

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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SENATE BILL 1292
Finance Committee Substitute Adopted 6/11/02

Short Title: Budget Revenue Act of 2002.

(Public)

Sponsors:

Referred to:

June 10, 2002

1 A BILL TO BE ENTITLED
2 AN ACT TO RAISE REVENUES TO SUPPORT THE CURRENT OPERATIONS OF
3 STATE AND LOCAL GOVERNMENT AND TO UPDATE THE REFERENCE
4 DATE TO THE INTERNAL REVENUE CODE USED TO DEFINE AND
5 DETERMINE CERTAIN STATE TAX PROVISIONS.

6 The General Assembly of North Carolina enacts:

7
8 **PART I. ACCELERATE LOCAL OPTION SALES TAX**

9
10 **SECTION 1.1.** G.S. 105-517(c) reads as rewritten:

11 "(c) Effective Date. – A tax levied under this Article may not become effective
12 before ~~July 1, 2003.~~ August 1, 2002."

13 **SECTION 1.2.** G.S. 105-518(b) reads as rewritten:

14 "(b) Ballot Question. – The question to be presented on a ballot for a special
15 election concerning the levy of the taxes authorized by this Article must be in the
16 following form:

17 FOR AGAINST

18 one-half percent (½%) local sales and use taxes, ~~to replace the current one-half percent~~
19 ~~(½%) State sales and use taxes that end July 1, 2003.~~ in addition to all current State and
20 local sales and use taxes.'"

21 **SECTION 1.3.(a)** Effective July 1, 2002, G.S. 105-520 reads as rewritten:

22 "**§ 105-520. Distribution of taxes.**

23 (a) Point of Origin. – The Secretary must, on a ~~monthly~~ quarterly basis, allocate
24 to each taxing county one-half of the net proceeds of the tax collected in that county
25 under this Article. If the Secretary collects taxes under this Article in a ~~month~~ quarter
26 and the taxes cannot be identified as being attributable to a particular taxing county, the
27 Secretary must allocate one-half of the net proceeds of these taxes among the taxing
28 counties in proportion to the amount of taxes collected in each county under this Article
29 in that ~~month~~ quarter.

1 (b) Per Capita. – The Secretary must, on a ~~monthly~~ quarterly basis, allocate the
2 remaining net proceeds of the tax collected under this Article among the taxing counties
3 on a per capita basis according to the most recent annual population estimates certified
4 to the Secretary by the State Budget Officer. The Secretary must then adjust the amount
5 allocated to each county as provided in G.S. 105-486(b).

6 (c) Distribution Between Counties and Cities. – The Secretary must divide and
7 distribute the funds allocated under this section each ~~month~~ quarter between each taxing
8 county and the municipalities located in the county in accordance with the method by
9 which the one percent (1%) sales and use taxes levied in that county pursuant to Article
10 39 of this Chapter or Chapter 1096 of the 1967 Session Laws are distributed. No
11 municipality may receive any funds under this subsection for a ~~month~~ quarter if it is not
12 entitled to a distribution under G.S. 105-501 for the same ~~month~~ quarter."

13 **SECTION 1.3.(b)** This section is repealed effective July 1, 2003.

14 **SECTION 1.4.** G.S. 105-521 reads as rewritten:

15 "**§ 105-521. Transitional local government hold harmless.**

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

- 17 (1) Local government. – A county or municipality that received a
18 distribution of local sales taxes in the most recent fiscal year for which
19 a local sales tax share has been calculated.
- 20 (2) Local sales tax share. – A local government's percentage share of the
21 two-cent (2¢) sales taxes distributed during the most recent fiscal year
22 for which data are available.
- 23 (3) Repealed reimbursement amount. – The total amount a local
24 government would have been entitled to receive during the ~~2002-2003~~
25 2001-2002 fiscal year under G.S. 105-164.44C, 105-275.1, 105-275.2,
26 105-277.001, and 105-277.1A, if the Governor had not withheld any
27 distributions under those sections.
- 28 (4) Two-cent (2¢) sales taxes. – The first one-cent (1¢) sales and use tax
29 authorized in Article 39 of this Chapter and in Chapter 1096 of the
30 1967 Session Laws, the first one-half cent (½¢) local sales and use tax
31 authorized in Article 40 of this Chapter, and the second one-half cent
32 (½¢) local sales and use tax authorized in Article 42 of this Chapter.

33 (b) ~~Distributions.~~ 2002-2003 Distribution. – On or before September 15, 2002,
34 the Secretary must multiply each local government's local sales tax share by the sum of
35 three hundred nine million ten thousand six hundred sixty-seven dollars (\$309,010,667).
36 If the resulting amount is less than one hundred percent (100%) of the local
37 government's repealed reimbursement amount, the Secretary must pay the local
38 government the difference, but not less than one hundred dollars (\$100.00).

39 (c) Subsequent Distributions. – On or before September 15, 2003, and each
40 September 15 thereafter, the Secretary must multiply each local government's local sales
41 tax share by the estimated amount that all local governments would be expected to
42 receive during the current fiscal year under G.S. 105-520 if every county levied the tax
43 under this Article for the year. If the resulting amount is less than one hundred percent
44 (100%) of the local government's repealed reimbursement amount, the Secretary must

1 pay the local government the difference, but not less than one hundred dollars
2 (\$100.00).

3 (d) Estimated Amounts. – On or before May 1, 2003, and each May 1 thereafter,
4 the Office of State Budget and Management and the Fiscal Research Division of the
5 General Assembly must each submit to the Secretary and to the General Assembly a
6 final projection of the estimated amount that all local governments would be expected to
7 receive during the upcoming fiscal year under G.S. 105-520 if every county levied the
8 tax under this Article for the fiscal year. If the Secretary does not use the lower of the
9 two final projections to make the calculation required by this subsection, the Secretary
10 must report the reasons for this decision to the Joint Legislative Commission on
11 Governmental Operations within 60 days after receiving the projections.

12 (e)(e) Source of Funds. – The Secretary must draw the funds distributed under this
13 section from sales and use tax collections under Article 5 of this Chapter.

14 (d)(f) Reports. – The Secretary must report to the Revenue Laws Study Committee
15 by January 31, ~~2004~~,2003, and each January 31 thereafter, the amount distributed under
16 this section for the current fiscal year."

17 **SECTION 1.5.** Effective for taxable years beginning on or after January 1,
18 2002, G.S. 105-269.14(b) reads as rewritten:

19 "(b) Distribution. – The Secretary must distribute ~~one-third~~ a portion of the net use
20 tax proceeds collected under this section to counties and ~~cities in proportion to their~~
21 ~~total distributions under Articles 39, 40, and 42 of this Chapter and Chapter 1096 of the~~
22 ~~1967 Session Laws for the most recent period for which data is available.~~ cities. The
23 portion to be distributed to all counties and cities shall be the total net use tax proceeds
24 collected under this section multiplied by a fraction. The numerator of the fraction is the
25 local use tax proceeds collected under this section. The denominator of the fraction is
26 the total use tax proceeds collected under this section. The Secretary shall then
27 distribute this portion to the counties and cities in proportion to their total distributions
28 under Articles 39, 40, 42, 43, and 44 of this Chapter and Chapter 1096 of the 1967
29 Session Laws for the most recent period for which data are available. The provisions of
30 G.S. 105-472, 105-486, and 105-501 do not apply to tax proceeds distributed under this
31 section."

32 **SECTION 1.6.** G.S. 159-15 reads as rewritten:

33 "**§ 159-15. Amendments to the budget ordinance.**

34 Except as otherwise restricted by law, the governing board may amend the budget
35 ordinance at any time after the ordinance's adoption in any manner, so long as the
36 ordinance, as amended, continues to satisfy the requirements of G.S. 159-8 and 159-13.
37 However, except as otherwise provided in this section, no amendment may increase or
38 reduce a property tax levy or in any manner alter a property taxpayer's liability, unless
39 the board is ordered to do so by a court of competent jurisdiction, or by a State agency
40 having the power to compel the levy of taxes by the board.

41 If after July 1 the local government receives additional and unanticipated revenues,
42 the governing body may, before January 1, amend the budget ordinance to reduce the
43 property tax levy to account for the unanticipated revenues.

1 The governing board by appropriate resolution or ordinance may authorize the
2 budget officer to transfer moneys from one appropriation to another within the same
3 fund subject to such limitations and procedures as it may prescribe. Any such transfers
4 shall be reported to the governing board at its next regular meeting and shall be entered
5 in the minutes."

6 **SECTION 1.7.** Section 34.14(b) of S.L. 2001-424 reads as rewritten:

7 "**SECTION 34.14.(b)** Notwithstanding the provisions of G.S. 105-466(c), a tax
8 levied during the ~~2003-2002~~ calendar year under Article 44 of Chapter 105 of the
9 General Statutes, as enacted by this act, may become effective on the first day of any
10 calendar month during 2002 beginning on or after ~~July 1, 2003~~.August 1, 2002.
11 Notwithstanding the provisions of G.S. 105-466(c), if a county levies a tax during the
12 ~~2003-2002~~ calendar year under Article 44 of Chapter 105 of the General Statutes, as
13 enacted by this act, that is to become effective on or before January 1, 2003, the county
14 is required to give the Secretary of Revenue ~~only the following notice:~~

15 (1) If the tax is to become effective August 1, 2002, the county must
16 notify the Secretary on or before July 15, 2002.

17 (2) If the tax is to become effective on the first day of any other calendar
18 month beginning on or before January 1, 2003, the county must give
19 the Secretary 30 days' advance notice of the tax levy.

20 For taxes ~~levied on or~~that are to become effective after January 1, ~~2004, 2003,~~ the
21 provisions of G.S. 105-466(c) apply."

22 **SECTION 1.8.** Section 34.15(b) of S.L. 2001-424 reads as rewritten:

23 "**SECTION 34.15.(b)** This section becomes effective July 1, ~~2003, 2002.~~"

24 **SECTION 1.9.** Notwithstanding any other provision of law, for the months
25 of August and September 2002, the administration and distribution of taxes collected
26 under Article 44 of Chapter 105 of the General Statutes shall be in accordance with this
27 section. For each of those months, the Secretary of Revenue shall create a separate
28 account for the collection of taxes under Article 44 of Chapter 105 of the General
29 Statutes. In each of those months, retailers shall report taxes collected under Article 44
30 of Chapter 105 of the General Statutes on a form separate from that on which the
31 retailer reports other sales and use taxes collected. In each of those months, the
32 Secretary shall allocate to each county that has imposed a tax under Article 44 of
33 Chapter 105 of the General Statutes a portion of the total amount of tax collected under
34 that Article. A county's allocation shall be determined by multiplying the total amount
35 of tax collected under Article 44 of Chapter 105 of the General Statutes for that month
36 by a fraction. The numerator of the fraction is the amount allocated under G.S.
37 105-472, 105-486, and 105-501 for the first quarter of the 2002-2003 fiscal year to the
38 county. The denominator of the fraction is the total amount allocated under G.S.
39 105-472, 105-486, and 105-501 for the first quarter of the 2002-2003 fiscal year to all
40 counties that have imposed a tax under Article 44 of Chapter 105 of the General
41 Statutes. The Secretary shall distribute these taxes at the end of the quarter in
42 accordance with G.S. 105-520(c).

43 **SECTION 1.10.** To the extent the Department of Revenue's nonrecurring
44 costs of implementing and administering Article 44 of Chapter 105 of the General

1 Statutes, as amended, exceed funds available in its budget for the 2002-2003 fiscal year,
2 the Department may pay the excess cost by withholding up to three hundred thousand
3 dollars (\$300,000) from collections under Subchapter VIII of Chapter 105 of the
4 General Statutes.

5 **SECTION 1.11.** The Department of Revenue may contract for supplies,
6 materials, equipment, and contractual services related to the provision of notice, the
7 creation of tax forms and instructions, and the development of computer software
8 necessitated by the amendments in this act without being subject to the requirements of
9 Article 3 or Article 8 of Chapter 143 of the General Statutes.

10 **SECTION 1.12.(a)** The title of Article 39 of Chapter 105 of the General
11 Statutes reads as rewritten:

12 "Article 39.

13 First One-Cent (1¢) Local Government Sales and Use Tax."

14 **SECTION 1.12.(b)** G.S. 105-463 reads as rewritten:

15 "**§ 105-463. Short title.**

16 This Article shall be known as the ~~Local~~ First One-Cent (1¢) Local Government
17 Sales and Use Tax Act."

18 **SECTION 1.13.(a)** The title of Article 40 of Chapter 105 of the General
19 Statutes reads as rewritten:

20 "Article 40.

21 ~~Supplemental~~ First One-Half Cent (1/2¢) Local Government Sales and Use Taxes.
22 Tax."

23 **SECTION 1.13.(b)** G.S. 105-480 reads as rewritten:

24 "**§ 105-480. Short title.**

25 This Article shall be known as the ~~Supplemental~~ First One-Half Cent (1/2¢) Local
26 Government Sales and Use Tax Act."

27 **SECTION 1.14.(a)** The title of Article 42 of Chapter 105 of the General
28 Statutes reads as rewritten:

29 "Article 42.

30 ~~Additional Supplemental~~ Second One-Half Cent (1/2¢) Local Government Sales and
31 Use Taxes.
32 Tax."

33 **SECTION 1.14.(b)** G.S. 105-495 reads as rewritten:

34 "**§ 105-495. Short title.**

35 This Article shall be known as the ~~Additional Supplemental~~ Second One-Half Cent
36 (1/2¢) Local Government Sales and Use Tax Act."

37 **SECTION 1.15.** Notwithstanding the provisions of G.S. 105-517(b), a
38 county may levy a tax by resolution that becomes effective on or before January 1,
39 2003, under Article 44 of Chapter 105 of the General Statutes without giving at least 10
40 days' public notice of its intent to adopt the resolution and without holding a public
41 hearing on the issue of adopting the resolution.

42 **PART II. DELAY 2001 TAX BREAKS**

43 **SECTION 2.1.(a)** Section 34.16(d) of S.L. 2001-424 reads as rewritten:

1 "SECTION 34.16.(d) This section becomes effective January 1, ~~2002,2003~~, and
2 applies to sales made on or after that date."

3 SECTION 2.1.(b) Section 18(c) of S.L. 2001-476 reads as rewritten:

4 "SECTION 18.(c) This Subsection (b) of this section becomes effective January 1,
5 2003, and applies to sales made on or after that date. The remainder of this section
6 becomes effective January 1, 2002, and applies to sales made on or after that date. The
7 Codifier is authorized to modify G.S. 105-164.3 to change the format of the existing
8 definitions to match the format of the new definitions enacted during 2001, but not to
9 change the format of the new definitions enacted in 2001 to match the format of the
10 existing definitions. The Codifier is authorized to renumber these definitions as
11 necessary to maintain their alphabetical order."

12 SECTION 2.2.(a) The lead-in language of Section 34.19(a) of S.L.
13 2001-424 reads as rewritten:

14 "SECTION 34.19.(a) Effective for taxable years beginning on or after January 1,
15 ~~2002,2003~~, G.S. 105-134.6(c)(3) and (4) reads as rewritten:"

16 SECTION 2.2.(b) The lead-in language of Section 34.19(b) of S.L.
17 2001-424 reads as rewritten:

18 "SECTION 34.19.(b) Effective for taxable years beginning on or after January 1,
19 ~~2003,2004~~, G.S. 105-134.6(c)(4), as amended by this section, reads as rewritten:"

20 SECTION 2.3.(a) The lead-in language of Section 34.20(a) of S.L.
21 2001-424 reads as rewritten:

22 "SECTION 34.20.(a) Effective for taxable years beginning on or after January 1,
23 ~~2002,2003~~, G.S. 105-151.24 reads as rewritten:"

24 SECTION 2.3.(b) The lead-in language of Section 34.20(b) of S.L.
25 2001-424 reads as rewritten:

26 "SECTION 34.20.(b) Effective for taxable years beginning on or after January 1,
27 ~~2003,2004~~, G.S. 105-151.24, as amended by this section, reads as rewritten:"

28 29 PART III. UPDATE IRC REFERENCE

30
31 SECTION 3.1. G.S. 105-228.90(b)(1b) reads as rewritten:

32 "(1b) Code. – The Internal Revenue Code as enacted as of ~~January 1,~~
33 ~~2001,May 1, 2002~~, including any provisions enacted as of that date
34 which become effective either before or after that date."

35 SECTION 3.2.(a) G.S. 105-130.5(a) is amended by adding a new
36 subdivision to read:

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

39 ...

40 (15) The amount allowed as a thirty percent (30%) accelerated depreciation
41 deduction under section 168(k) or section 1400L of the Code. In
42 addition, a taxpayer who was allowed a thirty percent (30%)
43 accelerated depreciation deduction under section 168(k) or section
44 1400L of the Code in a taxable year beginning before January 1, 2002,

1 and whose North Carolina taxable income in that earlier year reflected
2 that accelerated depreciation deduction must add to federal taxable
3 income in the taxpayer's first taxable year beginning on or after
4 January 1, 2002, an amount equal to the amount of the deduction
5 allowed in the earlier taxable year. This adjustment does not result in a
6 difference in basis of the affected assets for State and federal income
7 tax purposes."

8 **SECTION 3.2.(b)** G.S. 105-134.6(c) is amended by adding a new
9 subdivision to read:

10 "(c) Additions. – The following additions to taxable income shall be made in
11 calculating North Carolina taxable income, to the extent each item is not included in
12 taxable income:

13 ...

14 (8) The amount allowed as a thirty percent (30%) accelerated depreciation
15 deduction under section 168(k) or section 1400L of the Code. In
16 addition, a taxpayer who was allowed a thirty percent (30%)
17 accelerated depreciation deduction under section 168(k) or section
18 1400L of the Code in a taxable year beginning before January 1, 2002,
19 and whose North Carolina taxable income in that earlier year reflected
20 that accelerated depreciation deduction must add to federal taxable
21 income in the taxpayer's first taxable year beginning on or after
22 January 1, 2002, an amount equal to the amount of the deduction
23 allowed in the earlier taxable year. This adjustment does not result in a
24 difference in basis of the affected assets for State and federal income
25 tax purposes."

26 **SECTION 3.2.(c)** This section is effective for taxable years beginning on or
27 after January 1, 2002.

28 **SECTION 3.3.(a)** G.S. 105-130.5(b) is amended by adding a new
29 subdivision to read:

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

32 ...

33 (21) In each of the taxpayer's first five taxable years beginning on or after
34 January 1, 2005, an amount equal to twenty percent (20%) of the
35 amount added to taxable income in a previous year as accelerated
36 depreciation under subdivision (a)(15) of this section."

37 **SECTION 3.3.(b)** G.S. 105-134.6(b) is amended by adding a new
38 subdivision to read:

39 "(b) Deductions. – The following deductions from taxable income shall be made
40 in calculating North Carolina taxable income, to the extent each item is included in
41 taxable income:

42 ...

43 (17) In each of the taxpayer's first five taxable years beginning on or after
44 January 1, 2005, an amount equal to twenty percent (20%) of the

1 amount added to taxable income in a previous year as accelerated
2 depreciation under subdivision (c)(8) of this section."

3 **SECTION 3.3.(c)** This section is effective for taxable years beginning on or
4 after January 1, 2002.

5 **SECTION 3.4.(a)** G.S. 105-32.2(b) reads as rewritten:

6 "(b) Amount. – The amount of the estate tax imposed by this section is the
7 maximum credit for state death taxes allowed under section 2011 of the ~~Code~~, Code
8 without regard to the phase-out of that credit under subdivision (b)(2) of that section. If
9 any property in the estate is located in a state other than North Carolina, the amount of
10 tax payable is the North Carolina percentage of the credit.

11 If the decedent was a resident of this State at death, the North Carolina percentage is
12 the net value of the estate that does not have a tax situs in another state, divided by the
13 net value of all property in the estate. If the decedent was not a resident of this State at
14 death, the North Carolina percentage is the net value of real property that is located in
15 North Carolina plus the net value of any personal property that has a tax situs in North
16 Carolina, divided by the net value of all property in the estate, unless the decedent's
17 state of residence uses a different formula to determine that state's percentage. In that
18 circumstance, the North Carolina percentage is the amount determined by the formula
19 used by the decedent's state of residence.

20 The net value of property that is located in or has a tax situs in this State is its gross
21 value reduced by any debt secured by that property. The net value of all the property in
22 the estate is its gross value reduced by any debts and deductions of the estate."

23 **SECTION 3.4.(b)** This section is effective on and after January 1, 2002, and
24 applies to the estates of decedents dying on or after that date. This section is repealed
25 effective for the estates of decedents dying on or after January 1, 2004.

26 **SECTION 3.5.** Effective for taxable years beginning on or after January 1,
27 2002, G.S. 105-134.6(b)(13) is repealed.

28 **SECTION 3.6.** Notwithstanding Section 3.1 of this act, any amendments to
29 the Internal Revenue Code enacted in 2001 that increase North Carolina taxable income
30 for the 2001 taxable year become effective for taxable years beginning on or after
31 January 1, 2002.

32 33 **PART IV. UNAUTHORIZED SUBSTANCE TAX EXPENSES**

34
35 **SECTION 4.1.** G.S. 105-501 is amended by adding a new subdivision to
36 read:

37 "...

38 In determining the net proceeds of the tax to be distributed, the Secretary shall
39 deduct from the collections to be allocated an amount equal to one-fourth of the costs
40 during the preceding fiscal year of:

41 ...

42 (1a) Seventy percent (70%) of the expenses of the Department of Revenue
43 in performing the duties imposed by Article 2D of this Chapter.

44 "

1 **SECTION 4.2.** This Part becomes effective July 1, 2002.

2
3 **PART V. INSURANCE REGULATORY CHARGE**

4
5 **SECTION 5.(a)** The percentage rate to be used in calculating the insurance
6 regulatory charge under G.S. 58-6-25 is six and one-half percent (6.5%) for the 2002
7 calendar year.

8 **SECTION 5.(b)** This section is effective when it becomes law.

9
10 **PART VI. REGULATORY FEE FOR UTILITIES COMMISSION**

11
12 **SECTION 6.(a)** The percentage rate to be used in calculating the public
13 utility regulatory fee under G.S. 62-302(b)(2) is one-tenth percent (0.1%) for each
14 public utility's North Carolina jurisdictional revenues earned during each quarter that
15 begins on or after July 1, 2002.

16 **SECTION 6.(b)** The electric membership corporation regulatory fee
17 imposed under G.S. 62-302(b1) for the 2002-2003 fiscal year is two hundred thousand
18 dollars (\$200,000).

19 **SECTION 6.(c)** This section becomes effective July 1, 2002.

20
21 **PART VII. VARIOUS COURT FEES**

22
23 **SECTION 7.1.(a)** G.S. 15A-1371(i) reads as rewritten:

24 "(i) A fee of ~~one hundred dollars (\$100.00)~~ one hundred fifty dollars (\$150.00)
25 shall be paid by all persons who participate in the Community Service Parole Program.
26 That fee must be paid to the clerk of court in the county in which the parolee is released.
27 The fee must be paid in full within two weeks unless the Post-Release Supervision and
28 Parole Commission, upon a showing of hardship by the person, allows ~~him~~ the person
29 additional time to pay the fee. The parolee may not be required to pay the fee before ~~he~~
30 the person begins the community service unless the Post-Release Supervision and
31 Parole Commission specifically orders that ~~he~~ the person do so. Fees collected under
32 this subsection shall be deposited in the General Fund. The fee imposed under this
33 ~~section~~ subsection may be paid as prescribed by the supervising parole officer."

34 **SECTION 7.1.(b)** G.S. 20-179.4(c) reads as rewritten:

35 "(c) A fee of ~~one hundred dollars (\$100.00)~~ one hundred fifty dollars (\$150.00)
36 shall be paid by all persons serving a community service sentence. That fee shall be paid
37 to the clerk of court in the county in which the person is convicted. The fee shall be paid
38 in full within two weeks unless the court, upon a showing of hardship by the person,
39 allows additional time to pay the fee. The person may not be required to pay the fee
40 before beginning the community service unless the court specifically orders the person
41 to do so."

42 **SECTION 7.1.(c)** G.S. 143B-262.4(b) reads as rewritten:

43 "(b) Unless a fee is assessed pursuant to G.S. 20-179.4 or G.S. 15A-1371(i), a fee
44 of ~~one hundred dollars (\$100.00)~~ one hundred fifty dollars (\$150.00) shall be paid by all

1 persons who participate in the program or receive services from the program staff. Fees
2 collected pursuant to this subsection shall be deposited in the General Fund. If the
3 person is convicted in a court in this State, the fee shall be paid to the clerk of court in
4 the county in which ~~he~~ the person is convicted. If the person is participating in the
5 program as a result of a deferred prosecution or similar program, the fee shall be paid to
6 the clerk of court in the county in which the agreement is filed. Persons participating in
7 the program for any other reason shall pay the fee to the clerk of court in the county in
8 which the services are provided by the program staff. The fee shall be paid in full within
9 two weeks from the date the person is ordered to perform the community service, and
10 before ~~he begins his~~ the person may participate in the community service, service
11 program, except that:

- 12 (1) A person convicted in a court in this State may be given an extension
13 of time or allowed to begin the community service before ~~he~~ the
14 person pays the fee by the court in which ~~he~~ the person is convicted; or
- 15 (2) A person performing community service pursuant to a deferred
16 prosecution or similar agreement may be given an extension of time or
17 allowed to begin ~~his~~ community service before the fee is paid by the
18 official or agency representing the State in the agreement.

19 ~~Fees collected pursuant to this subsection shall be deposited in the General Fund."~~

20 **SECTION 7.1.(d)** This section becomes effective October 1, 2002, and
21 applies to fees assessed or collected on or after that date.

22 **SECTION 7.2.(a)** G.S. 15A-1343(c1) reads as rewritten:

23 "(c1) Supervision Fee. – Any person placed on supervised probation pursuant to
24 subsection (a) shall pay a supervision fee of ~~twenty dollars (\$20.00)~~ thirty dollars
25 (\$30.00) per month, unless exempted by the court. The court may exempt a person from
26 paying the fee only for good cause and upon written motion of the person placed on
27 supervised probation. No person shall be required to pay more than one supervision fee
28 per month. The court may require that the fee be paid in advance or in a lump sum or
29 sums, and a probation officer may require payment by such methods if he is authorized
30 by subsection (g) to determine the payment schedule. Supervision fees must be paid to
31 the clerk of court for the county in which the judgment was entered or the deferred
32 prosecution agreement was filed. Fees collected under this subsection shall be
33 transmitted to the State for deposit into the State's General Fund."

34 **SECTION 7.2.(b)** G.S. 15A-1368.4(f) reads as rewritten:

35 "(f) Required Supervision Fee. – The Commission shall require as a condition of
36 post-release supervision that the supervisee pay a supervision fee of ~~twenty dollars~~
37 ~~(\$20.00)~~ thirty dollars (\$30.00) per month. The Commission may exempt a supervisee
38 from this condition only if it finds that requiring payment of the fee is an undue
39 economic burden. The fee shall be paid to the clerk of superior court of the county in
40 which the supervisee was convicted. The clerk shall transmit any money collected
41 pursuant to this subsection to the State to be deposited in the State's General Fund. In no
42 event shall a supervisee be required to pay more than one supervision fee per month."

43 **SECTION 7.2.(c)** G.S. 15A-1374(c) reads as rewritten:

1 "(c) Supervision Fee. – The Commission must require as a condition of parole that
2 the parolee pay a supervision fee of ~~twenty dollars (\$20.00)~~ thirty dollars (\$30.00) per
3 month. The Commission may exempt a parolee from this condition of parole only if it
4 finds that requiring him to pay the fee will constitute an undue economic burden. The
5 fee must be paid to the clerk of superior court of the county in which the parolee was
6 convicted. The clerk must transmit any money collected pursuant to this subsection to
7 the State to be deposited in the general fund of the State. In no event shall a person
8 released on parole be required to pay more than one supervision fee per month."

9 **SECTION 7.2.(d)** This section becomes effective October 1, 2002, and
10 applies to supervision fees assessed or collected on or after that date.

11 **SECTION 7.3.(a)** Article 5 of Chapter 7A of the General Statutes is
12 amended by adding a new section to read:

13 **"§ 7A-38.7. Dispute resolution fee for cases resolved in mediation.**

14 (a) In each criminal case filed in the General Court of Justice that is resolved
15 through referral to a community mediation center, a dispute resolution fee shall be
16 assessed in the same amount as the General Court of Justice fee imposed under G.S.
17 7A-304(a)(4) for cases in the district court. Fees assessed under this section shall be
18 paid to the clerk of superior court in the county where the case was filed and remitted by
19 the clerk to the State Treasurer.

20 (b) Each criminal case filed in the General Court of Justice and resolved through
21 referral to a community mediation center shall include, as a part of the resolution, an
22 agreement on which of the parties shall be responsible for the payment of the dispute
23 resolution fee assessed under this section. Before providing the parties with a signed
24 copy of the mediation agreement, the community mediation center shall require proof
25 that the dispute resolution fee has been paid as required by subsection (a) of this
26 section."

27 **SECTION 7.3.(b)** Each community mediation center shall maintain records
28 as to the number of cases in which dispute resolution fees are assessed and paid. The
29 Mediation Network of North Carolina shall collect this information from each center
30 annually.

31 Each community mediation center shall also maintain records as to the source
32 of referral for all court-referred cases. Each center receiving State funds shall use a
33 standardized form and methodology to determine the referral source and report that
34 information annually to the Mediation Network of North Carolina.

35 The Mediation Network shall report by March 15, 2003, to the Chairs of the
36 Senate and House Appropriations Committees and the Chairs of the Senate and House
37 Appropriations Subcommittees on Justice and Public Safety on the fees collected
38 year-to-date and the sources of referral of court-referred cases during the 2002-2003
39 fiscal year.

40 **SECTION 7.3.(c)** This section becomes effective October 1, 2002, and
41 applies to cases resolved on or after that date.

42 **SECTION 7.4.(a)** G.S. 20-135.2A(e) reads as rewritten:

43 "(e) Any driver or passenger who fails to wear a seat belt as required by this
44 section shall have committed an infraction and shall pay a penalty of twenty-five dollars

1 (\$25.00). Conviction of an infraction under this section has no consequence other than
2 payment of a penalty. ~~A person found responsible for a violation of this section may not~~
3 ~~be assessed court costs."~~

4 **SECTION 7.4.(b)** This section becomes effective October 1, 2002, and
5 applies to costs assessed or collected on or after that date.

6 **SECTION 7.5.(a)** G.S. 7A-304(a)(4) reads as rewritten:

7 "(a) In every criminal case in the superior or district court, wherein the defendant
8 is convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed
9 against the prosecuting witness, the following costs shall be assessed and collected,
10 except that when the judgment imposes an active prison sentence, costs shall be
11 assessed and collected only when the judgment specifically so provides, and that no
12 costs may be assessed when a case is dismissed.

13 ...

14 (4) For support of the General Court of Justice, the sum of ~~sixty-five~~
15 ~~dollars (\$65.00)~~ seventy-five dollars (\$75.00) in the district court,
16 including cases before a magistrate, and the sum of ~~seventy-two~~
17 ~~dollars (\$72.00)~~ eighty-two dollars (\$82.00) in the superior court, to be
18 remitted to the State Treasurer. The State Treasurer shall remit the sum
19 of one dollar and five cents (\$1.05) of each fee collected under this
20 subdivision to the North Carolina State Bar for the provision of
21 services described in G.S. 7A-474.4.

22"

23 **SECTION 7.5.(b)** This section becomes effective October 1, 2002, and
24 applies to costs assessed or collected on or after that date.

25 **SECTION 7.6.(a)** G.S. 15A-145(c) reads as rewritten:

26 "(c) The court shall also order that the said misdemeanor conviction be expunged
27 from the records of the court, and direct all law-enforcement agencies bearing record of
28 the same to expunge their records of the conviction. The clerk shall forward a certified
29 copy of the order to the sheriff, chief of police, or other arresting agency. The sheriff,
30 chief or head of such other arresting agency shall then transmit the copy of the order
31 with a form supplied by the State Bureau of Investigation to the State Bureau of
32 Investigation, and the State Bureau of Investigation shall forward the order to the
33 Federal Bureau of Investigation. ~~The cost of expunging such records shall be taxed~~
34 ~~against the petitioner."~~

35 **SECTION 7.6.(b)** G.S. 15A-145 is amended by adding a new subsection to
36 read:

37 "(e) A person who files a petition for expunction of a criminal record under this
38 section must pay the clerk of superior court a fee of sixty-five dollars (\$65.00) at the
39 time the petition is filed. Fees collected under this subsection shall be deposited in the
40 General Fund. This subsection does not apply to petitions filed by an indigent."

41 **SECTION 7.6.(c)** G.S. 15A-146(b) reads as rewritten:

42 "(b) The court may also order that the said entries shall be expunged from the
43 records of the court, and direct all law-enforcement agencies bearing record of the same
44 to expunge their records of the entries. The clerk shall forward a certified copy of the

1 order to the sheriff, chief of police, or other arresting agency. The sheriff, chief or head
2 of such other arresting agency shall then transmit the copy of the order with the form
3 supplied by the State Bureau of Investigation to the State Bureau of Investigation, and
4 the State Bureau of Investigation shall forward the order to the Federal Bureau of
5 Investigation. ~~The costs of expunging such records shall be taxed against the petitioner."~~

6 **SECTION 7.6.(d)** G.S. 15A-146 is amended by adding a new subsection to
7 read:

8 "(d) A person who files a petition for expunction of a criminal record under this
9 section must pay the clerk of superior court a fee of sixty-five dollars (\$65.00) at the
10 time the petition is filed. Fees collected under this subsection shall be deposited in the
11 General Fund. This subsection does not apply to petitions filed by an indigent."

12 **SECTION 7.6.(e)** G.S. 90-96 is amended by adding a new subsection to
13 read:

14 "(f) A person who files a petition for expunction of a criminal record under this
15 section must pay the clerk of superior court a fee of sixty-five dollars (\$65.00) at the
16 time the petition is filed. Fees collected under this subsection shall be deposited in the
17 General Fund. This subsection does not apply to petitions filed by an indigent."

18 **SECTION 7.6.(f)** This section becomes effective October 1, 2002, and
19 applies to petitions filed on or after that date.

20 **PART VIII. EFFECTIVE DATE**

21 **SECTION 8.** Except as otherwise provided, this act is effective when it
22 becomes law. Notwithstanding G.S. 105-163.15 and G.S. 105-163.41, no addition to
23 tax may be made under those statutes for a taxable year beginning on or after January 1,
24 2002, and before January 1, 2003, with respect to an underpayment of corporate or
25 individual income tax to the extent the underpayment was created or increased by this
26 act.
27
28