

# 2024 FINANCE LAW CHANGES

See full summary documents for additional detail

## **Clarify Division of Motor Vehicles Authority to Implement Transaction Fees on Electronic Payments – 2023 Budget Technical/Other Corrections.**

SL 2024-1 (S508), Sec. 10.1

Section 10.1 of S.L. 2024-1 makes a clarifying change to a provision enacted in 2023 authorizing the Division of Motor Vehicles (DMV) to add transaction fees to electronic payment transactions. This section makes clear this fee authority applies to all electronic payments accepted by the DMV, notwithstanding a separate general statutory provision governing electronic transaction fees implemented by public agencies.

This section became effective July 1, 2024.

## **Exempt Public Transportation From For-Hire Ground Transport Excise Tax – 2023 Budget Technical/Other Corrections.**

SL 2024-1 (S508), Sec. 11.1

Section 11.1 of S.L. 2024-1 clarifies that for-hire ground transport service providers that provide public transportation on behalf of a State agency, certain governmental entities, or a local board of education are exempt from the for-hire ground transport excise tax.

This section becomes effective July 1, 2025, and applies to for-hire ground transport services occurring on or after that date.

## **Clarify Franchise Tax Cap on the First One Million Dollars of C Corp Tax Base – 2023 Budget Technical/Other Corrections.**

SL 2024-1 (S508), Sec. 11.2

Section 11.2 of S.L. 2024-1 clarifies that the franchise tax cap on the first \$1 million of C Corporation's tax base is a maximum of \$500 and not a flat rate of tax.

This section is effective for taxable years beginning on or after January 1, 2025, and applicable to the calculation of franchise tax reported on the 2024 and later corporate income tax return.

## **Extend Filing Date for SALT Cap Election – 2023 Budget Technical/Other Corrections.**

SL 2024-1 (S508), Sec. 11.3

Section 11.3 of S.L. 2024-1 extends from October 15, 2023, to July 1, 2024, the filing date for a Finance - 2024

SALT cap election for the 2022 taxable year.

This section is effective for taxable years beginning on or after January 1, 2022.

**Tobacco Tax Documentation Technical Correction – 2023 Budget  
Technical/Other Corrections.**

SL 2024-1 (S508), Sec. 11.4

Section 11.4 of S.L. 2024-1 makes a technical correction by incorporating into G.S. 105-113.36A(f) the changes made by both Section 3.2(b) of S.L. 2023-12, which was the Revenue Laws Technical, Clarifying, and Administrative Changes Act, and Section 42.18(b) of S.L. 2023-134, which was the 2023 Appropriations Act.

This section becomes effective July 1, 2025, and applies to sales or purchases occurring on or after that date.

**Increase Frequency of Tax Revenue Transfer to Highway Fund – North Carolina  
Department of Transportation Legislative Changes.**

SL 2024-15 (H198), Sec. 18

Section 18 of S.L. 2024-15 increases from quarterly to monthly the frequency of transfers from the General Fund to the Highway Fund of proceeds collected from the State general rate of sales tax.

This bill was vetoed by the Governor on May 23, 2024, and that veto was overridden by the General Assembly on June 27, 2024. This section of the act became effective July 1, 2024.

**2024 UNC Self-Liquidating Capital Projects.**

SL 2024-24 (H912)

S.L. 2024-24 authorizes constituent institutions of The University of North Carolina (UNC) to finance and acquire or construct certain capital improvement projects reviewed and approved by the Board of Governors of UNC. The projects will be financed through revenue bonds, special obligation bonds, and other funds available to the institutions, excluding tuition and appropriations from the General Fund or the State Capital and Infrastructure Fund unless previously authorized by law.

This act became effective on June 28, 2024.

**Revenue Laws Technical, Clarifying, and Administrative Changes.**

SL 2024-28 (H228)

S.L. 2024-28 makes various technical, clarifying, and administrative changes to the revenue laws as recommended by the Department of Revenue, makes technical changes to the Medicaid

hospital assessment statutes, replaces an expiring unit of measure used by Fannie Mae referenced in NC statutes setting certain restrictions on high-cost home loans, increases from \$20 to \$30 the special registration plate fee for the NC Tennis Foundation special plate, and increases the bond debt limit for the Housing Finance Agency.

This act was signed into law by the Governor on July 1, 2024, but has various effective dates. Please see the full summary for more detail.

### **Insurance Revisions/Online Auctions/Firefighters.**

SL 2024-29 (S319)

Session Law 2024-29:

- Clarifies that risk retention groups chartered in this State are subject to examination by the Commissioner of Insurance and are responsible for the costs of the examination.
- Reduces from 5% to 1.85% the tax rate applicable to gross premiums paid for coverages within this State to risk retention groups not chartered in this State.
- Removes the requirement that foreign captive insurance companies redomesticate to North Carolina before December 31, 2022, in order to qualify for the exemption from paying gross premiums taxes in the year of and after redomestication and extends by two years the expiration date of this exemption, ending it for taxable years beginning on or after January 1, 2026.
- Allows certain foreclosure sales to be conducted at designated public locations, expands the time allowed for a scheduled foreclosure sale to commence, and establishes a procedure for remote bidding at a foreclosure sale.
- Permits health benefit plan sponsors, on behalf of any enrolled individual, to consent to delivery of all plan-related documents by electronic means in compliance with the Uniform Electronic Transactions Act, if that is not otherwise prohibited under ERISA.
- Permits an individual to be licensed simultaneously as an adjuster and as an insurance producer with casualty, personal lines, or property lines of authority.
- Clarifies that either the appointing insurer or the appointed insurance producer can notify the Commissioner when the appointment is cancelled.
- Amends the definition of an "underinsured motor vehicle" by removing language that states the applicable limits of underinsured (UIM) coverage at the time of the accident are those "for the vehicle involved in the accident and insured under the owner's policy."
- Makes technical corrections to certain insurance provisions in S.L. 2023-133 concerning the calculation of underinsured motorist coverage and insurance ratemaking laws.
- Establishes the Firefighters' Cancer Insurance Program to provide health benefits to eligible firefighters with a new diagnosis of cancer on or after January 1, 2022.
- Increases from \$10.00 to \$15.00 the monthly payment by eligible firefighters and rescue squad workers who participate in the North Carolina Firefighters' and Rescue Squad Workers' Pension Fund and increases the monthly pension benefit from \$170.00 to \$175.00.

- Requires a county to ensure a criminal history record check is conducted for an applicant over the age of 18 who is applying for a firefighting position and allows county clerks of court and third-party vendors to conduct a record check under certain conditions.

This act has various effective dates. Please see the full summary for more details.

### **Captive Insurance Revisions – Insurance Rev/Online Auctions/Firefighters.**

SL 2024-29 (S319), Secs. 1-3

Sections 1 through 3 of S.L. 2024-29 do the following:

- Provides that a risk retention group chartered in this State is subject to examination by the Commissioner of Insurance whenever the Commissioner deems it prudent and reasonable.
- Reduces from 5% to 1.85% the tax rate applicable to gross premiums paid for coverages within this State to risk retention groups not chartered in this State.
- Eliminates the requirement that a foreign captive insurance company redomesticate to North Carolina prior to December 31, 2022, in order to qualify for the exemption from paying gross premiums taxes in the year of and in the year after redomestication and extends by one year the sunset on this exemption provision, ending it for taxable years beginning on or after January 1, 2026.

Sections 1 and 2 of S.L. 2024-29 become effective October 1, 2024. Section 3 became effective July 2, 2024.

### **Motor Vehicle Registration Tax – DMV Proposed Legislative Changes.**

SL 2024-30 (H199), Sec. 30

Section 30 of S.L. 2024-30 increases from \$8 to \$10 the maximum tax rate transportation authorities may levy for registered motor vehicles located within their territorial jurisdiction.

This section became effective July 1, 2024.

### **Regulate Tobacco Products – Certain CIHS Partners/Regulate Tobacco Products.**

SL 2024-31 (H900), Sec. 2

Section 2 of S.L. 2024-31 creates a new regulatory system for the certification of consumable products and vapor products, including the creation of a public directory of these certified products, and provides enforcement mechanisms for violations of this new regulatory system.

Section 2 of S.L. 2024-31 becomes effective December 1, 2024.

### **Conservation Tax Credit – North Carolina Farm Act of 2024.**

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## SL 2024-32 (S355), Sec. 15

Section 15 of S.L. 2024-32 reenacts a modified conservation tax credit equal to 25% of the fair market value of donated real property that may be used (1) for forestland or farmland preservation; (2) for fish and wildlife conservation; (3) as a buffer for military training and testing activities; (4) for floodplain protection; (5) for historic landscape conservation; (6) for public trails or access to public trails. The credit is capped at \$500,000 for corporations and \$250,000 for individuals. There is an aggregate cap of \$5 million dollars per taxable year with 65% of that amount being allocated for credits claimed for forestland and farmland preservation.

This credit is effective for taxable years beginning on or after January 1, 2025, for donations made on or after January 1, 2025, and expires for taxable years beginning on or after January 1, 2027, for donations made on or after January 1, 2027.

## **Cap the Tax on Qualifying Spirituous Liquor Purchases – ABC Omnibus 2023- 24.**

### SL 2024-41 (S527), Sec. 23

Section 23 of S.L. 2024-41 caps the amount of sales and use tax payable on the purchase of a single container of spirituous liquor the purchase price of which is equal to or greater than \$50,000. In order to effectuate this cap administratively, a purchaser must either apply to the Department of Revenue for a direct pay permit and pay the tax directly to the Secretary, or the seller may voluntarily collect the tax on behalf of the purchaser.

This section becomes effective January 1, 2025, and applies to purchases occurring on or after that date.

## **Clarify Due Date of Returns/Tax and Clarify When Excise Taxes for Alcoholic Beverages Must Be Paid – ABC Omnibus 2023-24.**

### SL 2024-41 (S527), Sec. 35

Section 35 of S.L. 2024-41 clarifies the due dates for returns and payment of alcohol excise tax, clarifies that certain reports must be submitted even if tax is not due, and allows the Department of Revenue to request a copy of an agreement between breweries or wineries and their wholesalers transferring the remittance obligation to the wholesaler.

This section, as included in this act, became effective July 8, 2024. However, the identical provision was enacted in [Section 3.1 of S.L. 2024-28](#), which became effective July 1, 2024. Therefore, as a practical matter, the substance of this section became effective July 1, 2024.

## **Modify Rural Electrification Authority/Fee Update – Public Safety/Other Changes.**

### SL 2024-43 (H250), Sec. 4

Section 4 of S.L. 2024-43 increases the maximum fee that the Rural Electrification Authority  
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(Authority) can charge telephone and electric membership corporations from four cents (4¢) to six cents (6¢) for each electric membership corporation's meter connected for service in the State and for each telephone membership corporation's access line connected for service in the State for each quarter of the year.

This section became effective July 8, 2024.

**Require Additional Means of Notice to Advertise Property Tax Liens in Addition to Those Currently Required by Law – Regulatory Reform Act of 2024.**

SL 2024-45 (S607), Sec. 22

Section 22 of S.L. 2024-45 requires an additional means of notice to advertise property tax liens in addition to those currently required by law.

This section becomes effective for taxes imposed for taxable years on or after January 1, 2025.

**Waiver of Certain Division of Motor Vehicles Fees – Disaster Recovery Act of 2024.**

SL 2024-51 (H149), Sec. 11.1

Section 11.1 of S.L. 2024-51 authorizes the Governor to waive fees applicable to residents of counties impacted by Hurricane Helene or PTC8 that are assessed by the Division of Motor Vehicles (Division) for the following:

- Duplicate drivers license, duplicate commercial drivers license, or duplicate special identification card.
- First issuance of a special identification card.
- Application for a duplicate or corrected title.
- Replacement registration plate.
- Application for a duplicate registration card.
- Late payment of registration renewal fee.

The Division is authorized to refund fees collected by the Division that are waived pursuant to this section and is required to post notice of the availability of refunds on its website.

This section became effective October 10, 2024, applied to fees assessed or collected on or after September 15, 2024, and expired December 31, 2024.

**Interest Waiver for Certain Taxes and Extension to File Partnership and S Corporation Election – Disaster Recovery Act of 2024.**

SL 2024-51 (H149), Sec. 13.1

Section 13.1 of S.L. 2024-51 provides financial relief to certain taxpayers located in the counties

affected by Hurricane Helene who would otherwise be required to file returns and make tax payments in the immediate wake of the recovery period. The relief is in the form of a mandatory waiver by the Secretary of Revenue of the accrual of interest that applies to late filings and payments. The length of the waiver period varies based on the tax type. It also provides additional time for partnerships and S Corporations to file for an election to be taxed at the entity level, which was otherwise due by October 15, 2024, for those entities that had extensions expiring on that date.

This section became effective October 10, 2024.

#### **Construction Fee Moratorium – Disaster Recovery Act of 2024.**

SL 2024-51 (H149), Sec. 16.2

Section 16.2 of S.L. 2024-51 imposes, in the area impacted by Hurricane Helene, a three-month moratorium on permit, inspection, or certificate of occupancy fees charged by the Department of Insurance, counties, and cities on property damaged by Hurricane Helene.

This section became effective on October 10, 2024, and applies to permit applications dated on or after September 26, 2024, and expired on December 31, 2024.

#### **Fee Waiver for Certain Infrastructure Emergency Loans – The Disaster Recovery Act of 2024 - Part II.**

SL 2024-53 (S743), Sec. 4C.5

Section 4C.5 of S.L. 2024-53 provides discretion to the Secretary of Environmental Quality to waive the 2% loan fee for emergency loans to water supply systems or wastewater systems when the Governor has declared a state of emergency due to a natural disaster or a pending disaster.

This section became effective October 25, 2024.

#### **Expand Waiver of Interest Provisions for Tax Preparers/Tax Records – The Disaster Recovery Act of 2024 - Part II.**

SL 2024-53 (S743), Sec. 4H.1

Section 4H.1 of S.L. 2024-53 extends to taxpayers whose tax preparers or tax records are located in a disaster county the waiver provision applicable to interest on an underpayment of tax for certain periods of time for taxpayers located in a disaster county, which was provided in [Sec. 13.1 of S.L. 2024-51](#). However, for these taxpayers, the waiver is not automatic and is granted only upon request. A taxpayer seeking this waiver must have notified the Department of Revenue within 30 days of the act becoming law, which occurred on October 25, 2024.

This section became effective on October 25, 2024.

**Eliminate Additional Means of Notice to Advertise Property Tax Liens Currently Required by Law – Disaster Relief-3/Budget/Various Law Changes.**

SL 2024-57 (S382), Sec. 2J.1

Section 2J.1 of S.L. 2024-57 repeals [Section 22 of S.L. 2024-45](#), which required tax collectors to provide an additional means of notice to advertise property tax liens, effective for taxes imposed for taxable years beginning on or after January 1, 2025. Specifically, the requirement being repealed by this section would have required a tax collector to visit each affected parcel to post notice of the lien directly on or at the parcel's physical location in addition to the existing requirement of advertising the lien in local newspapers.

This bill was vetoed by the Governor on November 26, 2024, and that veto was overridden by the General Assembly on December 11, 2024. This section became effective December 11, 2024.