibility requirements.

(2) It expires on midnight of the day set for expiration.

(3) It may be used only on the vehicle for which issued and may not be transferred, loaned, or assigned to another.

(4) If it is lost or stolen, the person who applied for it must notify the Division.

(5) It may not be issued by a dealer.

(6) The provisions of G.S. 20-63, 20-71, 20-110 and 20-111 that apply to license plates apply to temporary license plates insofar as possible."

SECTION 6.15.(c) Ten-day trip permits issued under G.S. 20-183.4C(b) prior to the effective date of this section shall remain valid for the duration of the issuance.

SECTION 6.15.(d) This section becomes effective July 1, 2015, and applies to temporary license plates issued on or after that date.

INCREASE DMV FEES

SECTION 6.16.(a) G.S. 20-7 reads as rewritten:

"**§ 20-7. Issuance and renewal of drivers licenses.**

…

(i) Fees. – The fee for a regular drivers license is the amount set in the following table multiplied by the number of years in the period for which the license is issued:

Class of Regular License	Fee for Each Year
Class A	~~$4.00~~$6.00
Class B	~~$4.00~~$6.00
Class C	~~$4.00~~$6.00

The fee for a motorcycle endorsement is ~~one dollar and seventy-five cents ($1.75)~~two dollars and sixty cents ($2.60) for each year of the period for which the endorsement is issued. The appropriate fee shall be paid before a person receives a regular drivers license or an endorsement.

(i1) Restoration Fee. – Any person whose drivers license has been revoked pursuant to the provisions of this Chapter, other than G.S. 20-17(a)(2) shall pay a restoration fee of ~~fifty dollars ($50.00).~~seventy-five dollars ($75.00). A person whose drivers license has been revoked under G.S. 20-17(a)(2) shall pay a restoration fee of ~~one hundred dollars ($100.00).~~one hundred fifty dollars ($150.00). The fee shall be paid to the Division prior to the issuance to such person of a new drivers license or the restoration of the drivers license. The restoration fee shall be paid to the Division in addition to any and all fees which may be provided by law. This restoration fee shall not be required from any licensee whose license was revoked or voluntarily surrendered for medical or health reasons whether or not a medical evaluation was conducted pursuant to this Chapter. The ~~fifty-dollar ($50.00) fee,~~seventy-five-dollar ($75.00) fee, and the first ~~fifty dollars ($50.00)~~one hundred dollars ($100.00) of the ~~one-hundred-dollar ($100.00)~~one-hundred-fifty-dollar ($150.00) fee, shall be deposited in the Highway Fund. Twenty-five dollars ($25.00) of the ~~one-hundred-dollar ($100.00)~~one-hundred-fifty-dollar ($150.00) fee shall be used to fund a statewide chemical alcohol testing program administered by the Forensic Tests for Alcohol Branch of the Chronic Disease and Injury Section of the Department of Health and Human Services. The remainder of the ~~one-hundred-dollar ($100.00)~~one-hundred-fifty-dollar ($150.00) fee shall be deposited in the General Fund. The Office of State Budget and Management shall annually report to the General Assembly the amount of fees deposited in the General Fund and transferred to the Forensic Tests for Alcohol Branch of the Chronic Disease and Injury Section of the Department of Health and Human Services under this subsection.

Effective with the 2011-2012 fiscal year, from the funds deposited in the General Fund under this subsection the sum of five hundred thirty-seven thousand four hundred fifty-five dollars ($537,455) shall be transferred annually to the Board of Governors of The University of North Carolina to be used for the operating expenses of the Bowles Center for Alcohol Studies at The University of North Carolina at Chapel Hill.

…

(l) Learner's Permit. – A person who is at least 18 years old may obtain a learner's permit. A learner's permit authorizes the permit holder to drive a specified type or class of motor vehicle while in possession of the permit. A learner's permit is valid for a period of 18 months after it is issued. The fee for a learner's permit is ~~fifteen dollars ($15.00).~~twenty-two dollars and fifty cents ($22.50). A learner's permit may be renewed, or a second learner's permit may be issued, for an additional period of 18 months. The permit holder must, while operating a motor vehicle over the highways, be accompanied by a person who is licensed to operate the motor vehicle being driven and is seated beside the permit holder.

…."

SECTION 6.16.(b) G.S. 20-11(j) reads as rewritten:

"(j) Duration and Fee. — A limited learner's permit expires on the eighteenth birthday of the permit holder. A limited provisional license expires on the eighteenth birthday of the license holder. A limited learner's permit or limited provisional license issued under this section

that expires on a weekend or State holiday shall remain valid through the fifth regular State business day following the date of expiration. A full provisional license expires on the date set under G.S. 20-7(f). The fee for a limited learner's permit or a limited provisional license is ~~fifteen dollars ($15.00).~~twenty-two dollars and fifty cents ($22.50). The fee for a full provisional license is the amount set under G.S. 20-7(i)."

SECTION 6.16.(c) G.S. 20-14 reads as rewritten:

"**§ 20-14. Duplicate licenses.**

A person may obtain a duplicate of a license issued by the Division by paying a fee of ~~ten dollars ($10.00)~~fifteen dollars ($15.00) and giving the Division satisfactory proof that any of the following has occurred:

(1) The person's license has been lost or destroyed.
(2) It is necessary to change the name or address on the license.
(3) Because of age, the person is entitled to a license with a different color photographic background or a different color border.
(4) The Division revoked the person's license, the revocation period has expired, and the period for which the license was issued has not expired."

SECTION 6.16.(d) G.S. 20-16(e) reads as rewritten:

"(e) The Division may conduct driver improvement clinics for the benefit of those who have been convicted of one or more violations of this Chapter. Each driver attending a driver improvement clinic shall pay a fee of ~~fifty dollars ($50.00).~~seventy-five dollars ($75.00)."

SECTION 6.16.(e) G.S. 20-26(c) reads as rewritten:

"(c) The Division shall furnish copies of license records required to be kept by subsection (a) of this section in accordance with G.S. 20-43.1 to other persons for uses other than official upon prepayment of the following fees:

(1) Limited extract copy of license record, for period up to three years ..... ~~$8.00~~$12.00
(2) Complete extract copy of license record ..... ~~8.00~~12.00
(3) Certified true copy of complete license record ..... ~~11.00.~~16.50.

All fees received by the Division under this subsection shall be credited to the Highway Fund."

SECTION 6.16.(f) G.S. 20-37.15(a1) reads as rewritten:

"(a1) The application must be accompanied by a nonrefundable application fee of ~~thirty dollars ($30.00).~~forty-five dollars ($45.00). This fee does not apply in any of the following circumstances:

(1) When an individual surrenders a commercial driver learner's permit issued by the Division when submitting the application.
(2) When the application is to renew a commercial drivers license issued by the Division.

This fee shall entitle the applicant to three attempts to pass the written knowledge test without payment of a new fee. No application fee shall be charged to an applicant eligible for a waiver under G.S. 20-37.13(c)."

SECTION 6.16.(g) G.S. 20-37.16(d) reads as rewritten:

"(d) The fee for a Class A, B, or C commercial drivers license is ~~fifteen dollars ($15.00)~~twenty-two dollars and fifty cents ($22.50) for each year of the period for which the license is issued. The fee for each endorsement is ~~three dollars ($3.00)~~four dollars and fifty cents ($4.50) for each year of the period for which the endorsement is issued. The fees required under this section do not apply to employees of the Driver License Section of the Division who are designated by the Commissioner."

SECTION 6.16.(h) G.S. 20-42(b) reads as rewritten:

"(b) The Commissioner and officers of the Division designated by the Commissioner may prepare under the seal of the Division and deliver upon request a certified copy of any document of the Division for a fee. The fee for a document, other than an accident report under

G.S. 20-166.1, is ~~ten dollars ($10.00).~~fifteen dollars ($15.00). The fee for an accident report is five dollars ($5.00). A certified copy shall be admissible in any proceeding in any court in like manner as the original thereof, without further certification. The certification fee does not apply to a document furnished for official use to a judicial official or to an official of the federal government, a state government, or a local government."

SECTION 6.16.(j) G.S. 20-73(c) reads as rewritten:

"(c) Penalties. – A person to whom a vehicle is transferred who fails to apply for a certificate of title within the required time is subject to a civil penalty of ~~fifteen dollars ($15.00)~~twenty-two dollars and fifty cents ($22.50) and is guilty of a Class 2 misdemeanor. A person who undertakes to apply for a certificate of title on behalf of another person and who fails to apply for a title within the required time is subject to a civil penalty of ~~fifteen dollars ($15.00).~~twenty-two dollars and fifty cents ($22.50). When a person to whom a vehicle is transferred fails to obtain a title within the required time because a person who undertook to apply for the certificate of title did not do so within the required time, the Division may impose a civil penalty only on the person who undertook to apply for the title. Civil penalties collected under this subsection shall be credited to the Highway Fund."

SECTION 6.16.(k) G.S. 20-85(a) reads as rewritten:

"(a) The following fees are imposed concerning a certificate of title, a registration card, or a registration plate for a motor vehicle. These fees are payable to the Division and are in addition to the tax imposed by Article 5A of Chapter 105 of the General Statutes.

(1) Each application for certificate of title ..... ~~$40.00~~$60.00
(2) Each application for duplicate or corrected certificate of title ..... ~~15.00~~22.50
(3) Each application of repossessor for certificate of title ..... ~~15.00~~22.50
(4) Each transfer of registration ..... ~~15.00~~22.50
(5) Each set of replacement registration plates ..... ~~15.00~~22.50
(6) Each application for duplicate registration card ..... ~~15.00~~22.50
(7) Each application for recording supplementary lien ..... ~~15.00~~22.50
(8) Each application for removing a lien from a certificate of title .... ~~15.00~~22.50
(9) Each application for certificate of title for a motor vehicle transferred to a manufacturer, as defined in G.S. 20-286, or a motor vehicle retailer for the purpose of resale ..... ~~15.00~~22.50
(10) Each application for a salvage certificate of title made by an insurer or by a used motor vehicle dealer pursuant to subdivision (b)(2) or subsection (e1) of G.S. 20-109.1 ..... ~~15.00~~22.50
(11) Each set of replacement Stock Car Racing Theme plates issued under G.S. 20-79.4 ..... 25.00."

SECTION 6.16.(l) G.S. 20-85.1(b) reads as rewritten:

"(b) The Commissioner and the employees of the Division designated by the Commissioner may prepare and deliver upon request a certificate of title, charging a fee of ~~seventy-five dollars ($75.00)~~one hundred twelve dollars and fifty cents ($112.50) for one-day title service, in lieu of the title fee required by G.S. 20-85(a). The fee for one-day title service must be paid by cash or by certified check. This fee shall be credited to the Highway Trust Fund."

SECTION 6.16.(m) G.S. 20-87 reads as rewritten:

"**§ 20-87. Passenger vehicle registration fees.**

These fees shall be paid to the Division annually for the registration and licensing of passenger vehicles, according to the following classifications and schedules:

(1) For-Hire Passenger Vehicles. – The fee for a passenger vehicle that is operated for compensation and has a capacity of 15 passengers or less is ~~seventy-eight dollars ($78.00).~~one hundred seventeen dollars ($117.00). The fee for a passenger vehicle that is operated for compensation and has a

capacity of more than 15 passengers is ~~one dollar and forty cents ($1.40)~~two dollars and ten cents ($2.10) per hundred pounds of empty weight of the vehicle.

(2) U-Drive-It Vehicles. – U-drive-it vehicles shall pay the following tax:

Motorcycles:	1-passenger capacity	~~$18.00~~$27.00
	2-passenger capacity	~~22.00~~33.00
	3-passenger capacity	~~26.00~~39.00
Automobiles:	15 or fewer passengers	~~$51.00~~$76.50
Buses:	16 or more passengers	~~$2.00~~$3.00 per hundred pounds of empty weight
Trucks under 7,000 pounds that do not haul products for hire:	4,000 pounds	~~$41.50~~$62.25
	5,000 pounds	~~$51.00~~$76.50
	6,000 pounds	~~$61.00.~~$91.50.

…

(5) Private Passenger Vehicles. – There shall be paid to the Division annually, as of the first day of January, for the registration and licensing of private passenger vehicles, fees according to the following classifications and schedules:

Private passenger vehicles of not more than fifteen passengers ~~$28.00~~$42.00

Private passenger vehicles over fifteen passengers..... ~~31.00~~46.50

Provided, that a fee of only ~~one dollar ($1.00)~~one dollar and fifty cents ($1.50) shall be charged for any vehicle given by the federal government to any veteran on account of any disability suffered during war so long as such vehicle is owned by the original donee or other veteran entitled to receive such gift under Title 38, section 252, United States Code Annotated.

(6) Private Motorcycles. – The base fee on private passenger motorcycles shall be ~~fifteen dollars ($15.00);~~twenty-two dollars and fifty cents ($22.50); except that when a motorcycle is equipped with an additional form of device designed to transport persons or property, the base fee shall be ~~twenty-two dollars ($22.00).~~thirty-three dollars ($33.00). An additional fee of ~~three dollars ($3.00)~~four dollars and fifty cents ($4.50) is imposed on each private motorcycle registered under this subdivision in addition to the base fee. The revenue from the additional fee, in addition to any other funds appropriated for this purpose, shall be used to fund the Motorcycle Safety Instruction Program created in G.S. 115D-72.

…

(9) House Trailers. – In lieu of other registration and license fees levied on house trailers under this section or G.S. 20-88, the registration and license fee on house trailers shall be ~~eleven dollars ($11.00)~~sixteen dollars and fifty cents ($16.50) for the license year or any portion thereof.

…

(11) Any vehicle fee determined under this section according to the weight of the vehicle shall be increased by the sum of ~~three dollars ($3.00)~~four dollars and fifty cents ($4.50) to arrive at the total fee.

…

(13) Additional fee for certain electric vehicles. – At the time of an initial registration or registration renewal, the owner of a plug-in electric vehicle that is not a low-speed vehicle and that does not rely on a nonelectric source of power shall pay a fee in the amount of ~~one hundred dollars ($100.00)~~one hundred fifty dollars ($150.00) in addition to any other required registration fees."

SECTION 6.16.(n) Article 3 of Chapter 20 of the General Statutes is amended by adding a new section to read:

"**§ 20-88.03. Late fee; motor vehicle registration.**

(a) Late Fee. – In addition to the applicable fees required under this Article for the registration of a motor vehicle and any interest assessed under G.S. 105-330.4, the Division shall charge a late fee according to the following schedule to a person who pays the applicable registration fee required under this Article after the registration expires:

(1) If the registration has been expired for less than one month, a late fee of fifteen dollars ($15.00).

(2) If the registration has been expired for one month or greater, but less than two months, a late fee of twenty dollars ($20.00).

(3) If the registration has been expired for two months or greater, a late fee of twenty-five dollars ($25.00).

(b) Proceeds. – The clear proceeds of any late fee charged under this section shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

(c) Construction. – For purposes of this section, payment by mail of a registration fee required under this Article is considered to be made on the date shown on the postmark stamped by the United States Postal Service. If payment by mail is not postmarked or does not show the date of mailing, the payment is considered to be made on the date the Division receives the payment."

SECTION 6.16.(o) G.S. 105-330.10 reads as rewritten:

"**§ 105-330.10. Disposition of interest.**

The interest collected on unpaid registration fees pursuant to G.S. 105-330.4 shall be transferred on a monthly basis to the North Carolina Highway ~~Fund for technology improvements within the Division of Motor Vehicles.~~Fund."

SECTION 6.16.(p) G.S. 20-88 reads as rewritten:

"**§ 20-88. Property-hauling vehicles.**

…

(b) The following fees are imposed on the annual registration of self-propelled property-hauling vehicles; the fees are based on the type of vehicle and its weight:

SCHEDULE OF WEIGHTS AND RATES

Rates Per Hundred Pound Gross Weight

	Farmer Rate
Not over 4,000 pounds	~~$0.29~~$0.44
4,001 to 9,000 pounds inclusive	~~.40~~0.60
9,001 to 13,000 pounds inclusive	~~.50~~0.75
13,001 to 17,000 pounds inclusive	~~.68~~1.02
Over 17,000 pounds	~~.77~~1.16

Rates Per Hundred Pound Gross Weight

	General Rate
Not over 4,000 pounds	~~$0.59~~$0.89
4,001 to 9,000 pounds inclusive	~~.81~~1.22
9,001 to 13,000 pounds inclusive	~~1.00~~1.50
13,001 to 17,000 pounds inclusive	~~1.36~~2.04

Over 17,000 pounds ~~1.54~~2.31

(1) The minimum fee for a vehicle licensed under this subsection is ~~twenty-four dollars ($24.00)~~thirty-six dollars ($36.00) at the farmer rate and ~~twenty-eight dollars ($28.00)~~forty-two dollars ($42.00) at the general rate.

…

(6) There shall be paid to the Division annually the following fees for "wreckers" as defined under G.S. 20-4.01(50): a wrecker fully equipped weighing 7,000 pounds or less, ~~seventy-five dollars ($75.00);~~one hundred twelve dollars and fifty cents ($112.50); wreckers weighing in excess of 7,000 pounds shall pay ~~one hundred forty-eight dollars ($148.00).~~two hundred twenty-two dollars ($222.00). Fees to be prorated monthly. Provided, further, that nothing herein shall prohibit a licensed dealer from using a dealer's license plate to tow a vehicle for a customer.

(c) The fee for a semitrailer or trailer is ~~nineteen dollars ($19.00)~~twenty-eight dollars and fifty cents ($28.50) for each year or part of a year. The fee is payable each year. Upon the application of the owner of a semitrailer or trailer, the Division may issue a multiyear plate and registration card for the semitrailer or trailer for a fee of ~~seventy-five dollars ($75.00).~~one hundred twelve dollars and fifty cents ($112.50). A multiyear plate and registration card for a semitrailer or trailer are valid until the owner transfers the semitrailer or trailer to another person or surrenders the plate and registration card to the Division. A multiyear plate may not be transferred to another vehicle.

The Division shall issue a multiyear semitrailer or trailer plate in a different color than an annual semitrailer or trailer plate and shall include the word "multiyear" on the plate. The Division may not issue a multiyear plate for a house trailer.

…

(i) Any vehicle fee determined under this section according to the weight of the vehicle shall be increased by the sum of ~~three dollars ($3.00)~~four dollars and fifty cents ($4.50) to arrive at the total fee.

…."

SECTION 6.16.(q) G.S. 20-289(a) reads as rewritten:

"(a) The license fee for each fiscal year, or part thereof, shall be as follows:

(1) For motor vehicle dealers, distributors, distributor branches, and wholesalers, ~~seventy dollars ($70.00)~~one hundred five dollars ($105.00) for each place of business.

(2) For manufacturers, ~~one hundred fifty dollars ($150.00)~~two hundred twenty-five dollars ($225.00) and for each factory branch in this State, ~~one hundred dollars ($100.00).~~one hundred fifty dollars ($150.00).

(3) For motor vehicle sales representatives, ~~fifteen dollars ($15.00).~~twenty-two dollars and fifty cents ($22.50).

(4) For factory representatives, or distributor representatives, ~~fifteen dollars ($15.00).~~twenty-two dollars and fifty cents ($22.50).

(5) Repealed by Session Laws 1991, c. 662, s. 4."

SECTION 6.16.(r) G.S. 20-385(a) reads as rewritten:

"(a) The fees listed in this section apply to a motor carrier. These fees are in addition to any fees required under the Unified Carrier Registration Agreement.

(1) Repealed by Session Laws 2007-492, s. 5, effective August 30, 2007.

(2) Application by an intrastate motor carrier for a certificate of exemption ~~45.00~~67.50

(3) Certification by an interstate motor carrier that it is not regulated by the United States Department of Transportation ~~45.00~~67.50

(4) Application by an interstate motor carrier for an emergency trip permit ~~18.00.~~27.00."

SECTION 6.16.(s) G.S. 44A-4(b)(1) reads as rewritten:

"(b) Notice and Hearings. –

(1) If the property upon which the lien is claimed is a motor vehicle that is required to be registered, the lienor following the expiration of the relevant time period provided by subsection (a) shall give notice to the Division of Motor Vehicles that a lien is asserted and sale is proposed and shall remit to the Division a fee of ~~ten dollars ($10.00).~~fifteen dollars ($15.00). The Division of Motor Vehicles shall issue notice by certified mail, return receipt requested, to the person having legal title to the property, if reasonably ascertainable, to the person with whom the lienor dealt if different, and to each secured party and other person claiming an interest in the property who is actually known to the Division or who can be reasonably ascertained. The notice shall state that a lien has been asserted against specific property and shall identify the lienor, the date that the lien arose, the general nature of the services performed and materials used or sold for which the lien is asserted, the amount of the lien, and that the lienor intends to sell the property in satisfaction of the lien. The notice shall inform the recipient that the recipient has the right to a judicial hearing at which time a determination will be made as to the validity of the lien prior to a sale taking place. The notice shall further state that the recipient has a period of 10 days from the date of receipt in which to notify the Division by certified mail, return receipt requested, that a hearing is desired and that if the recipient wishes to contest the sale of his property pursuant to such lien, the recipient should notify the Division that a hearing is desired. The notice shall state the required information in simplified terms and shall contain a form whereby the recipient may notify the Division that a hearing is desired by the return of such form to the Division. The Division shall notify the lienor whether such notice is timely received by the Division. In lieu of the notice by the lienor to the Division and the notices issued by the Division described above, the lienor may issue notice on a form approved by the Division pursuant to the notice requirements above. If notice is issued by the lienor, the recipient shall return the form requesting a hearing to the lienor, and not the Division, within 10 days from the date the recipient receives the notice if a judicial hearing is requested. If the certified mail notice has been returned as undeliverable and the notice of a right to a judicial hearing has been given to the owner of the motor vehicle in accordance with G.S. 20-28.4, no further notice is required. Failure of the recipient to notify the Division or lienor, as specified in the notice, within 10 days of the receipt of such notice that a hearing is desired shall be deemed a waiver of the right to a hearing prior to the sale of the property against which the lien is asserted, and the lienor may proceed to enforce the lien by public or private sale as provided in this section and the Division shall transfer title to the property pursuant to such sale. If the Division or lienor, as specified in the notice, is notified within the 10-day period provided above that a hearing is desired prior to sale, the lien may be enforced by sale as provided in this section and the Division will transfer title only pursuant to the order of a court of competent jurisdiction.

If the certified mail notice has been returned as undeliverable, or if the name of the person having legal title to the vehicle cannot reasonably be

ascertained and the fair market value of the vehicle is less than eight hundred dollars ($800.00), the lienor may institute a special proceeding in the county where the vehicle is being held, for authorization to sell that vehicle. Market value shall be determined by the schedule of values adopted by the Commissioner under G.S. 105-187.3.

In such a proceeding a lienor may include more than one vehicle, but the proceeds of the sale of each shall be subject only to valid claims against that vehicle, and any excess proceeds of the sale shall be paid immediately to the Treasurer for disposition pursuant to Chapter 116B of the General Statutes.

The application to the clerk in such a special proceeding shall contain the notice of sale information set out in subsection (f) hereof. If the application is in proper form the clerk shall enter an order authorizing the sale on a date not less than 14 days therefrom, and the lienor shall cause the application and order to be sent immediately by first-class mail pursuant to G.S. 1A-1, Rule 5, to each person to whom notice was mailed pursuant to this subsection. Following the authorized sale the lienor shall file with the clerk a report in the form of an affidavit, stating that the lienor has complied with the public or private sale provisions of G.S. 44A-4, the name, address, and bid of the high bidder or person buying at a private sale, and a statement of the disposition of the sale proceeds. The clerk then shall enter an order directing the Division to transfer title accordingly.

If prior to the sale the owner or legal possessor contests the sale or lien in a writing filed with the clerk, the proceeding shall be handled in accordance with G.S. 1-301.2."

SECTION 6.16.(t) For the 2015-2016 fiscal year, twenty percent (20%) of the revenues generated from the fees set forth in subdivisions (1) through (9) of subsection (a) of G.S. 20-85, after the adjustments enacted in this section, shall be transferred from the Highway Trust Fund to the Highway Fund.

SECTION 6.16.(u) For the 2016-2017 fiscal year, thirty-five percent (35%) of the revenues generated from the fees set forth in subdivisions (1) through (9) of subsection (a) of G.S. 20-85, after the adjustments enacted in this section, shall be transferred from the Highway Trust Fund to the Highway Fund.

SECTION 6.16.(v) Subsections (t), (u), and (v) of this section are effective when this act becomes law. Subsection (n) of this section becomes effective July 1, 2016, and applies to renewal motor vehicle registrations on or after that date. The remainder of this section becomes effective January 1, 2016, and applies to issuances, renewals, restorations, and requests on or after that date.

PART VII. EFFECTIVE DATE

SECTION 7.1. Except as otherwise provided, this act becomes effective July 1, 2015.