

REQUEST FOR CHANGES PURSUANT TO G.S. 150B-21.10

AGENCY: Department of Revenue

RULE CITATION: 17 NCAC 07B .4203

**DEADLINE FOR RECEIPT: November 8, 2023**

**PLEASE NOTE: This request may extend to several pages. Please be sure you have reached the end of the document.**

*Line 7: Define “applicable local and transit rates of sales and use tax”.*

*Line 13: Provide the citations to the specific statutes in the Articles listed.*

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

William W. Peaslee  
Commission Counsel  
Date submitted to agency: October 25, 2023

17 NCAC 07B .4203 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice pursuant to G.S. 150B-1(D)(4) as follows:

**17 NCAC 07B .4203 CONTRACTORS FOR THE FEDERAL GOVERNMENT**

Sales of ~~tangible personal property~~ items, as the term item is defined in G.S. 105-164.3, to contractors for use in performing contracts with the United States Government or its agencies and instrumentalities are subject to the ~~applicable statutory state~~ general State, and applicable local and transit rates of sales or and use tax-tax unless the terms of the contract between the contractor and the United States Government contain title-passage provisions of the Federal Acquisition Regulations where the title to the items purchased by the contractor is transferred to the United States Government on a regular, recurring, and routine basis.

*History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; 105-264; Article 39; Article 40; Article 42; Article 43; Article 44; Chapter 105, Articles 39, 40, 42, 43, and 46;*  
*Eff. February 1, 1976;*  
*Amended Eff. September 1, 2006; October 1, 1993; October 1, ~~1991~~.1991;*  
*Readopted Eff. January 1, 2024.*

REQUEST FOR CHANGES PURSUANT TO G.S. 150B-21.10

AGENCY: Department of Revenue

RULE CITATION: 17 NCAC 07B .4205

**DEADLINE FOR RECEIPT: November 8, 2023**

**PLEASE NOTE:** *This request may extend to several pages. Please be sure you have reached the end of the document.*

*Line 23: Provide the citations to the specific statutes in the Articles listed.*

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

William W. Peaslee  
Commission Counsel  
Date submitted to agency: October 25, 2023

1 17 NCAC 07B .4205 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice  
2 pursuant to G.S. 150B-1(D)(4) as follows:  
3

4 **17 NCAC 07B .4205      FEDERAL CREDIT UNIONS AND THE FARM CREDIT SYSTEM**

5 (a) ~~Federal Credit Unions:Unions.~~ -- Sales ~~of tangible personal property to~~, or purchases by, federal credit unions  
6 organized under the Federal Credit Union Act, 12 U.S.C. §§ 1751 et seq., are exempt from North Carolina sales and  
7 use tax. ~~See 12 U.S.C. § 1768.~~

8 (b) ~~The Farm Credit System:System.~~ -- Sales to, or purchases by, the farm credit system, as composed in U.S.C. §  
9 ~~2002~~, are exempt from North Carolina sales and use tax. ~~The Farm Credit System, 12 U.S.C. §§ 2001 et seq., farm~~  
10 ~~credit system~~ includes ~~the~~ Farm Credit Banks, ~~the bank for cooperatives~~, Agricultural Credit Banks, the Federal ~~land~~  
11 ~~bank associations~~, Land Bank Associations, ~~the Federal Land Credit Associations~~, the ~~production credit~~  
12 ~~associations~~, Production Credit Associations, ~~the agricultural credit associations~~, the Federal Farm Credit Banks  
13 Funding Corporation, the Federal Agricultural Mortgage Corporation, service corporations established pursuant to 12  
14 U.S.C. § 2211, ~~the banks for cooperatives~~, and such other institutions as may be made part of the ~~System~~, farm credit  
15 ~~system~~, all of which ~~are~~ shall be chartered by and subject to ~~the~~ regulation of by the Farm Credit Administration.

16 (1) ~~—— Sales of tangible personal property to Farm Credit Banks and Federal land banks are exempt from~~  
17 ~~North Carolina sales and use tax. See 12 U.S.C. §§ 2023 and 2098.~~

18 (2) ~~—— Sales of tangible personal property to production credit associations and banks for cooperatives for~~  
19 ~~use or consumption are subject to the applicable statutory state and local sales or use tax. See 12~~  
20 ~~U.S.C. §§ 2077 and 2134.~~

21  
22 *History Note:*     *Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; Article 39; Article 40; Article*  
23 *42; Article 43; Article 44; Chapter 105, Articles 39, 40, 42, 43, and 46; 12 U.S.C. 1768; 12 U.S.C.*  
24 *2023; 12 U.S.C. 2077; 12 U.S.C. 2098; 12 U.S.C. 2134; 12 U.S.C. 2214;*  
25 *Eff. February 1, 1976;*  
26 *Amended Eff. September 1, 2006; November 1, 1995; January 1, 1995; January 3, ~~1984~~1984;*  
27 *Readopted Eff. January 1, 2024.*  
28

REQUEST FOR CHANGES PURSUANT TO G.S. 150B-21.10

AGENCY: Department of Revenue

RULE CITATION: 17 NCAC 07B .4210

**DEADLINE FOR RECEIPT: November 8, 2023**

***PLEASE NOTE: This request may extend to several pages. Please be sure you have reached the end of the document.***

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may email the reviewing attorney to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following changes be made:

*Generally, to the Rule: Explain with particularity the authority to exempt sales on the EBCI Reservation.*

*Page 1, Lines 6-7: It is unclear whether the merchant must be on the reservation, or the sale must take place on the reservation or both.*

*Page 1, Line 8: From whom does the authorization come?*

*Page 1, Lines 8-9: Who judges whether the merchant is paying the tribal gross receipts levy?*

*Page 1, Line 12: By what process or procedure is an entertainment activity "sourced"?*

*Page 1, Lines 13-14: From whom does the authorization come?*

*Page 1, Lines 13-14: Who judges whether the merchant is paying the tribal gross receipts levy?*

*Page 1, Line 23: What about the member's nation's Indian Country?*

*Page 1, Line 24: Is "retail sales" defined anywhere?*

*Page 1, Line 28: Identify the "applicable rates of sale and use tax".*

*Page 1, Lines 33-34: As written, "to fulfill a real property contract" modifies someone who "applies for others". Was that the Secretary's intent? If so, if I, who am not a licensed contractor, purchase any item I have become a real property contractor according to the definition. In effect, any person who purchases an item is a real property contractor. The need for the definition is unclear. Further, there is already a definition of real property contractor in G.S. 105-164.3 (209).*

William W. Peaslee  
Commission Counsel

Date submitted to agency: October 25, 2023

*Page 1, Lines 32-36, and Page 2, Lines 1-16: Consider the following: “(c) The sale of items to a real property contractor are exempt from sale and use tax provided that the items are sourced to a federally recognized Native American nation’s Indian Country, the purchase of item is to fulfill a real property contract, and the item is used or installed, within the sourced-nation’s Indian Country, by the contractor or the contractor’s subcontractor.”*

*Does anything more need to be written to fulfil the Secretary’s intent for Paragraph (c)?*

*Page 2, Line 19: Specify which statutes.*

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

William W. Peaslee  
Commission Counsel

Date submitted to agency: October 25, 2023

17 NCAC 07B .4210 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice pursuant to G.S. 150B-1(D)(4) as follows:

**17 NCAC 07B .4210      ~~CHEROKEE INDIAN RESERVATION~~ NATIVE AMERICAN INDIAN COUNTRY**

**(a) Sales by Merchants on the Eastern Band of Cherokee Indian (EBCI) Reservation:**

(1) Sales of ~~tangible personal property~~ items, as the term item is defined in G.S. 105-164.3, by merchants on the ~~Cherokee Indian~~ EBCI Reservation are exempt from sales and use ~~taxes-tax~~ when such merchants are authorized to do business on the EBCI Reservation and are paying the tribal gross receipts levy to the Tribal Council. ~~The above exemption from the tax is applicable to all sales by merchants on the Reservation~~ This exemption applies without regard to ~~the status of the purchaser, whether a purchaser is an enrolled member of the EBCI.~~

(2) Admission charges to an entertainment activity sourced to the EBCI Reservation are exempt from sales and use tax, provided the retailer that offers the entertainment activity is authorized to do business on the EBCI Reservation and pays the tribal gross receipts levy to the Tribal Council. This exemption applies without regard to whether a purchaser is an enrolled member of the EBCI.

**(b) Sales to Federally Recognized Native American Nations:**

(1) Items Sourced to a Native American Nation's Indian Country. -- Sales of ~~tangible personal property~~ items to a federally recognized Native American nation or an enrolled member of the federally recognized Native American nation residing within that nation's Indian Country, as the term Indian Country is defined in 18 U.S.C. 1151, ~~by in-state vendors or out-of-state vendors to the Eastern Band of Cherokee Indians or to individual Indians of the band~~ are exempt from sales and use ~~taxes-tax~~ when ~~delivery of the property occurs on the Reservation~~ such items are sourced to the nation's Indian Country.

(2) Items Sourced Outside a Native American Nation's Indian Country. -- ~~Sales-Retail sales of tangible personal property by in-state or out-of-state vendors~~ items to the Eastern Band of Cherokee Indians, ~~a federally recognized Native American nation or to individual Indians of the band, to contractors or anyone else representing Indians~~ an enrolled member of the federally recognized Native American nation are subject to the applicable rates of sales or and use taxes-tax when ~~delivery thereof occurs~~ sourced outside the Reservation ~~nation's Indian Country~~ even though such ~~property items~~ may be used, or incorporated into improvements on the Reservation within the nation's Indian Country.

**(c) Real Property Contracts with Federally Recognized Native American Nations:**

(1) A real property contractor is the consumer of an item that the real property contractor purchases, installs, or applies for others to fulfill a real property contract. ~~Contractors are users or consumers of all tangible personal property which they purchase within or without this State for use in the performance of contracts.~~

1       (2) ~~A real property contractor purchasing items sourced outside the nation's Indian Country. Contractors~~  
2       ~~are~~ is liable for ~~remitting~~ the applicable rates of sales ~~or~~ and use tax ~~even if the real property~~  
3       ~~contractor will use an item to fulfill a real property contract within the nation's Indian Country, on~~  
4       ~~all tangible personal property purchased within or without this State when delivery occurs off the~~  
5       ~~Reservation even though the contractors may use it or incorporate it in improvements on the~~  
6       ~~Reservation.~~

7       (3) ~~Property purchased~~ Purchases by a real property contractor of items sourced and delivered to a  
8       ~~contractor on a Reservation~~ federally recognized Native American nation's Indian Country to be  
9       ~~incorporated in an improvement~~ used within the nation's Indian Country to fulfill a real property  
10      ~~contract with that federally recognized Native American nation or an enrolled member of that~~  
11      ~~federally recognized Native American nation is not subject to~~ exempt from sales ~~or~~ and use tax.  
12      Property purchased by and delivered to contractors on a reservation for use in performing a contract  
13      (but where the property is not incorporated in an improvement) is subject to sales or use tax unless  
14      sold by merchants on the Cherokee Indian Reservation who are authorized to do business there and  
15      who pay the tribal levy on the transaction which property is, therefore, exempt under G.S.  
16      ~~105-164.13(25).~~

17  
18      History Note:     Authority G.S. 105-164.3; 105-164.4; 105-164.4B; 105-164.4H; 105-164.6; 105-164.13; 105-262;  
19                         105-264; Chapter 105, Articles 39, 40, 42, 43, and 46;  
20                         Eff. February 1, 1976;  
21                         Amended Eff. January 1, ~~1982-1982~~;  
22                         Readopted Eff. January 1, 2024.  
23



REQUEST FOR CHANGES PURSUANT TO G.S. 150B-21.10

AGENCY: Department of Revenue

RULE CITATION: 17 NCAC 07B .4301

**DEADLINE FOR RECEIPT: November 8, 2023**

**PLEASE NOTE: This request may extend to several pages. Please be sure you have reached the end of the document.**

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may email the reviewing attorney to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following changes be made:

*Page 1, Lines 8-9, Paragraph (a): Explain the Secretary's authority to make a statutory refund inapplicable.*

*Page 1, Line 30, Subparagraph (b)(15): Re-write to remove the parentheses.*

*Page 1, Line 33, Subparagraph (b)(18): Re-write to remove the parentheses.*

*Page 1, Line 35, Subparagraph (b)(20): Re-write to remove the parentheses.*

*Page 2, Lines 5-26, Paragraph (c): Explain why this Paragraph is necessary pursuant to G.S. 150B -21.9(3).*

*Page 2, Line 8, Subparagraph (c)(1): Define or delete "certain digital property".*

*Page 2, Line 11, Subparagraph (c)(4): "Re-write to remove the parentheses.*

*Page 2, Line 17, Subparagraph (c)(9): Re-write to remove the parentheses.*

*Page 2, Line 18, Subparagraph (c)(10): Isn't all natural gas "piped"? Why is piped necessary?*

*Page 2, Lines 27-29, Paragraph (d): While the Secretary names items which are eligible for the refund and to some extent this is descriptive of the "parts" and "accessories," there is no definition of these terms which would guide either the Division employees or the regulated public in making the refund-eligibility determination. This opens the door to subjectivity and inequity.*

*Page 2, Lines 30-31, Paragraph (d): Explain why this Paragraph is necessary pursuant to G.S. 150B -21.9(3).*

William W. Peaslee  
Commission Counsel

Date submitted to agency: October 25, 2023

*Page 2, Lines 33 and 36, Paragraph (f), and Page 3, Lines 22 and 25, Paragraph (h): Numbers 1-9 are spelled out, 10 and above are numerical. "Sixty (60)" should be "60" and "three (3)" should be "three".*

*Page 3, Line 3, Subparagraph (g)(3): What account number?*

*Page 3, Line 10, Subparagraph (g)(10): Does the Secretary mean "the total pre-tax purchase price for eligible purchases made inside or outside North Carolina"?*

*Page 3, Line 20, Paragraph (h): Should it not be "carrier's"?*

*Page 3, Lines 22-25, Paragraph (h): There appears to be two different due dates.*

*Page 3, Line 29, Subparagraph (i)(3): What account number?*

*Page 4, Lines 3-4: Provide the citations to the specific statutes in the Articles listed.*

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

William W. Peaslee  
Commission Counsel

Date submitted to agency: October 25, 2023

1 17 NCAC 07B .4301 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice  
2 pursuant to G.S. 150B-1(D)(4) as follows:

3  
4 **SECTION .4300 – REFUNDS TO INTERSTATE CARRIERS**

5  
6 **17 NCAC 07B .4301 REFUNDS TO INTERSTATE CARRIERS**

7 (a) ~~Scope~~ Scope. -- This Rule explains the sales and use tax refund allowed to interstate carriers under ~~G.S. 105-~~  
8 ~~164.14(a)~~ G.S. 105-164.14(a). The refund authorized by that statute does not apply to taxes listed in ~~17 NCAC 07B~~  
9 ~~.1602(d).~~ 17 NCAC 07B .1602(f).

10 (b) ~~Eligible Items~~ Items. -- ~~Sales and use taxes paid on~~ The items eligible for refund are railway cars and locomotives  
11 locomotives, are eligible for refund. In addition, the following items are considered to be and fuel, a lubricant,  
12 a lubricants, repair part, or an accessory parts, accessories, service contracts, and repair, maintenance, and installation  
13 services for a motor vehicle, railroad car, locomotive, or airplane the carrier operates. Therefore, sales and use taxes  
14 paid on purchases of the following items are Other items eligible for refund under G.S. 105-164.14(a) when purchased  
15 by an interstate carrier for a motor vehicle, railroad car, locomotive, or airplane it operates include:

- 16 (1) antennas;
- 17 (2) antifreeze;
- 18 (3) bedding for motor vehicle sleeping compartments;
- 19 (4) charts for tachographs;
- 20 (5) decals for motor vehicles;
- 21 (6) emergency flares and reflectors;
- 22 (7) fire extinguishers;
- 23 (8) freon or nitrogen used in refrigerating and cooling motor vehicles;
- 24 (9) furniture pads;
- 25 (10) lifeboats and oxygen masks;
- 26 (11) load jacks and chains;
- 27 (12) mobile CB radios;
- 28 (13) motor vehicle seat cushions;
- 29 (14) paints for decals;
- 30 (15) polyethylene liners (used to waterproof trailers);
- 31 (16) pouches for registration cards and permits;
- 32 (17) radios;
- 33 (18) ramp equipment ~~(aircraft steps used to embark or disembark aircraft); aircraft;~~
- 34 (19) ropes and chains to tie down cargo (adapted for use on motor vehicles; otherwise not allowed);
- 35 (20) signs ~~(metal signs attached to trucks); trucks;~~
- 36 (21) tarpaulins;
- 37 (22) tire chains;

- (23) tire and tubes;
- (24) welding rods for repair of motor vehicles;
- (25) windshield solvents; or
- (26) zipped covers for grills.

(c) ~~Items not Eligible-Eligible.~~ -- The following items ~~are not considered to be fuel, a lubricant, a repair part, or an accessory. Therefore, sales and use taxes paid on purchases of the following items are not eligible for refund under~~ G.S. 105-164.14(a); G.S. 105-164.14(a) include:

- (1) certain digital property;
- (2) drivers' gloves;
- ~~(2)(3)~~ drivers' uniforms;
- ~~(3)(4)~~ food trays (airplanes);
- ~~(4)(5)~~ fork lift tires and parts;
- ~~(5)(6)~~ gauges for testing equipment;
- ~~(6)(7)~~ hand trucks;
- ~~(7)~~ license and inspection fees;
- (8) pallets;
- (9) pillows (airplanes);
- (10) repair labor; piped natural gas;
- ~~(11)~~ road service charges;
- ~~(12)(11)~~ security seals;
- ~~(13)~~ sixty percent on recapped tires where forty percent of the combined price is taxed (17 NCAC 07B .1901);
- ~~(14)(12)~~ tire volume discounts;
- ~~(15)(13)~~ tools, shop supplies;
- ~~(16)(14)~~ trip logs; or
- ~~(17)(15)~~ wax and washing supplies.

(d) ~~Other Items-Items.~~ -- The lists in this Rule do not include every item that is or is not subject to refund. An interstate carrier may request. Upon request, the Sales and Use Tax Division issue a determination regarding whether shall determine if an item not included in either list is subject to refund.

(e) ~~Amount of Refund-Refund.~~ -- G.S. 105-164.14(a) sets out the formula for computing the amount of a refund. Under the formula, an interstate carrier ~~receives~~ may receive a refund for a percentage of the tax paid on eligible items.

(f) Due date of Claim for Refund. -- An interstate carrier claim for refund shall be filed quarterly on Form E-581, Interstate Carrier Claim for Refund State, County, and Transit Sales and Use Taxes. A claim is due within sixty (60) days from the close of each calendar quarter ending in March, June, September, and December of each year covering the purchases or acquisitions during the preceding quarter. An interstate carrier claim for refund shall be filed within three years after the due date. A refund claim filed more than three (3) years after the due date is barred.

(g) Form E-581, requires the following information:

- 1        (1) name and address of entity requesting the refund;
- 2        (2) Federal Employer Identification Number;
- 3        (3) account number;
- 4        (4) refund period beginning and ending dates;
- 5        (5) contact person name and telephone number;
- 6        (6) name(s) of the taxing county;
- 7        (7) total miles of operation;
- 8        (8) total miles operated in North Carolina;
- 9        (9) the ratio of miles operated in North Carolina;
- 10       (10) total eligible purchases inside and outside North Carolina, not including sales tax paid;
- 11       (12) purchases per mile ratio;
- 12       (13) state sales and use tax paid on eligible purchases;
- 13       (14) state sales and use tax on purchases per mile ratio;
- 14       (15) amount of state sales and use tax refund;
- 15       (16) the ratio of county and transit sales and use tax refund;
- 16       (17) county and transit sales and use tax paid on eligible purchases;
- 17       (18) amount of county and transit sales and use tax refund;
- 18       (19) total refund amount requested;
- 19       (20) signature of person authorized to legally bind entity and date form signed.

20 (h) Aviation Gasoline and Jet Fuel. -- An interstate carrier claim for refund for taxes paid at the combined general  
21 rate shall be filed quarterly on Form E-581A, Interstate Carrier Claim for Refund Combined General Rate Sales and  
22 Use Taxes. A claim is due within sixty (60) days from the close of each calendar quarter ending in March, June,  
23 September, and December of each year covering the purchases or acquisitions during the preceding quarter. An  
24 interstate carrier claim for refund shall be filed within three years after the due date. A refund claim filed more than  
25 three (3) years after the due date is barred.

26 (i) Form E-581A, requires the following information:

- 27        (1) name and address of entity requesting the refund;
- 28        (2) Federal Employer Identification Number;
- 29        (3) account number;
- 30        (4) refund period beginning and ending dates;
- 31        (5) contact person name and telephone number;
- 32        (6) total miles of operation;
- 33        (7) total miles operated in North Carolina;
- 34        (8) ratio of miles operated in North Carolina;
- 35        (9) total North Carolina combined general rate of sales and use tax paid on all purchases of aviation  
36        gasoline and jet fuel;
- 37        (10) total refund amount requested;

1           (11)   signature of person authorized to legally bind entity and date form signed.

2

3   *History Note:*    *Authority G.S. 105-164.4; 105-164.6; 105-164.14; 105-262; 105-264; Chapter 105, Articles 39, 40,*  
4                    *42, 43, and 46;*  
5                    *Eff. February 1, 1976;*  
6                    *Amended Eff. September 1, 2006; July 1, 2000; August 1, 1998; August 1, 1996; October 1, 1993;*  
7                    *July 1, 1990; February 1, 1987; March 1, ~~1984~~1984;*  
8                    *Readopted Eff. January 1, 2024.*

REQUEST FOR CHANGES PURSUANT TO G.S. 150B-21.10

AGENCY: Department of Revenue

RULE CITATION: 17 NCAC 07B .4302

**DEADLINE FOR RECEIPT: November 8, 2023**

**PLEASE NOTE:** *This request may extend to several pages. Please be sure you have reached the end of the document.*

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may email the reviewing attorney to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following changes be made:

*Generally, to the Rule: Consider re-writing this Rule entirely. It appears that it could be written in a clear and concise manner.*

*Generally, to the Rule: What, or in what manner, does this Rule regulate that is not already accomplished by G.S. 105-164.14? Rules are not restatements of statutes.*

*Lines 5-6, Paragraph (a): Explain why this Paragraph is necessary pursuant to G.S. 150B -21.9(3).*

*Line 7, Paragraph (b): "An applicant" for what?*

*Line 7, Paragraph (b): "Total purchases" should be "total eligible item purchases". If that wasn't the Secretary's intention, more context needs to be provided.*

*Line 8, Paragraph (b): Define "foreign line".*

*Line 8, Paragraph (b): Define "operates".*

*Line 10, Paragraph (b): Define "foreign cars".*

*Line 10, Paragraph (b): Strike "for refund". If you clarify line 7, "for refund" will not be necessary.*

*Line 10, Paragraph (b): "Shall be taken into consideration" is vague and ambiguous.*

*Line 10, Paragraph (b): "Shall be taken into consideration" by whom? To what end? Using what criteria?*

*Lines 14-15, Paragraph (c): "since such railroad cars are not being operated by the applicant" is unnecessary pursuant to G.S. 150B -21.9(3). It appears that the*

William W. Peaslee  
Commission Counsel

Date submitted to agency: October 25, 2023

*Secretary may be attempting to define “operates” in G.S. 105-164.14(a) but this could be made clear and much more concisely.*

*Lines 17-19, Paragraph (c): Why are these lines necessary? For the tax on the item to be eligible for a refund, the applicant must be operating the locomotive or railroad car notwithstanding its travel over foreign lines. Would the tax be eligible for refund if it was not operated by the applicant but was on the applicant’s line?*

*Lines 19-20, Paragraph (c): Everything after “because” is a justification for the rule and is unnecessary pursuant to G.S. 150B-21.9(3).*

*Lines 25-27, Paragraph (d): Everything prior to “the provisions of this Rule...” is unnecessary pursuant to G.S. 150B-21.9(a)(3).*

*Line 27, Paragraph (d): Is “applicable to the operation of locomotives” really what the Secretary means?*

*I have attempted to re-write the Rule to capture what I believe was the Secretary’s intention. Consider: “The sales and use taxes paid by an interstate carrier on the cost of repair of locomotives and railroad cars shall be eligible for refund to an applicant provided that the applicant operated the locomotives or railroad cars at the time of repair and the repairs were made in this State. The taxes are eligible for refund notwithstanding the title ownership of the locomotive or rail cars, or any reimbursement of the repair costs to the applicant.” “Operates” still needs to be defined. What am I missing?*

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

William W. Peaslee  
Commission Counsel

Date submitted to agency: October 25, 2023



1 17 NCAC 07B .4302 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice  
2 pursuant to G.S. 150B-1(D)(4) as follows:  
3

4 **17 NCAC 07B .4302 REFUNDS TO RAILROAD COMPANIES**

5 (a) In General. -- Railroad companies, when applying for refunds pursuant to G.S. 105-164.14(a), shall comply with  
6 17 NCAC 07B .4301.

7 (b) Railcars Owned by Foreign Line. -- ~~The An applicant's total purchases shall include the repair of railroad cars of~~  
8 ~~a foreign line operated by an applicant shall be included in total purchases by the applicant for refund regardless of~~  
9 ~~the fact that the operating company may bill the owner for repairs performed on such railroad cars. The car miles that~~  
10 ~~foreign cars travel over the lines of the applicant for refund shall be taken into consideration in establishing the number~~  
11 ~~of miles of operation in this State and the total number of miles of operation inside and outside this State for the~~  
12 ~~calendar quarter.~~

13 (c) Railcars Owned by Applicant. -- ~~Repairs to the applicant's cars operating on foreign lines~~ An applicant's total  
14 purchases shall be excluded ~~exclude repairs to the applicant's railroad cars operating on foreign lines since such~~  
15 ~~railroad cars are not being operated by the applicant for refund~~ applicant, regardless of the fact that the foreign  
16 company may bill the applicant for repair parts used to maintain the applicant's railroad cars when in operation over  
17 foreign lines. Additionally, an applicant's total purchases shall exclude fuel, lubricants, repair parts, accessories,  
18 service contracts, and repair, maintenance, and installation services for which the applicant is billed by the operating  
19 company when its railroad cars are traveling over foreign lines ~~Because because there is no record kept of the miles~~  
20 ~~that the applicant's railroad cars may travel over foreign lines, lines, the applicant for refund shall exclude lubricants,~~  
21 ~~repair parts and accessories for which the applicant is billed by the operating company when its cars are traveling over~~  
22 ~~foreign lines; however, the car miles that foreign cars travel over the lines of the applicant for refund shall be taken~~  
23 ~~into consideration in establishing the number of miles of operation in this state and the total number of miles of~~  
24 ~~operation within and without this state for the calendar quarter.~~

25 (d) Locomotives. -- Locomotives are not ordinarily interchanged in the same manner as railroad cars; however, if  
26 locomotives are operated in the same manner as railroad cars, the provisions of this Rule will also be applicable to the  
27 operation of locomotives.

28  
29 *History Note: Authority G.S. 105-164.14; 105-262; 105-264;*  
30 *Eff. February 1, 1976;*  
31 *Amended Eff. October 1, ~~1993~~ 1993;*  
32 *Readopted Eff. January 1, 2024.*  
33

REQUEST FOR CHANGES PURSUANT TO G.S. 150B-21.10

AGENCY: Department of Revenue

RULE CITATION: 17 NCAC 07B .4401

**DEADLINE FOR RECEIPT: November 8, 2023**

**PLEASE NOTE: This request may extend to several pages. Please be sure you have reached the end of the document.**

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may email the reviewing attorney to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following changes be made:

*Lines 7-10, Paragraph (a): Explain the Secretary's authority to impose a tax.*

*Line 12, Paragraph (a): Consider adding after "property", "by the taxpayer."*

*Line 13, Paragraph (b): Who is "a person" and what is the Secretary's authority to regulate that person?*

*Line 14, Paragraph (b): Consider ending the sentence after "deduction". Or are there expenses which can be deducted which are not incident to conducting the business?*

*Line 19, Paragraph (d): Define "property". Is it real estate or tangible personal property?*

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

William W. Peaslee  
Commission Counsel

Date submitted to agency: October 25, 2023

1 17 NCAC 07B .4401 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice  
2 pursuant to G.S. 150B-1(D)(4) as follows:

3  
4 **SECTION .4400 - LEASE OR RENTAL**

5  
6 **17 NCAC 07B .4401 LEASE RECEIPTS**

7 (a) Rate of Tax. -- The gross receipts or gross proceeds derived from or the total amount agreed to be paid for the  
8 lease or rental, rental within North Carolina, of all kinds and types of tangible personal property not specifically exempt  
9 by statute are subject to the sales or use tax at the same rate rates, including any maximum tax, which is applicable  
10 that apply to the retail sale of such property. The maximum tax, if applicable, shall be determined for each lease or  
11 rental of tangible personal property, not on the aggregate tax for all leases or rentals of the leased tangible personal  
12 property.

13 (b) Computation of Tax. -- The tax A person shall be computed and paid on such compute and pay tax on the gross  
14 receipts, gross proceeds, or rental payable receipts without any deduction whatsoever for any expense incident to the  
15 conduct of business, conducting business, including expenses such as property taxes, interest, insurance charges,  
16 maintenance fees, and delivery charges.

17 (c) Due Date. -- The tax is due and payable at the time the lessor or retailer bills the lessee for the rent whether such  
18 billing is for the lump sum rental or on a monthly or other periodic basis.

19 (d) Sale of Leased Property. -- A retailer who leases or rents property shall also collect the tax on the separate retail  
20 sale of the tangible personal property.

21  
22 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264;*

23 *Eff. February 1, 1976-1976;*

24 *Readopted Eff. January 1, 2024.*

REQUEST FOR CHANGES PURSUANT TO G.S. 150B-21.10

AGENCY: Department of Revenue

RULE CITATION: 17 NCAC 07B .4403

**DEADLINE FOR RECEIPT: November 8, 2023**

**PLEASE NOTE: This request may extend to several pages. Please be sure you have reached the end of the document.**

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may email the reviewing attorney to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following changes be made:

*Lines 5-14, Paragraph (a): Explain the Secretary's authority to classify the purchases described in Paragraph (a) as "wholesale sales"? G.S. 105-164.3 (281) clearly defines "wholesale sale" which does not appear to include the sales described in Paragraph (a).*

*Line 6, Paragraph (a): "a person that leases tangible personal property" is unclear and ambiguous. Is the lessee of a widget not-for-resale "a person that leases tangible personal property"?*

*Line 6-8, Paragraph (a): As written, this could be read that the purchase of a tool to repair a widget would only be considered a wholesale-sale purchase if the tool (not the widget) was subsequently for sale or lease. Or it could be read that the widget, which was subject to repair utilizing the purchased tool, was subsequently for sale or lease. Accordingly, it is unclear and ambiguous.*

*Consider, for clarity and if it meets the Secretary's intention: "Purchases of tangible personal property used to repair or maintain tangible personal property held for lease or rent are wholesale sales pursuant to G.S. 105-164.2(281) provided that the purchased property becomes a part of the property for lease or rent and the purchase is made by a wholesale merchant" (or perhaps) "a person engaged in the business of leasing and renting the tangible personal property held for lease or rent."*

*Line 11, Paragraph (a): "person that leases tangible personal property" is unclear and ambiguous. Does the Secretary mean a lessor or lessee? Both?*

*Consider, for clarity and if it meets the Secretary's intention: Purchases of repair, maintenance, and installation services used to repair, recondition, or maintain tangible personal property held for lease or rent are wholesale sales pursuant to G.S. 105-164.2(281) provided the purchase is made by a wholesale merchant, and the purchaser complies with 17 NCAC 07B .0106."*

*Lines 5-14: Consider making the purchases separate Paragraphs.*

William W. Peaslee  
Commission Counsel

Date submitted to agency: October 25, 2023

*Line 15: “a person that leases” is ambiguous. Is it the lessor, the lessee, both?*

*Line 15-19, Paragraph (b): What is the Secretary’s authority to impose a tax?*

*Line 15-19, Paragraph (b): Why is Paragraph (b) necessary?*

*Line 15-19, Paragraph (b): The Paragraph appears to be mixing concepts. It contains language about who is responsible for paying the tax and that which is taxable. It appears lines 17-19 should be a separate paragraph.*

*Line 23, Paragraph (c): Consider adding a comma after “services”.*

*Line 32: Provide the citations to the specific statutes in the Articles listed.*

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

1 17 NCAC 07B .4403 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice  
2 pursuant to G.S. 150B-1(D)(4) as follows:

3  
4 **17 NCAC 07B .4403      MAINTENANCE OF LEASED PROPERTY**

5 (a) ~~Sales-Purchases~~ of tangible personal property ~~to registered lessors or retailers for the purpose of lease or rental~~  
6 ~~exclusively~~ by a person that leases tangible personal property are wholesale sales when such purchased property is  
7 used to repair or maintain tangible personal property and becomes part of the tangible personal property held for lease  
8 or rental. These wholesale sales and are not subject to tax provided completed and executed certificates of resale are  
9 furnished to the vendors of such property when the purchaser complies with 17 NCAC 07B .0106. Sales-Purchases of  
10 lubricants, repair parts and accessories to such lessors or retailers repair, maintenance, and installation services by a  
11 person that leases tangible personal property who use them uses the services to repair, recondition or  
12 maintain recondition, or maintain any such leased or rented tangible personal property held for lease or rental are also  
13 wholesale sales when completed and executed certificates of resale are provided to vendors of this type property not  
14 subject to tax when the purchaser complies with 17 NCAC 07B .0106.

15 (b) ~~Except as provided in paragraph (a), Lessors are a person that leases tangible personal property is responsible for~~  
16 ~~payment of any applicable statutory state and local the sales and use tax at the applicable rate unless an exemption~~  
17 ~~applies to the purchase. Such tangible personal property subject to tax includes, tools, shop supplies, and other tangible~~  
18 ~~personal property that are used to repair tangible personal property held for lease or rental that do not become part of~~  
19 ~~the tangible personal property held for lease or rental. on the cost price of such items if they are used for a purpose~~  
20 ~~other than repairing or maintaining leased or rented property or if they are resold as such. Any tax due thereon is to~~  
21 ~~be paid to the Secretary of Revenue on the lessors' or retailers' sales and use tax returns.~~

22 (b)(c) ~~When the a lessee purchases lubricants and repair parts to maintain tangible personal property or repair,~~  
23 ~~maintenance, and installation services to repair or maintain items being leased or rented, the lessee is liable for~~  
24 ~~payment of the applicable statutory state general State, and applicable local and transit rates of sales or and use tax on~~  
25 ~~the cost price of such purchases to the vendors or to the Secretary of Revenue purchase price. If a separate maintenance~~  
26 ~~agreement for a fixed fee where no separate charge is made for parts and labor is executed by the lessor and lessee~~  
27 ~~whereby the lessor or the lessee agrees, for a consideration separate from the lease payments, to maintain property~~  
28 ~~being leased or rented, purchases of repair parts and lubricants by either party are subject to the tax payable by the~~  
29 ~~purchaser thereof as described in this Rule.~~

30  
31 *History Note: Authority G.S. 105-164.4; ~~105-164.5~~; 105-164.6; 105-262; 105-264; ~~Article 39; Article 40; Article~~*  
32 *~~42; Article 43; Article 44; Article 46~~; Chapter 105, Articles 39, 40, 42, 43, and 46;*

33 *Eff. February 1, 1976;*

34 *Amended Eff. May 1, 2009; October 1, 1993; June 1, 1992; October 1, 1991; March 1, ~~1984~~; 1984;*

35 *Readopted Eff. January 1, 2024.*

REQUEST FOR CHANGES PURSUANT TO G.S. 150B-21.10

AGENCY: Department of Revenue

RULE CITATION: 17 NCAC 07B .4404

**DEADLINE FOR RECEIPT: November 8, 2023**

**PLEASE NOTE: This request may extend to several pages. Please be sure you have reached the end of the document.**

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may email the reviewing attorney to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following changes be made:

*Line 5, Paragraph (a): By what authority is a person who “provides” tangible personal property with or without an operator subject to tax. What does the Secretary mean by “provides”? Does it not need to be in the context of a sale or lease and then only in a retail context?*

*Line 7: It appears that the classification of items as a “service” has some importance. Explain the context or cite to a rule, statute, or definition. G.S. 105-164.3(121)?*

*Lines 9-12, Paragraph (a): The distinction between an “operator necessary for tangible personal property to perform” and an “operator” who “maintains, sets-up, inspects, or monitors” the personal property is unclear. Please provide some examples to illustrate the distinction.*

*This Rule is mostly a restatement of the law as stated in the statutes. Accordingly, most of it is unnecessary. It appears to me that the Secretary is trying to further define “necessary” as it is used in G.S. 105-164.3(121). “...the operator is necessary for the equipment to perform as designed”; however, the operator must do more than “maintain, inspect, or set up the tangible personal property.”*

*In Paragraph (a) the Secretary adds the word “monitor” to the list. As the General Assembly has listed its threshold requirements, the Secretary cannot add to the list but may fill in any interstitial language to further interpret the statutory language. The addition of “monitor” does not appear to be an interpretation of “maintain, inspect, or set up” but rather an addition. Or is the Secretary further defining “maintain”?*

*Line 13-14: Why is this necessary? Specifically what statutory ambiguity does this resolve?*

*Lines 14-17: This appears to be a different concept. Consider making these lines a separate paragraph.*

William W. Peaslee  
Commission Counsel

Date submitted to agency: October 25, 2023

*Lines 14-17: Consider, if it meets the Secretary's intention, "A person claiming an exemption under Paragraph (a) shall maintain inventory records substantiating the basis for exemption for each sale separate from other sales without provision of an operator."*

*Lines 18-22: What is the statutory ambiguity which makes Paragraph (c) necessary?*

*Lines 23-24: Is there a records rule to which the Secretary can cite?*

*Lines 26-27: Provide the citations to the specific statutes in the Articles listed.*

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

William W. Peaslee  
Commission Counsel

Date submitted to agency: October 25, 2023



1 17 NCAC 07B .4404 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice  
2 pursuant to G.S. 150B-1(D)(4) as follows:  
3

4 **17 NCAC 07B .4404      EQUIPMENT FURNISHED WITH OPERATOR**

5 (a) ~~If the owner of~~A person that provides tangible personal property ~~furnishes with~~ an operator for a fixed or  
6 indeterminate period of time ~~or crew to operate such property, such owner is not deemed to be renting or leasing the~~  
7 property but is rendering a service if the operator is necessary for the equipment to perform as designed and the receipts  
8 therefrom from such services are not subject to the sales or use tax unless the service is a repair, maintenance, and  
9 installation service or other taxable service. An operator is necessary for tangible personal property to perform as  
10 designed when the operator's presence, skill, knowledge, and expertise are necessary for the tangible personal property  
11 to perform as designed. An operator who only maintains, sets-up, inspects, or monitors the tangible personal property,  
12 or any combination of such actions, is not necessary for the tangible personal property to perform as designed.

13 (b) A person that purchases tangible personal property to provide a service identified in paragraph (a) of this Rule  
14 shall pay the applicable rates of sales and use tax on the purchase price of the tangible personal property. A person  
15 that provides tangible personal property with an operator identified in paragraph (a) of this Rule and rents similar  
16 items of tangible personal property shall pay the applicable rates of sales and use tax on the purchase price of all items  
17 of tangible personal property it purchases unless it keeps separate inventory of items purchased to rent.

18 (c) ~~Persons purchasing~~A person that provides the type of service described in paragraph (a) of this Rule that purchases  
19 repair parts, ~~lubricants~~ lubricants, and other tangible personal ~~property~~ property, or repair, maintenance, and  
20 installation services to maintain or repair tangible personal property for use in rendering such service are liable for  
21 payments shall pay the applicable rates of sales or and use tax at the applicable rate on the purchase price-price of such  
22 items.

23 (d) Failure of a person to keep records that establish the service is exempt from tax subjects the person to liability for  
24 sales and use tax on the receipts derived from the transaction.  
25

26 *History Note:      Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; 105-264; Chapter 105, Articles 39, 40,*  
27 *42, 43, and 46;*

28 *Eff. February 1, 1976-1976;*

29 *Readopted Eff. January 1, 2024.*  
30

REQUEST FOR CHANGES PURSUANT TO G.S. 150B-21.10

AGENCY: Department of Revenue

RULE CITATION: 17 NCAC 07B .4406

**DEADLINE FOR RECEIPT: November 8, 2023**

***PLEASE NOTE:*** *This request may extend to several pages. Please be sure you have reached the end of the document.*

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may email the reviewing attorney to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following changes be made:

*Line 5-10, Paragraph (a): Explain the Secretary's authority to subject anyone to a tax.*

*Line 5-10, Paragraph (a): What, if any, statutory ambiguity is clarified by this language?*

*Line 7, Paragraph (a): By its nature, if a tax is "applicable" someone is subject to pay it. It's like saying the gross receipts are subject to tax unless they are not.*

*Lines 11-14, Paragraph (b): What, if any, statutory ambiguity is clarified by this language?*

*Lines 21-22: Provide the citations to the specific statutes in the Articles listed.*

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

William W. Peaslee  
Commission Counsel

Date submitted to agency: October 25, 2023

1 17 NCAC 07B .4406 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice  
2 pursuant to G.S. 150B-1(D)(4) as follows:  
3

4 **17 NCAC 07B .4406 INSURANCE ON LEASED PROPERTY**

5 (a) Insurance Obtained by Lessor. -- The gross ~~proceeds receipts~~ derived from ~~or amounts agreed to be paid for the~~  
6 lease or rental of all kinds and types of tangible personal property for storage, ~~use use,~~ or consumption within this  
7 state-State are subject to the ~~general State, and~~ applicable statutory state and local ~~and transit rates of sales or and use~~  
8 taxes-tax. The tax shall be computed on the gross ~~receipts, gross proceeds or rental payable~~ receipts without any  
9 deduction ~~whatsoever~~ for any insurance charges paid to insure the property of the lessor or to insure the lessor against  
10 liability for damages to the property or person of others.

11 (b) Insurance Obtained by Lessee. -- Insurance premiums paid by the lessee directly to the insurer, or to the lessor as  
12 agent for transmittal to the insurer, are not subject to sales and use tax ~~When the when a lessee purchases insurance on~~  
13 his-the lessee's own property or to insure himself-themselves against liability for damages to the property or person  
14 of others,others. insurance premiums paid by such lessee directly to the insurer or to the lessor as agent for transmittal  
15 to the insurer are exempt from tax. If the lessee pays such insuranceInsurance premiums paid directly by the lessee  
16 to the lessor as agent for transmittal to the insurer, such amounts are exempt from tax provided they areinsurer shall  
17 be separately stated from the ~~lease or rental~~ charges for the ~~lease or rental~~ of tangible personal property in the lessor's  
18 records and on the ~~invoice-invoice, or similar billing document,~~ given to the lessee; otherwise, the total amount charged  
19 by the lessor is subject to ~~the sales and use tax.~~

20  
21 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264; Chapter 105, Articles 39, 40, 42, 43, and*  
22 *46;Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;*  
23 *Eff. February 1, 1976;*  
24 *Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991; July 5, ~~1980~~.1980;*  
25 *Readopted Eff. January 1, 2024.*

REQUEST FOR CHANGES PURSUANT TO G.S. 150B-21.10

AGENCY: Department of Revenue

RULE CITATION: 17 NCAC 07B .4503

**DEADLINE FOR RECEIPT: November 8, 2023**

**PLEASE NOTE:** *This request may extend to several pages. Please be sure you have reached the end of the document.*

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may email the reviewing attorney to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following changes be made:

*Page 1, Line 5: "Similar Businesses" is unclear and ambiguous. Define or delete.*

*Page 1, Line 5: Explain the Secretary's authority expand the exemption to "similar businesses" given the language of G.S. 105-164.13(10).*

*Page 1, Lines 5-11: Explain why this language is reasonably necessary given the language of G.S. 105-164.13(10).*

*Page 1, Lines 7, 10, and 11: As written, it appears that the Secretary is creating exemptions. The Secretary does not have the authority to create an exemption. The Secretary can however make an interpretation of an exemption statute. What is the Secretary's authority to exempt sales from tax? If this is an interpretation, consider "Pursuant to G.S. \_\_\_\_\_".*

*Page 1 Lines 14-36, and Page 1-4: Explain why this language is reasonably necessary given the language of G.S. 105-164.13(10).*

*Page 2, Line 6: Define "applicable local and transit rates of sales and use tax".*

*Page 2, Lines 5-35: Explain why this language is reasonably necessary given the language of G.S. 105-164.13(10). For example, how could any reasonable person think that "uniforms for employees" fall within the exemption of G.S. G.S. 105-164.13(10)?*

*Page 3, Lines 1-2: List the statutes separately.*

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

William W. Peaslee  
Commission Counsel

Date submitted to agency: October 25, 2023

1 17 NCAC 07B .4503 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice  
2 pursuant to G.S. 150B-1(D)(4) as follows:  
3

4 **17 NCAC 07B .4503      EQUIPMENT AND SUPPLIES FOR LAUNDRIES: ETC.**

5 (a) Sales to commercial laundries, pressing and dry cleaning plants-establishments, and similar businesses of laundry  
6 and dry cleaning machinery used in the direct performance of the laundering or the pressing and cleaning service and  
7 parts and accessories thereto are exempt from sales and use tax. Parts and accessories attached to such equipment and  
8 lubricants applied to such equipment are also exempt from sales and use tax when purchased by commercial laundries  
9 and pressing and dry cleaning establishments. In addition, certain tangible personal property listed in G.S. 105-  
10 164.13(10)a. is exempt from tax when purchased by commercial laundries and pressing and dry cleaning  
11 establishments. The following items are exempt when sold to the herein named businesses: Items exempt from sales  
12 and use tax when purchased by commercial laundries and pressing and dry cleaning establishments include the  
13 following:

- 14       (1)     washing machines, water heaters, water softener tanks, central control collection systems, pressing  
15               machines, marking machines, packaging machines, folding machines and similar cleaning  
16               machines;
- 17       (2)     hydraulic fluids used in laundry and dry cleaning machinery;
- 18       (3)     boiler compounds used in boilers furnishing water or steam to the laundering, pressing or cleaning  
19               machinery;
- 20       (4)     steam hose leading directly from the boiler to the laundering and dry cleaning machinery;
- 21       (5)     press pads and covers for laundering and dry cleaning machinery;
- 22       (6)     baskets, hampers, casters, or other containers used between the laundering and cleaning processes  
23               to transport or contain garments being laundered or cleaned;
- 24       (7)     carbon and carbon filters used for reprocessing cleaning compounds;
- 25       (8)     lint rolls and ~~refills therefore;~~ refills;
- 26       (9)     conveyors used to transport garments along the laundering, cleaning, and pressing line during the  
27               process but not conveyors used before the laundering, cleaning, and pressing process begins or after  
28               it has been completed;
- 29       (10)    boiler room machinery, including valves, fittings and water pumps; ~~and~~
- 30       (11)    transformers located on or adjacent to motors ~~which that~~ power machinery used in the direct  
31               performance of laundering and cleaning ~~services-services;~~
- 32       (12)    lubricants used in laundering, pressing, or cleaning machines;
- 33       (13)    fuel and piped natural gas used in the direct performance of the laundering or pressing and cleaning  
34               service, but not electricity;
- 35       (14)    tags or labels used to identify garments being laundered or dry cleaned that are applied directly to  
36               garments in the direct performance of laundering or the pressing and cleaning service;

1       (15) bags, paper, and hangers applied directly to garments in the direct performance of laundering or the  
2       pressing and cleaning service; and

3       (16) starch, soaps, detergents, cleaning fluids, and other compounds or chemicals applied directly to  
4       garments in the direct performance of laundering or the pressing and cleaning service.

5 (b) ~~The following items are~~Items not classified as ~~laundering, pressing or~~laundering and dry cleaning machinery or  
6 parts ~~and or accessories thereto and are, therefore, are~~ subject to the general State, and applicable statutory state and  
7 local and transit rates of sales or and use tax-tax. Items not classified as laundering and dry cleaning machinery or  
8 parts or accessories include the following: when sold to the herein named businesses:

9       (1) coin operated musical devices, amusement devices, coin changers, vending ~~machines-machines,~~ and  
10       repair or replacement parts for such machines;

11       (2) baskets, hampers, casters, or containers used for general purposes such as to pick up soiled garments  
12       or deliver clean garments;

13       (3) smoke stacks, including ~~the any attached steel ladders attached thereto;ladders;~~

14       (4) wiring used in the general wiring ~~system and the transformers used in connection therewith;~~system;

15       (5) sewing machines used in repairing or altering the customers' property and the replacement or repair  
16       parts to ~~such the~~ machines;

17       (6) tailoring supplies such as buttons, ~~threads-threads,~~ and zippers for use in repairing or altering  
18       garments for which no charge is made to the customer;

19       (7) letterheads, monthly reports, envelopes and other office supplies;

20       (8) protective clothing for employees such as rubber gloves, aprons, protective shoes, etc. whether paid  
21       for by the employer or the employee;

22       (9) steam hose or pipe used in the general heating system;

23       (10) janitorial supplies;

24       (11) office furniture, fixtures and equipment, including cash registers;

25       (12) uniforms for employees;

26       (13) advertising materials;

27       (14) structural or building materials, supplies, fixtures and equipment ~~which that~~ shall become a part of  
28       or be annexed to any building or structure being erected, altered or repaired;

29       (15) equipment used in the storage process to revitalize furs;

30       (16) conveyors used before or after the laundering, ~~pressing-pressing,~~ and cleaning process to transport  
31       ~~garments-garments,~~ but not those conveyors used to move the garments along the laundering,  
32       pressing-pressing, and cleaning line;

33       (17) ~~lubricants used in laundering, pressing, or cleaning machines.~~

34       (18)(17) transformers used in connection with general wiring and power supply; and

35       (19)(18) water softener chemicals.  
36

1    *History Note:*    *Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; Chapter 105, Articles 39, 40,*  
2                            *42, 43, and 46; ~~Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;~~*  
3                            *Eff. February 1, 1976;*  
4                            *Amended Eff. August 1, 2009; October 1, 1993; October 1, 1991; January 1, ~~1982~~; 1982;*  
5                            *Readopted Eff. January 1, 2024.*  
6

REQUEST FOR CHANGES PURSUANT TO G.S. 150B-21.10

AGENCY: Department of Revenue

RULE CITATION: 17 NCAC 07B .4609

**DEADLINE FOR RECEIPT: November 8, 2023**

**PLEASE NOTE: This request may extend to several pages. Please be sure you have reached the end of the document.**

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may email the reviewing attorney to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following changes be made:

*Lines 7-8: Why is it necessary to state that firetrucks are subject to the highway use tax which is imposed by Article 5A of Chapter 105 unless they are exempt Article 5A of Chapter 105?*

*Line 7: As written, it appears that the Secretary is creating exemptions. The Secretary does not have the authority to create an exemption. The Secretary can however make an interpretation of an exemption statute. What is the Secretary's authority to exempt sales from tax? If this is an interpretation, consider "Pursuant to G.S. \_\_\_\_\_".*

*Line 7: Explain the statutory basis for the exemption from sales and use tax of firetruck sales.*

*Lines 9-11: The paragraph begins by addressing sales and use tax and ends with to whom the highway tax is to be paid. These appear to be different concepts. Consider re-writing Paragraph (a) into different paragraphs.*

*Line 13: "similar items" is unclear and ambiguous.*

*Lines 13-16: Why is this language necessary? What statute is the Secretary interpreting and why?*

*Lines 15-16: Is this in reference to G.S. 105-187.3(b)?*

*Lines 19-21: Given the language of 105-164.3 (251), why is this language necessary?*

*Lines 19-22: Why is this necessary? Why would anyone think that special mobile equipment as defined in 105-164.3 (251) is exempt?*

*Lines 22 and 25: "Applicable local and transit rates of sales and use tax" is unclear and ambiguous.*

William W. Peaslee  
Commission Counsel

Date submitted to agency: October 25, 2023



*Lines 23-26: Explain the ambiguity in the statutes that makes this language reasonably necessary.*

*Lines 28-29: List all statutes individually.*

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

William W. Peaslee  
Commission Counsel  
Date submitted to agency: October 25, 2023

1 17 NCAC 07B .4609 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice  
2 pursuant to G.S. 150B-1(D)(4) as follows:  
3

4 **17 NCAC 07B .4609 FIRE TRUCKS AND EQUIPMENT**

5 (a) Fire Trucks Sold to Municipalities, Counties, Rural Fire Protection Districts, and Volunteer Fire Departments. --  
6 Sales of fire trucks to municipalities, counties, rural fire protection districts, and volunteer fire departments organized  
7 under Chapter 69 of the North Carolina General Statutes are exempt from sales and use tax and subject to the three  
8 percent (3%) highway use tax unless exempt under Article 5A of Chapter 105 of the North Carolina General Statutes.  
9 The highway use tax is administered by the Division of Motor Vehicles. The highway use tax shall be paid to the  
10 Commissioner of Motor Vehicles by the dealer, the purchaser, or other applicant for a certificate of title at the time of  
11 making application.

12 (b) Firefighting Equipment. -- Retail sales of axes, brooms, buckets, shovels, ropes, general purpose tools, gas masks,  
13 first aid kits, blankets, portable pumps, portable fire extinguishers and like articles similar items are subject to the  
14 general State, and applicable local and transit rates of sales and use tax. Such items are subject to sales and use tax  
15 even if they are sold with fire trucks, the items are considered to be other fire fighting firefighting equipment rather  
16 than accessories to the fire truck, truck, and sales of such items at retail are subject to the applicable statutory state and  
17 local sales or use tax without any maximum tax applicable thereto notwithstanding such sales are made to the above  
18 type customers or that the items are sold with fire trucks.

19 (c) Privately Owned Fire Trucks. -- Privately Retail sales of privately owned fire trucks or vehicles on which that have  
20 permanently attached fire fighting firefighting equipment has been mounted that and are used only for fire  
21 fighting firefighting purposes are classified as special mobile equipment, and sales thereof are subject to the general  
22 State and applicable statutory state and local and transit rates of sales or and use tax.

23 (d) Repair Parts and Services for Fire Trucks. -- Sales Retail sales of repair parts and repair, maintenance, and  
24 installation services to municipalities, counties, rural fire protection districts, and industrial users for use in repairing  
25 fire trucks are subject to the general State, and applicable statutory state and local and transit rates of sales or and use  
26 tax.

27  
28 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264; Chapter 105, Articles 39, 40, 42, 43, and*  
29 *~~46; Article 39; Article 40; Article 42; Article 43; Article 44;~~*  
30 *Eff. February 1, 1976;*  
31 *Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991; July 1, 1990; January 3,*  
32 *~~1984-1984;~~*  
33 *Readopted Eff. January 1, 2024.*  
34

REQUEST FOR CHANGES PURSUANT TO G.S. 150B-21.10

AGENCY: Department of Revenue

RULE CITATION: 17 NCAC 07B .4701

**DEADLINE FOR RECEIPT: November 8, 2023**

***PLEASE NOTE: This request may extend to several pages. Please be sure you have reached the end of the document.***

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may email the reviewing attorney to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following changes be made:

*Page 1, Lines 7-12: Why is this language reasonably necessary? Does G.S. 105-164.4 not make this clear?*

*Page 1, Line 8: "Applicable rates of sales and use tax" is ambiguous.*

*Page 1, Lines 11-15: Correct the formatting.*

*Page 1, Lines 11-14: Is not the sale of any item subject to tax unless exempt? Why is this reasonably necessary? What statutory ambiguity is being addressed?*

*Page 1, Lines 13 and 25, Page 3, Lines 29, 31, 34, and Page 4, Lines 1, 23, and 27: "Applicable local and transit rates of sales and use tax" is ambiguous.*

*Page 1, Lines 16-22: Explain the Secretary's authority to grant an exemption. Alternatively, what statute is the Secretary interpreting?*

*Page 1, Lines 23-26: Why is this language reasonably necessary? Does G.S. 105-164.4 not make this clear?*

*Page 1, Lines 27: What is the Secretary's authority to exempt an item from sales tax?*

*Page 1, Lines 29-30: Assuming this is an interpretation of G.S. 105-164.13, "advertising" is only exempt "with or as part of a newspaper." What is the authority to expand the exemption beyond G.S. 105-164.13(36)?*

*Page 1, Lines 34-37: Why is this language necessary given the clear language of G.S. 105-164.13(33a)? What is being interpreted?*

William W. Peaslee  
Commission Counsel

Date submitted to agency: October 25, 2023

*Page 2, Lines 1-5: Why is this language necessary given the clear language of G.S. 105-164.13(33a)? What is being interpreted?*

*Page 2, Lines 31-33: This is not a sentence.*

*Page 2, Lines 30-35: Explain the Secretary's authority to grant an exemption. Is the Secretary interpreting "commercial printers" to be a "manufacturing industry"? If not, what statute is the Secretary interpreting? If an interpretation, consider "Pursuant to G.S. G.S. 105-164.13(5e)..."*

*Page 2, Line 33: The Secretary cannot incorporate a definition contained in a bulletin into a rule.*

*Page 3, Lines 16-17: This is a statement of fact and is unnecessary.*

*Page 3, Lines 27-29, 30-31, 33-34: In Paragraph (c), the Secretary is, in essence, defining mill machinery, mill machinery parts, and mill machinery accessories by creating a list of items that fall into the category or definition. Yet, in Subparagraphs (10), (11), and (13), the Secretary departs from a simple list and adds items which are subject to tax and does so unnecessarily. The law is clear that the sale of all items is taxable unless exempt.*

*Page 4, Lines 20-23: Explain why this paragraph is reasonably necessary.*

*Page 4, Lines 24-27: Explain why this paragraph is reasonably necessary.*

*Page 4, Line 30: List all statutes individually.*

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

William W. Peaslee  
Commission Counsel

Date submitted to agency: October 25, 2023

1 17 NCAC 07B .4701 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice  
2 pursuant to G.S. 150B-1(D)(4) as follows:  
3

4 **SECTION .4700 - PRINTERS AND NEWSPAPER OR MAGAZINE PUBLISHERS**  
5

6 **17 NCAC 07B .4701 COMMERCIAL PRINTERS AND PUBLISHERS**

7 (a) All retail sales of ~~tangible personal property~~ items, as the term item is defined in G.S. 105-164.3, by commercial  
8 printers or publishers are subject to the applicable ~~statutory state and local~~ rates of sales ~~or~~ and use tax unless the sales  
9 are subject to a lesser rate of tax under the provisions of G.S. 105-164.4(a) or are exempt under the provisions of G.S.  
10 105-164.13 by statute.

11 (1) Subscriptions. -- Retail sales of advertising circulars, catalogues, booklets, pamphlets, forms, tickets,  
12 letterheads, envelopes, and similar items and retail sales of books, magazines, periodicals, newspapers and other  
13 publications are subject to the general State, and applicable local and transit rates of sales and use tax unless the sales  
14 are exempt from tax under G.S. 105-164.13. When publications are sold by subscription, the tax accrues at the time  
15 the subscription is accepted.

16 (2) Plates and Dies. -- When, at the request of the customer, commercial printers purchase custom made  
17 printing plates and dies for use in the direct production of the printed matter and title to the custom  
18 made printing plates and dies passes to the printer's customer, such items can be purchased by the  
19 commercial printer exempt from sales and use tax in accordance with 17 NCAC 07B .0106. The  
20 printer is liable for collecting and remitting the general State, and applicable local and transit rates  
21 of sales and use tax on the sales price of the printing plates and dies. The printer's sales invoices  
22 and records shall show that the plates and dies are actually sold to the customer.

23 (3) Book Binding and other Repair, Maintenance, and Installation Services. -- The gross receipts  
24 derived from repair, maintenance, and installation services, including book binding and imprinting,  
25 are subject to the general State, and applicable local and transit rates of sales and use tax unless  
26 exempt by statute.

27 (b) Exempt Sales by Commercial Printers and Publishers. -- The following ~~transactions~~ are also exempt from sales  
28 or use tax:

29 (1) ~~charges~~—Charges for advertising space in newspapers, magazines and other  
30 publications;publications.

31 (2) ~~charges~~—Charges made by printers for imprinting or binding books or forms or other similar items  
32 which are owned by their customers;when such items are purchased for resale in accordance with  
33 17 NCAC 07B .0106.

34 (3) Printed material sold by a retailer when the printed material is delivered by the retailer in this State  
35 to a common carrier or to the United States Postal Service for delivery to the purchaser or the  
36 purchaser's designee outside this State, and the purchaser does not subsequently use the printed  
37 material in this State.

1       ~~(3)~~(4) Printed material ~~which is sold by a retailer to a purchaser within or without this state when the~~  
2       printed material is delivered by the printer directly to a mailing ~~house-house, or to a common carrier~~  
3       ~~carrier, or to the United States Postal Service for delivery to a mailing house in this state which~~State  
4       that will preaddress and presort the material and deliver it to a common carrier or ~~to the United~~  
5       States Postal Service for delivery to recipients outside this ~~state~~State designated by the purchaser.

6       (A) ~~— Sales of printed material by a retailer located within or without this state which is delivered~~  
7       directly to the purchaser in this state for the original purpose of preparing and delivering  
8       the printed material to the United States Postal Service or a common carrier for delivery to  
9       prospective customers or other recipients outside this state are exempt from sales and use  
10      tax provided the purpose is consummated. ~~A purchaser of the printed material for~~  
11      preparation and delivery to prospective customers and other recipients outside this state  
12      must furnish the vendor a written statement certifying that the printed material is being  
13      purchased for use in a mailing program which is in place at the time of purchase; otherwise,  
14      the vendor must collect and remit the tax on the sales. ~~Sales of printed materials to a user~~  
15      or consumer in this state to be placed in the purchaser's inventory for use as needed are  
16      subject to sales or use taxes notwithstanding that all or a portion of the printed material  
17      may be delivered to the United States Postal Service or a common carrier for delivery to  
18      prospective customers or other recipients outside this state.

19      (B) ~~— A retailer who sells printed material delivered to a common carrier or the United States~~  
20      Postal Service for delivery to the purchaser at a point within this state who prepares the  
21      material to be mailed to prospective customers or other recipients without charge and  
22      transports the material outside this state to be delivered to the United States Postal Service  
23      or a common carrier or to a mailing house outside this state for delivery to designated  
24      recipients is liable for sales or use tax except as provided in this Rule.

25      ~~(b) Retail sales of advertising circulars, catalogues, booklets, pamphlets, forms, tickets, letterheads, envelopes and~~  
26      similar items and retail sales of books, magazines, periodicals, newspapers and other publications are subject to the  
27      applicable statutory state and local sales or use tax unless the sales are exempt from tax under the provisions of G.S.  
28      105-164.13. ~~When publications, other than magazines, are sold by subscription, the tax accrues at the time the~~  
29      subscription is accepted.

30      (c) Exempt Purchases of Mill Machinery or Mill Machinery Parts or Accessories by Commercial Printers or  
31      Publishers. -- Sales to Purchases by commercial printers and publishers of mill machinery and or mill machinery  
32      equipment and parts therefor and or accessories thereto for use directly in the production phase, as the term  
33      "production" is defined in Section 57 of the Sales and Use Tax Bulletins. Items that commercial printers and publishers  
34      may purchase exempt from sales and use tax as mill machinery or mill machinery parts or accessories include the  
35      following:

- (1) Machinery and equipment and parts or accessories thereto for use directly in the production of newspapers, ~~magazines~~ ~~magazines~~, and other printed ~~matter~~ ~~material~~ for sale are exempt from sales tax sale.
- (2) ~~Included herein are custom~~ Custom made plates and dies for use directly in the production of newspapers, magazines, and other printed material for sale when title ~~thereto~~ to the plates and dies does not pass to the printers' customers.
- (3) ~~Sales to commercial printers and publishers of tangible~~ Tangible personal property such as wood and metal ~~which is used to fabricate plates and dies for use in the production of printed matter~~ ~~material~~ for sale are exempt from sales tax when title to the plates and dies does not pass to the printers' customers.
- (4) ~~Sales to commercial printers and publishers of machinery~~ Machinery, equipment, film, and similar items of tangible personal property ~~for use or consumption directly in~~ that are used or consumed by the printer in the production of the plates and dies are also exempt from sales tax that are directly used in the production of newspapers, magazines, and other printed material for sale.
- (5) Lithographic and gravure plates and dies retained by the printer or publisher that are directly used in the production of newspapers, magazines and other printed material for sale. It is a printing trade practice that title to lithographic and gravure plates and dies is be retained by the printer or publisher. Unless it is otherwise agreed in writing, the items purchased by the printer or publisher these plates and dies are exempt from sales tax tax as items purchased by the printer or publisher for use.
- (6) Photo engravings, electrotypes, and lithographs for direct use in printing tangible personal property for sale.
- (7) Printing presses for direct use in printing tangible personal property for sale.
- (8) Cushion paper, cover paper, and tissue for use in building up the printing surface of the press for direct use in printing tangible personal property for sale.
- (9) Offset or direct relief duplicating machines and repair parts or accessories for such machines, including offset blankets and plates.
- (10) Positives and negatives for use in preparing plates for use in the printing process. Purchases of such items by non-commercial printers for use or consumption are subject to the general State, and applicable local and transit rates of sales and use tax.
- (11) Chemicals used to clean printing machinery. Chemicals used for sanitation purposes are subject to the general State, and applicable local and transit rates of sales and use tax.
- (12) Metal for making type.
- (13) Computers used in the printing process. Computers used for administrative purposes are subject to the general State, and applicable local and transit rates of sales and use tax.
- (14) Mounting tape for use in the preparation of plates.
- (15) Printing machines when the machines are used to produce newspapers or other printed material for sale. Purchases of printing machines for use in printing customers' addresses and addressograph

plates for use in the mailing and shipping process are subject to the general State, and applicable local and transit rates of sales and use tax.

(16) Photographs to be reproduced in newspapers. These are classified as accessories to the manufacturing process.

~~(d) Sales to commercial printers of custom made plates and dies for resale are exempt from sales or use tax when supported by Streamlined Sales and Use Tax Agreement Certificates of Exemption, Form E 595E. Sales to commercial printers of tangible personal property as wood and metal which becomes a component part of printing plates produced by the printers for sale to customers are likewise exempt from sales or use tax when supported by certificates of exemption. However, sales to commercial printers of machinery, equipment, film, and similar items of tangible personal property which do not enter into or become a component part of the plates and dies but are used or consumed by the printer in the direct production of the plates and dies are exempt from sales tax. When, at the request of the customer, commercial printers purchase custom made printing plates and dies for use in the direct production of the printed matter or when they purchase wood and metal which becomes a component part of printing plates and dies fabricated by the printer for use in the direct production of printed matter and title to the plates and dies passes to the printers' customers, the items may be purchased for resale. The printer is liable for collecting and remitting the applicable statutory state and local sales or use tax on the total retail sales price of the plates and dies including charges for tangible personal property and art work or any other services that go into the manufacture or delivery thereof. In such cases, the printer's sales invoices and records must show that the plates and dies are actually sold to the customer; otherwise, the items are deemed to have been used by the printer, and the cost price of same is exempt from sales tax.~~  
(e)(d) Sales to commercial printers and publishers of tangible personal property which is not ~~resold as such or which resold~~, does not become an ingredient or component part of the tangible personal property which they produce for sale, or which and is not ~~production mill machinery or mill machinery parts therefor and~~ accessories thereto are subject to the general State, and applicable statutory state and local and transit rates of sales or and use tax.

~~(f)(e) In-House Printers. -- The provisions of Paragraph (d)(c) of this Rule have no application~~ do not apply to sales of printing equipment and supplies to ~~firms which businesses that~~ operate print shops for the production of printed matter for their own use and not for sale. Purchases of printing equipment and supplies by such ~~firms businesses~~ are subject to the general State, and applicable statutory state and local and transit rates or sales or and use tax.

*History Note: Authority G.S. 105-164.4; ~~105-164.5; 105-164.6; 105-164.13; 105-262; 105-264; Chapter 105, Articles 39, 40, 42, 43, and 46; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;~~*  
*Eff. February 1, 1976;*  
*Amended Eff. October 1, 2009; April 1, 2001; October 1, 1993; June 1, 1992; October 1, 1991;*  
*February 1, ~~1988~~ 1988;*  
*Readopted Eff. January 1, 2024.*