

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

S

D

SENATE BILL 114
Judiciary Committee Substitute Adopted 4/11/17
PROPOSED COMMITTEE SUBSTITUTE S114-PCS15206-BAf-23

Short Title: Annual Report Modernization.

(Public)

Sponsors:

Referred to:

February 22, 2017

1 A BILL TO BE ENTITLED
2 AN ACT REVISING THE LAWS GOVERNING THE SUBMISSION OF ANNUAL
3 REPORTS BY VARIOUS BUSINESS ENTITIES TO THE SECRETARY OF STATE.
4 The General Assembly of North Carolina enacts:

5
6 **PART I. BUSINESS CORPORATIONS**

7 **SECTION 1.(a)** G.S. 55-16-22 reads as rewritten:

8 "**§ 55-16-22. Annual report.**

9 (a) Requirement. – Except as provided in ~~subsections (a1) and subsection~~ (a2) of this
10 section, each domestic corporation and each foreign corporation authorized to transact business
11 in this State shall ~~deliver~~ submit an annual report ~~to the Secretary of Revenue in paper form or,~~
12 ~~in the alternative, directly~~ to the Secretary of State in electronic form as prescribed by the
13 Secretary of State under this section.

14 (a1) ~~Each insurance company subject to the provisions of Chapter 58 of the General~~
15 ~~Statutes shall deliver an annual report to the Secretary of State.~~

16 (a2) Professional Corporations Exempt. – A domestic corporation governed by Chapter
17 55B of the General Statutes is exempt from this section.

18 (a3) Form; Required Information. – The annual report required by this section shall be in
19 ~~a~~ an electronic form ~~jointly prescribed by the Secretary of Revenue and the Secretary of State.~~
20 ~~The Secretary of Revenue shall provide the form needed to file an annual report. The State, and~~
21 ~~the Secretary of State shall prescribe the form needed to file an annual report electronically and~~
22 shall provide this form by electronic means. The annual report shall set forth all of the
23 following:

- 24 (1) The name of the corporation and the state or country under whose law it is
25 incorporated.
- 26 (2) The street address, and the mailing address if different from the street
27 address, of the registered office, the county in which its registered office is
28 located, ~~and~~ the name and e-mail address of its registered agent at that office
29 in this State, and a statement of any change of ~~such~~ the registered office or
30 registered ~~agent, or both agent.~~
- 31 (3) The address and telephone number of its principal office.
- 32 (4) The names, titles, and physical business addresses of its principal
33 ~~officers-officers~~ and any other person who has actual authority to bind the
34 corporation.

35 ...



* S 1 1 4 - P C S 1 5 2 0 6 - B A F - 2 3 *

1 (5) A brief description of the nature of its business.
2 (6) A valid e-mail address for the corporation, if different from the e-mail
3 address provided under subdivision (2) of this subsection.

4 ~~If the information contained in the most recently filed annual report has not changed, a~~
5 ~~certification to that effect may be made instead of setting forth the information required by~~
6 ~~subdivisions (2) through (5) of this subsection.~~

7 (b) Currency of Information. – Information in the annual report must be current as of
8 the date the annual report is executed on behalf of the corporation.

9 (c) Due Date. – ~~An annual report eligible to be delivered to the Secretary of Revenue is~~
10 ~~due by the due date for filing the corporation's income and franchise tax returns. An extension~~
11 ~~of time to file a return is an extension of time to file an annual report. At the option of the filer,~~
12 ~~an annual report may be filed directly with the Secretary of State in electronic form. An annual~~
13 ~~report required to be delivered to the Secretary of State is due by the fifteenth day of the fourth~~
14 ~~month following the close of the domestic or foreign corporation's fiscal year.~~

15 (d) Incomplete Information. – If an annual report does not contain the information
16 required by this section, the Secretary of State shall promptly notify the reporting domestic or
17 foreign corporation in writing and return the report to it for correction. If the report is corrected
18 to contain the information required by this section and ~~delivered~~ submitted to the Secretary of
19 State within 30 days after the effective date of notice, it is deemed to be timely filed.

20 (e) Amendments. – Amendments to any previously filed annual report may be filed
21 with the Secretary of State at any time for the purpose of correcting, updating, or augmenting
22 the information contained in the annual report.

23 ...
24 (g) Effective Date for Certain Statements of Change. – When a statement of change of
25 registered office or registered agent is filed in the annual report, the change shall become
26 effective when the statement is received by the Secretary of State.

27 (h) Delinquency. – ~~If the Secretary of State does not receive an annual report within~~
28 ~~120-60 days of the date the return report is due, the Secretary of State may presume that the~~
29 ~~annual report is delinquent. This presumption may be rebutted by receipt of the annual report~~
30 ~~from the Secretary of Revenue or by evidence satisfactory to the Secretary of State of delivery~~
31 ~~submission presented by the filing corporation.~~

32 (i) E-Mail; Confidentiality. – The Secretary of State may provide by e-mail any notice
33 or form required under this section if the submitting domestic or foreign corporation to be
34 notified has consented to receiving notices and forms via e-mail and has provided the Secretary
35 of State an e-mail address for receiving the notices or forms. Any e-mail address provided by a
36 submitting domestic or foreign corporation in accordance with this section shall be considered
37 confidential information and shall not be subject to disclosure under Chapter 132 of the General
38 Statutes."

39 **SECTION 1.(b)** G.S. 55-14-22 reads as rewritten:

40 **"§ 55-14-22. Reinstatement following administrative dissolution.**

41 ...
42 (b) If the Secretary of State determines that the application contains the information
43 required by subsection (a) of this section, that the information is correct, ~~and~~ that the name of
44 the corporation complies with G.S. 55D-21 and any other applicable section, and that any
45 penalties, fees, or other payments due under this Chapter have been paid, the Secretary of State
46 shall cancel the certificate of dissolution and prepare a certificate of reinstatement that recites
47 the Secretary of State's determination and the effective date of reinstatement, file the original of
48 the certificate, and mail a copy to the corporation.

49"

50 **SECTION 1.(c)** G.S. 55-1-22 reads as rewritten:

51 **"§ 55-1-22. Filing, service, and copying fees.**

(a) The Secretary of State shall collect the following fees when the documents described in this subsection are delivered to the Secretary for filing:

Document	Fee
...	
(23) Annual report (paper)	25.00
(23a) Annual report (electronic)	18.00 125.00
...	

(d) The fee for the annual report in subdivision ~~(23)~~(23a) of subsection (a) of this section is nonrefundable."

SECTION 1.(d) G.S. 105-256.1 and G.S. 105-228.90(a)(2) are repealed.

PART II. LIMITED LIABILITY COMPANIES

SECTION 2.(a) G.S. 57D-2-24 reads as rewritten:

"§ 57D-2-24. Annual report for Secretary of State.

(a) Requirement. – Excluding professional limited liability companies governed by G.S. 57D-2-02, each LLC and each foreign LLC authorized to transact business in this State ~~must deliver~~ shall submit an annual report to the Secretary of State ~~for filing annual reports on a in electronic form as prescribed by, and in the manner required by, by~~ the Secretary of State and as otherwise provided in ~~subsection (b)~~subsections (b) and (b1) of this section. Each annual report must specify the year for which the report applies and provide the information required by this subsection. The information must be current as of the date the limited liability company completes the report. ~~If the information in the limited liability company's most recent annual report has not changed, the limited liability company may certify in its annual report that the information has not changed in lieu of restating the information.~~

(a1) Required Information. – The following information must be included in each annual report:

- (1) The name of the limited liability company and, in the case of a foreign LLC, any different name that the foreign LLC is authorized under Article 3 of Chapter 55D of the General Statutes to use to transact business in this State, as provided in the foreign LLC's certificate of authority.
- (2) In the case of a foreign LLC, the name of the jurisdiction under whose law the foreign LLC is organized.
- (3) The street address, and the mailing address if different from the street address, of the limited liability company's registered office in the State, the county in which the registered office is located, the name and e-mail address of its registered agent at that office, and a statement of any change of the registered office or registered agent.
- (4) The address and telephone number of its principal office.
- (5) The names, titles, and physical business addresses of the limited liability company's ~~principal company officials, managers and other company officials who have actual authority to bind the limited liability company.~~
- (6) A brief description of the nature of its business.
- (7) A valid e-mail address for the limited liability company, if different from the e-mail address provided under subdivision (3) of this subsection.

(b) Due Date for Initial Annual Report. – The Secretary of State must notify limited liability companies of the annual report filing requirement. The first annual report of a limited liability company is due to be ~~delivered~~submitted to the Secretary of State by April 15 of the year following (i) in the case of an LLC, the calendar year in which the LLC's articles of organization or articles of organization and conversion filed by the Secretary of State become effective or (ii) in the case of a foreign LLC, the calendar year in which the Secretary of State issues to the foreign LLC a certificate of authority to transact business in this State.

(b1) Due Date for Subsequent Annual Reports. – The limited liability company shall ~~deliver~~submit an annual report by April 15 of each subsequent year until (i) in the case of an LLC, the effective date of its articles of dissolution filed by the Secretary of State or the effective date of either a certificate of dissolution for an LLC that is not reinstated under G.S. 57D-6-06(c) or a decree of dissolution that is filed by the Secretary of State as provided in G.S. 57D-6-05; (ii) in the case of a foreign LLC, the foreign LLC receives a certificate of withdrawal from the Secretary of State or the Secretary of State revokes the foreign LLC's certificate of authority under Part 3 of Article 7 of this Chapter; or (iii) in the case of either an LLC or foreign LLC, the effective date of a merger or conversion under Article 9 of this Chapter in which the limited liability company is a merging entity or a converting entity but not the surviving entity.

(c) Incomplete Information. – If an annual report does not contain the information required by this section, the Secretary of State shall promptly notify the reporting limited liability company in writing and return the report to it for correction. If the report is corrected to contain the information required by this section and ~~delivered~~submitted to the Secretary of State within 30 days after the effective date of notice, it is deemed to be timely ~~delivered~~submitted.

(d) Amendments. – Amendments to any previously filed annual report may be ~~delivered~~submitted for filing by the Secretary of State at any time for the purpose of correcting, updating, or augmenting the information contained in the annual report.

(e) E-Mail; Confidentiality. – The Secretary of State may provide by e-mail any notice or form required under this section if the submitting LLC to be notified has consented to receiving notices and forms via e-mail and has provided the Secretary of State an e-mail address for receiving the notices or forms. Any e-mail address provided by a submitting LLC in accordance with this section shall be considered confidential information and shall not be subject to disclosure under Chapter 132 of the General Statutes."

SECTION 2.(b) G.S. 57D-1-22(a)(28) reads as rewritten:

"(a) The Secretary of State shall collect the following fees when the documents described in this subsection are delivered to the Secretary of State for filing:

Document	Fee
...	
(28) Annual report	200.00 <u>125.00</u>
...."	

SECTION 2.(c) G.S. 57D-6-06(c) reads as rewritten:

"(c) An LLC administratively dissolved under this section may apply to the Secretary of State for reinstatement. The procedures for reinstatement and for the appeal of any denial of the LLC's application for reinstatement are the same as those applicable to a domestic corporation under G.S. 55-14-22, 55-14-23, and ~~55-14-24~~55-14-24, except that any penalties, fees, or other payments due under this Chapter must have been paid prior to reinstatement. If, at the time the LLC applies for reinstatement, the name of the LLC is not distinguishable from the name of another entity authorized to be used under G.S. 55D-21, then the LLC must change its name to a name that is distinguishable on the records of the Secretary of State from the name of the other entity before the Secretary of State may prepare a certificate of reinstatement. The effect of reinstatement of an LLC is the same as for a domestic corporation under G.S. 55-14-22."

PART III. NONPROFIT CORPORATIONS

SECTION 3.(a) Article 16 of Chapter 55A of the General Statutes is amended by adding a new section to read:

"§ 55A-16-22.1. Annual report for the Secretary of State.

1 (a) Requirement. – Each domestic corporation and each foreign corporation authorized
2 to conduct affairs in this State shall submit an annual report to the Secretary of State in
3 electronic form as prescribed by the Secretary of State that sets forth all of the following:

4 (1) The name of the corporation and the state or country under whose law it is
5 incorporated.

6 (2) The street address and the mailing address, if different from the street
7 address of the registered office, the county in which its registered office is
8 located, the name and e-mail address of its registered agent at that office in
9 this State, and a statement of any change of the registered office or registered
10 agent.

11 (3) The address and telephone number of its principal office.

12 (4) The names, titles, and physical business addresses of its officers who have
13 actual authority to bind the corporation.

14 (5) A brief description of the nature of its activities.

15 (6) Whether or not it has members.

16 (7) A valid e-mail address for the corporation, if different from the e-mail
17 address provided under subdivision (2) of this subsection.

18 (b) Currency of Information. – The information in the annual report shall be current as
19 of the date the annual report is executed on behalf of the corporation.

20 (c) Due Date. – The corporation shall submit an annual report to the Secretary of State
21 by November 15 of each year, beginning with the year following the formation of the
22 corporation. An annual report is due each year until the effective date of a voluntary or judicial
23 dissolution.

24 (d) Incomplete Information. – If an annual report does not contain the information
25 required by this section, the Secretary of State shall promptly notify the reporting corporation
26 in writing and return the report to it for correction. If the report is corrected to contain the
27 information required by this section and submitted to the Secretary of State within 30 days after
28 the effective date of notice, it is deemed to be timely submitted.

29 (e) Amendments. – Amendments to any previously filed annual report may be filed at
30 any time for the purpose of correcting, updating, or augmenting the information contained in
31 the annual report.

32 (f) Delinquency. – If the Secretary of State does not receive an annual report within 60
33 days of the date the report is due, the Secretary of State may presume that the annual report is
34 delinquent. This presumption may be rebutted by evidence of delivery presented by the filing
35 corporation.

36 (g) E-Mail; Confidentiality. – The Secretary of State may provide by e-mail any notice
37 or form required under this section if the submitting domestic or foreign corporation to be
38 notified has consented to receiving notices and forms via e-mail and has provided the Secretary
39 of State an e-mail address for receiving the notices or forms. Any e-mail address provided by a
40 submitting corporation in accordance with this section shall be considered confidential
41 information and shall not be subject to disclosure under Chapter 132 of the General Statutes."

42 **SECTION 3.(b)** G.S. 55A-14-20 reads as rewritten:

43 **"§ 55A-14-20. Grounds for administrative dissolution.**

44 The Secretary of State may commence a proceeding under G.S. 55A-14-21 to dissolve
45 administratively a corporation ~~if~~ if any of the following occurs:

46 (1) The corporation does not pay within 60 days after they are due any penalties,
47 fees, or other payments due under this ~~Chapter;~~Chapter.

48 (2a) The corporation is delinquent in submitting its annual report.

49 (3) The corporation is without a registered agent or registered office in this State
50 for 60 days or ~~more;~~more.

- 1 (4) The corporation does not notify the Secretary of State within 60 days that its
- 2 registered agent or registered office has been changed, that its registered
- 3 agent has resigned, or that its registered office has been
- 4 ~~discontinued;~~discontinued.
- 5 (5) The corporation's period of duration stated in its articles of incorporation
- 6 ~~expires;~~expires.
- 7 (6) The corporation knowingly fails or refuses to answer truthfully and fully
- 8 within the time prescribed in this Chapter interrogatories propounded by the
- 9 Secretary of State in accordance with the provisions of this ~~Chapter;~~
- 10 ~~or~~Chapter.
- 11 (7) The corporation does not designate the address of its principal office with
- 12 the Secretary of State or does not notify the Secretary of State within 60 days
- 13 that the principal office has changed."

14 **SECTION 3.(c)** G.S. 55A-14-22 reads as rewritten:

15 **"§ 55A-14-22. Reinstatement following administrative dissolution.**

16 ...

17 (b) If the Secretary of State determines that the application contains the information

18 required by subsection (a) of this section, that the information is correct, ~~and~~ that the name of

19 the corporation complies with G.S. 55D-21 and any other applicable section, and that any

20 penalties, fees, or other payments due under this Chapter have been paid, the Secretary of State

21 shall cancel the certificate of dissolution and prepare a certificate of reinstatement that recites

22 the Secretary of State's determination and the effective date of reinstatement, file the original of

23 the certificate, and mail a copy to the corporation.

24"

25 **SECTION 3.(d)** G.S. 55A-1-22(a) reads as rewritten:

26 "(a) The Secretary of State shall collect the following fees when the documents

27 described in this subsection are delivered to the Secretary for filing:

Document	Fee
29	
30	
31	
32	
33	
34	
35	
36	
37	
38	
39	
40	
41	
42	
43	
44	
45	
46	
47	
48	
49	
50	
51	

(29) Annual Report No fee

32 **SECTION 3.(e)** Until January 1, 2021, the Secretary of State may waive the fee

33 payable under G.S. 55A-1-22(17) by a corporation seeking reinstatement following

34 administrative dissolution for delinquent filing pursuant to G.S. 55A-14-20(2a).

36 **PART IV. LIMITED LIABILITY PARTNERSHIPS**

37 **SECTION 4.(a)** G.S. 59-84.4 reads as rewritten:

38 **"§ 59-84.4. Annual report for Secretary of State.**

39 (a) Requirement. – Each registered limited liability partnership and each foreign limited

40 liability partnership authorized to transact business in this State shall ~~deliver~~ submit to the

41 Secretary of State for filing an annual report, in a ~~an~~ electronic form prescribed by the

42 Secretary of State, that sets forth all of the following:

- 43 (1) The name of the registered limited liability partnership or foreign limited
- 44 liability partnership and the state or country under whose law it is formed.
- 45 (2) The street address, and the mailing address if different from the street
- 46 address, of the registered office, the county in which the registered office is
- 47 located, and the name and e-mail address of its registered agent at that office
- 48 in this State, and a statement of any change of the registered office or
- 49 registered agent, or both.
- 50 (3) The street address and telephone number of its principal office.
- 51 (4) A brief description of the nature of its business.

1 (5) The fiscal year end of the partnership.

2 (6) A valid e-mail address for the registered limited liability partnership or
3 foreign limited liability partnership, if different from the e-mail address
4 provided under subdivision (2) of this subsection.

5 ~~If the information contained in the most recently filed annual report has not changed, a~~
6 ~~certification to that effect may be made instead of setting forth the information required by~~
7 ~~subdivisions (2) through (4) of this subsection.~~ The Secretary of State shall make available the
8 form required to file an annual report.

9 (b) Currency of Information. – Information in the annual report must be current as of
10 the date the annual report is executed on behalf of the registered limited liability partnership or
11 the foreign limited liability partnership.

12 (c) Due Date. – The annual report shall be delivered to the Secretary of State by the
13 fifteenth day of the fourth month following the close of the registered or foreign limited
14 liability partnership's fiscal year.

15 (d) Incomplete Information. – If an annual report does not contain the information
16 required by this section, the Secretary of State shall promptly notify the reporting registered or
17 foreign limited liability partnership in writing and return the report to it for correction. If the
18 report is corrected to contain the information required by this section and ~~delivered~~ submitted
19 to the Secretary of State within 30 days after the effective date of notice, it is deemed to be
20 timely filed ~~submitted~~.

21 (e) Amendments. – Amendments to any previously filed annual report may be filed
22 with the Secretary of State at any time for the purpose of correcting, updating, or augmenting
23 the information contained in the annual report.

24 (f) Revocation of Registration. – The Secretary of State may revoke the registration of
25 a registered limited liability partnership or foreign limited liability partnership if the Secretary
26 of State determines ~~that~~ that any of the following has occurred:

27 (1) The registered limited liability partnership or foreign limited liability
28 partnership has not paid, within 60 days after they are due, any penalties,
29 fees, or other payments due under this ~~Chapter;~~ Chapter.

30 (2) The registered limited liability partnership or foreign limited liability
31 partnership does not ~~deliver~~ submit its annual report to the Secretary of State
32 on or before the ~~date~~ sixtieth day after it is due; due.

33 (3) The registered limited liability partnership or foreign limited liability
34 partnership has been without a registered agent or registered office in this
35 State for 60 days or ~~more;~~ or more.

36 (4) The registered limited liability partnership or foreign limited liability
37 partnership does not notify the Secretary of State within 60 days of the
38 change, resignation, or discontinuance that its registered agent or registered
39 office has been changed, that its registered agent has resigned, or that its
40 registered office has been discontinued.

41 (g) Revocation Process. – If the Secretary of State determines that one or more grounds
42 exist under subsection (f) of this section for revoking the registration of the registered limited
43 liability partnership or foreign limited liability partnership, the Secretary of State shall mail the
44 registered limited liability partnership or foreign limited liability partnership written notice of
45 that determination. If, within 60 days after the notice is mailed, the registered limited liability
46 partnership or foreign limited liability partnership does not correct each ground for revocation
47 or demonstrate to the reasonable satisfaction of the Secretary of State that each ground does not
48 exist, the Secretary of State shall revoke the registration of a registered limited liability
49 partnership or foreign limited liability partnership by signing a certificate of revocation that
50 recites the ground or grounds for revocation and its effective date. The Secretary of State shall

1 file the original certificate of revocation and mail a copy to the registered limited liability
2 partnership or foreign limited liability partnership.

3 (h) Application for Reinstatement. – A registered limited liability partnership or foreign
4 limited liability partnership whose registration is revoked under this section may apply to the
5 Secretary of State for reinstatement. If, at the time the registered limited liability partnership
6 applies for reinstatement, the name of the registered limited liability partnership is not
7 distinguishable from the name of another entity authorized to be used under G.S. 55D-21, then
8 the registered limited liability partnership must change its name to a name that is
9 distinguishable upon the records of the Secretary of State from the name of the other entity
10 before the Secretary of State may prepare a certificate of reinstatement. The procedures for
11 reinstatement and for the appeal of any denial of the registered limited liability partnership or
12 foreign limited liability partnership's application for reinstatement shall be the same procedures
13 applicable to business corporations under G.S. 55-14-22, 55-14-23, and ~~55-14-24~~55-14-24,
14 except that any penalties, fees, or other payments due under this Chapter must have been paid
15 prior to reinstatement. The effect of reinstatement of a limited liability partnership shall be the
16 same as for a corporation under G.S. 55-14-22.

17 (i) E-Mail; Confidentiality. – The Secretary of State may provide by e-mail any notice
18 or form required under this section if the submitting registered limited liability partnership or
19 foreign limited liability partnership to be notified has consented to receiving notices and forms
20 via e-mail and has provided the Secretary of State an e-mail address for receiving the notices or
21 forms. Any e-mail address provided by a submitting registered limited liability partnership or
22 foreign limited liability partnership in accordance with this section shall be considered
23 confidential information and shall not be subject to disclosure under Chapter 132 of the General
24 Statutes."

25 **SECTION 4.(b)** G.S. 59-35.2(a)(18) reads as rewritten:

26 "(a) The Secretary of State shall collect the following fees when the documents
27 described in this subsection are submitted by a partnership to the Secretary of State for filing:

Document	Fee
28	
29	...
30	(18) Annual report 200.00 <u>125.00</u>
31"

32
33 **PART V. DISALLOWANCE OF REFUNDS OF PAID SALES AND USE TAXES**

34 **SECTION 5.(a)** G.S. 105-164.14(b) reads as rewritten:

35 "(b) Nonprofit Entities and Hospital Drugs. – A nonprofit entity is allowed a semiannual
36 refund of sales and use taxes paid by it under this Article on direct purchases of tangible
37 personal property and services for use in carrying on the work of the nonprofit entity. Sales and
38 use tax liability indirectly incurred by a nonprofit entity through reimbursement to an
39 authorized person of the entity for the purchase of tangible personal property and services for
40 use in carrying on the work of the nonprofit entity is considered a direct purchase by the entity.
41 Sales and use tax liability indirectly incurred by a nonprofit entity on building materials,
42 supplies, fixtures, and equipment that become a part of or annexed to any building or structure
43 that is owned or leased by the nonprofit entity and is being erected, altered, or repaired for use
44 by the nonprofit entity for carrying on its nonprofit activities is considered a sales or use tax
45 liability incurred on direct purchases by the nonprofit entity. The refund allowed under this
46 subsection does not apply to purchases of electricity, telecommunications service, ancillary
47 service, piped natural gas, video programming, or a prepaid meal plan. A request for a refund
48 must be in writing and must include any information and documentation required by the
49 Secretary. A request for a refund for the first six months of a calendar year is due the following
50 October 15; a request for a refund for the second six months of a calendar year is due the
51 following April 15. The aggregate annual refund amount allowed an entity under this

1 subsection for a fiscal year may not exceed thirty-one million seven hundred thousand dollars
2 (\$31,700,000).

3 Before issuance of a refund, the Secretary must verify that a nonprofit entity is not
4 delinquent for failure to file annual reports with the Secretary of State based on information
5 received at least 30 days prior to issuance of any refund. If a nonprofit entity is delinquent for
6 failure to file an annual report, then the Secretary must deny the request for a refund and notify
7 the entity that the request has been denied for failure of the entity to submit any required annual
8 reports to the Secretary of State. The denial of a request for a refund may be cancelled, and the
9 refund granted, upon the Secretary's receipt of information from the Secretary of State that the
10 nonprofit entity has submitted all required annual reports. A refund may not be issued after one
11 year from the date a request for a refund was denied due to failure to file annual reports with
12 the Secretary of State.

13 The refunds allowed under this subsection do not apply to an entity that is owned and
14 controlled by the United States or to an entity that is owned or controlled by the State and is not
15 listed in this subsection. A hospital that is not listed in this subsection is allowed a semiannual
16 refund of sales and use taxes paid by it on over-the-counter drugs purchased for use in carrying
17 out its work. The following nonprofit entities are allowed a refund under this subsection:

18"

19 **SECTION 5.(b)** The Secretary of State and the Department of Revenue shall
20 jointly develop a process for verifying whether an applicant for a refund under G.S. 105-164.14
21 has submitted all required annual reports. The Secretary of State and the Department of
22 Revenue shall share with one another, upon request and to the extent permitted by federal law,
23 information that is in their possession that is relevant to verifying whether an applicant for a
24 refund under G.S. 105-164.14 has submitted all required annual reports. The Secretary of State
25 and the Department of Revenue shall have the process required under this section operational
26 prior to the effective date of subsection (a) of this section.

27 **PART VI. REINSTATEMENT FEE REVISION**

28 **SECTION 6.** G.S. 105-232 reads as rewritten:

29 **"§ 105-232. Rights restored; receivership and liquidation.**

30 (a) Any corporation or limited liability company whose articles of incorporation,
31 articles of organization, or certificate of authority to do business in this State has been
32 suspended by the Secretary of State under G.S. 105-230, that complies with all the
33 requirements of this Subchapter and pays all State taxes, fees, or penalties due from it (which
34 total amount due may be computed, for years prior and subsequent to the suspension, in the
35 same manner as if the suspension had not taken place), and pays to the Secretary of Revenue a
36 fee of ~~twenty-five~~ twenty-five ~~fifty~~ fifty dollars ~~(\$25.00)-(\$50.00)~~ to cover the cost of reinstatement, is entitled
37 to exercise again its rights, privileges, and franchises in this State. The Secretary of Revenue
38 shall notify the Secretary of State of this compliance and the Secretary of State shall reinstate
39 the corporation or limited liability company by appropriate entry upon the records of the office
40 of the Secretary of State. Upon entry of reinstatement, it relates back to and takes effect as of
41 the date of the suspension by the Secretary of State and the corporation or limited liability
42 company resumes carrying on its business as if the suspension had never occurred, subject to
43 the rights of any person who reasonably relied, to that person's prejudice, upon the suspension.
44 The Secretary of State shall immediately notify by mail the corporation or limited liability
45 company of the reinstatement.

46 (a1) The Secretary of Revenue shall remit twenty-five dollars (\$25.00) from each fee
47 collected under subsection (a) of this section to the Secretary of State to be used solely to cover
48 its share of the cost of reinstatement under subsection (a) of this section, and any funds
49 received under this subsection are hereby appropriated for the maximum amount necessary to
50 achieve this purpose. Any funds received by the Secretary of State under this subsection that
51

1 are in excess of the amount needed to cover the Secretary of State's share of the cost of
2 reinstatement under subsection (a) of this section shall revert to the General Fund.

3"
4

5 **PART VII. PROGRAM EVALUATION DIVISION STUDY**

6 **SECTION 7.** The Joint Legislative Program Evaluation Oversight Committee shall
7 amend the 2018-2019 Program Evaluation Division work plan to direct the Program Evaluation
8 Division to study the effect implementation of this act will have on the staffing levels and
9 customer service demands at the Office of the Secretary of State and the Department of
10 Revenue. The Program Evaluation Division shall report the results of the study to the chairs of
11 the Joint Legislative Program Evaluation Oversight Committee and the Joint Legislative
12 Oversight Committee on General Government on or before August 1, 2019.
13

14 **PART VIII. EFFECTIVE DATE**

15 **SECTION 8.** For entities having gross revenues of at least one hundred
16 seventy-five thousand dollars (\$175,000) in their fiscal year ending in 2017, Parts I, II, and IV
17 of this act become effective January 1, 2018, and apply to annual reports due on or after that
18 date. For entities having gross revenues less than one hundred seventy-five thousand dollars
19 (\$175,000) in their fiscal year ending in 2017, Parts I, II, and IV of this act become effective
20 January 1, 2019, and apply to annual reports due on or after that date. Part III of this act
21 becomes effective January 1, 2019, and applies to annual reports due on or after that date.
22 Section 5(a) of Part V of this act becomes effective January 1, 2019, and applies to requests for
23 refunds submitted on or after that date. Section 6 of this act is effective when it becomes law
24 and applies to fees collected on or after that date. The remainder of this act is effective when it
25 becomes law.