

GENERAL ASSEMBLY OF NORTH CAROLINA
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SENATE BILL 236*
Finance Committee Substitute Adopted 5/28/03
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Short Title: Revenue Administrative Changes.

(Public)

Sponsors:

Referred to:

February 27, 2003

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE DIVIDEND RECEIVED DEDUCTION FOR REGULATED INVESTMENT COMPANIES AND REAL ESTATE INVESTMENT TRUSTS TO ENSURE THAT ALL DIVIDENDS ARE TREATED UNIFORMLY, TO EXTEND FOR TWO YEARS THE DEPARTMENT OF REVENUE'S AUTHORITY TO OUTSOURCE THE COLLECTION OF IN-STATE TAX DEBTS, TO AMEND THE MOTOR FUEL TAX LAWS, AND TO MAKE VARIOUS ADMINISTRATIVE CHANGES IN THE TAX LAWS.

The General Assembly of North Carolina enacts:

PART 1. MODIFY DIVIDEND RECEIVED DEDUCTION FOR RICs AND REITs.

SECTION 1.1. G.S. 105-130.7 and G.S. 105-130.5(b)(3) are repealed.

SECTION 1.2. G.S. 105-130.4(c) reads as rewritten:

"(c) Rents and royalties from real or tangible personal property, gains and losses, interest, ~~dividends less the portion deductible under G.S. 105-130.7,~~ dividends, patent and copyright royalties and other kinds of income, to the extent that they constitute nonbusiness income, less related expenses shall be allocated as provided in subsections (d) through (h) of this section."

SECTION 1.3. G.S. 105-130.4(f) reads as rewritten:

"(f) Interest and net dividends are allocable to this State if the corporation's commercial domicile is in this State. For purposes of this section, the term "net dividends" means gross dividend income received less related ~~expenses and less that portion of the dividends deductible under G.S. 105-130.7,~~ expenses."

PART 2. AVOID DUPLICATIVE REPORTING REQUIREMENTS REGARDING SALES OF SEIZED PROPERTY.

SECTION 2. G.S. 105-242(a)(2) reads as rewritten:

1 "(2) The Secretary may issue a warrant or order under the Secretary's hand
2 and seal to any revenue officer or other employee of the Department of
3 Revenue charged with the duty to collect taxes, commanding the
4 officer or employee to levy upon and sell the taxpayer's personal
5 property, including that described in G.S. 105-366(d), found within the
6 State for the payment of the tax, including penalties and interest.
7 Except as otherwise provided in this subdivision, the levy upon the
8 sale of personal property shall be governed by the laws regulating levy
9 and sale under execution. The person to whom the warrant is directed
10 shall proceed to levy upon and sell the personal property subject to
11 levy in the same manner and with the same powers and authority
12 normally exercised by sheriffs in levying upon and selling personal
13 property under execution, except that the property may be sold in any
14 county, in the discretion of the Secretary. In addition to the notice of
15 sale required by the laws governing sale of property levied upon under
16 execution, the Secretary may advertise the sale in any reasonable
17 manner and for any reasonable period of time to produce an adequate
18 bid for the property. Levy and sale fees, plus actual advertising costs,
19 shall be added to and collected in the same manner as taxes. The
20 Secretary is not required to file a report of sale with the clerk of
21 superior court, as required by the laws governing sale of property
22 levied upon under execution, if the sale is otherwise publicly
23 reported."

24 **PART 3. EXTEND AUTHORITY TO CONTINUE USING OUTSIDE**
25 **COLLECTION AGENCIES.**

26 **SECTION 3.** Section 9 of S.L. 2001-380 reads as rewritten:

27 "**SECTION 9.** Section 3 of this act becomes effective November 1, 2001. Section 6
28 of this act is effective on and after July 1, 2001. Section 8 of this act becomes effective
29 ~~October 1, 2003.~~ October 1, 2005. The remainder of this act is effective when it
30 becomes law and applies to tax debts that remain unpaid on or after that date."

31 **PART 4. REVISE SECRECY PROVISION TO REFLECT TRANSFER OF**
32 **DMV ENFORCEMENT TO THE DIVISION OF THE STATE HIGHWAY**
33 **PATROL.**

34 **SECTION 4.** G.S. 105-259(b)(7) reads as rewritten:

35 "(7) To exchange information with the ~~Division of Motor Vehicles of the~~
36 ~~Department of Transportation~~ Division of the State Highway Patrol of
37 the Department of Crime Control and Public Safety or the
38 International Fuel Tax Association, Inc., when the information is
39 needed to fulfill a duty imposed on the Department of Revenue or the
40 ~~Division of Motor Vehicles.~~ Division of the State Highway Patrol of
41 the Department of Crime Control and Public Safety."

42 **PART 5. BASE LOCAL SALES TAX DISTRIBUTIONS ON TAXPAYER**
43 **DATA.**

44 **SECTION 5.** G.S. 105-472(a) reads as rewritten:

1 "(a) County Allocation. – The Secretary shall, on a monthly basis, allocate to each
2 taxing county for which the Secretary collects the tax the net proceeds of the tax
3 collected in that county under this Article. For the purpose of this section, "net
4 proceeds" means the gross proceeds of the tax collected in each county under this
5 Article less taxes refunded, the cost to the State of collecting and administering the tax
6 in the county as determined by the Secretary, and other deductions that may be charged
7 to the county. If the Secretary collects local sales or use taxes in a month and the taxes
8 cannot be identified as being attributable to a particular taxing county, the Secretary
9 shall allocate the taxes among the taxing counties in proportion to the amount of taxes
10 collected in each county under this Article during that month and shall include them in
11 the monthly distribution. Amounts collected by electronic funds transfer payments are
12 included in the distribution for the month in which the return that applies to the payment
13 is received."

14 **PART 6. SIMPLIFY PROCEDURE FOR HOLD HARMLESS**
15 **CALCULATION.**

16 **SECTION 6.** G.S. 105-521(b), as amended by Section 37.1 of S.L. 2003-
17 284, reads as rewritten:

18 "(b) Distributions. – On or before August 15, 2003, and August 15, 2004, the
19 Secretary must multiply each local government's local sales tax share by the estimated
20 amount that all local governments would be expected to receive during the current fiscal
21 year under G.S. 105-520 if every county levied the tax under this Article for the year. If
22 the resulting amount is less than one hundred percent (100%) of the local government's
23 repealed reimbursement amount, the Secretary must pay the local government the
24 difference, but not less than one hundred dollars (\$100.00).

25 On or before May 1, 2003, and May 1, 2004, the ~~Office of State Budget and~~
26 ~~Management Department of Revenue~~ and the Fiscal Research Division of the General
27 Assembly must each submit to the Secretary and to the General Assembly a final
28 projection of the estimated amount that all local governments would be expected to
29 receive during the upcoming fiscal year under G.S. 105-520 if every county levied the
30 tax under this Article for the fiscal year. If, after May 1 and before a distribution is
31 made, a law is enacted that would affect the projection, an updated projection must be
32 submitted as soon as practicable. If the Secretary does not use the lower of the two final
33 projections to make the calculation required by this subsection, the Secretary must
34 report the reasons for this decision to the Joint Legislative Commission on
35 Governmental Operations within 60 days after receiving the projections."

36 **PART 7. CLARIFY THAT THE FILING FEE FOR AN ANNUAL REPORT**
37 **IS NONREFUNDABLE.**

38 **SECTION 7.** G.S. 55-1-22 is amended by adding a new subsection to read:

39 "(d) The fee for the annual report in subdivision (23) of this section is
40 nonrefundable."

41 **PART 8. CLARIFY ELIGIBILITY FOR R&D CREDIT.**

42 **SECTION 8.1.** G.S. 105-129.4(a) is amended by adding a new subdivision
43 to read:

1 "(7) Research and development. – For the purpose of determining
2 eligibility under this subsection for the credit for research and
3 development in G.S. 105-129.10, the following special rules apply:

4 a. If the primary activity of an establishment of the taxpayer in
5 this State is computer services, the taxpayer's qualified research
6 expenditures in this State are considered to be used in computer
7 services.

8 b. For all other taxpayers, the taxpayer's qualified research
9 expenditures in this State are considered to be used in the
10 primary business of the taxpayer."

11 **SECTION 8.2.** The General Assembly finds that the amendment to G.S.
12 105-129.4 made by this Part clarifies the intent of the existing law and does not
13 represent a change in the law. Accordingly, G.S. 105-129.4(a)(7)a. applies to taxable
14 years beginning on or after January 1, 2001, and G.S. 105-129.4(a)(7)b. applies to
15 taxable years beginning on or after January 1, 1996.

16 **PART 9. REVENUE LAWS TO STUDY DATA NEEDED TO ESTIMATE**
17 **IMPACT OF CONSOLIDATED RETURNS.**

18 **SECTION 9.** The Revenue Laws Study Committee shall establish a study
19 group composed of State tax professionals from accounting firms and representatives of
20 the Department of Revenue to work together on gathering appropriate data to conduct
21 an analysis of the potential revenue impact of modifying the corporate income tax law
22 to require consolidated returns.

23 **PART 10. MOTOR FUEL TAX CHANGES.**

24 **SECTION 10.1.** G.S. 105-449.49 reads as rewritten:

25 **"§ 105-449.49. Temporary permits.**

26 Upon application to the Secretary and payment of a fee of fifty dollars (\$50.00), a
27 motor carrier may obtain a temporary permit authorizing the carrier to operate a vehicle
28 in the State without registering the vehicle in accordance with G.S. 105-449.47 for not
29 more than ~~20~~three days. A motor carrier to whom a temporary permit has been issued
30 may elect not to report its operation of the vehicle during the ~~20-day~~three-day period.
31 The Secretary may refuse to issue a temporary permit to any of the following:

32 (1) A motor carrier whose registration has been withheld or revoked.

33 (2) A motor carrier who the Secretary determines is evading payment of
34 tax through the successive purchase of temporary permits."

35 **SECTION 10.2.** G.S. 105-449.60(33) reads as rewritten:

36 "(33) Tank wagon. – A truck that is not a transport truck and ~~has a~~
37 ~~compartment~~is designed or used to carry at least 1,000 gallons of
38 motor fuel."

39 **SECTION 10.3.** G.S. 105-449.65(a) reads as rewritten:

40 "(a) License. – A person may not engage in business in this State as any of the
41 following unless the person has a license issued by the Secretary authorizing the person
42 to engage in that business:

43 (1) A refiner.

44 (2) A supplier.

- 1 (3) A terminal operator.
- 2 (4) An importer.
- 3 (5) An exporter.
- 4 (6) A blender.
- 5 (7) A motor fuel transporter.
- 6 (8) Repealed by Session Laws 1999-438, s. 20.
- 7 (9) Repealed by Session Laws 1999-438, s. 21.
- 8 (10) A distributor who purchases motor fuel from an elective or permissive
- 9 supplier at an out-of-state terminal for import into this State."

10 **SECTION 10.4.** G.S. 105-449.67 reads as rewritten:

11 "**§ 105-449.67. List of persons who may obtain a license.**

12 A person who is engaged in business as any of the following may obtain a license
13 issued by the Secretary for that business:

- 14 (1) ~~A distributor.~~ A distributor who is not required to be licensed under
15 G.S. 105-449.65.
- 16 (2) A permissive supplier."

17 **SECTION 10.5.** G.S. 105-449.69(d) and (e) read as rewritten:

18 "(d) Import Activity. – An applicant for a license as an importer or as a distributor
19 must list on the application each state from which the applicant intends to import motor
20 fuel and, if required by a state listed, must be licensed or registered for motor fuel tax
21 purposes in that state. If a state listed requires the applicant to be licensed or registered,
22 the applicant must give the applicant's license or registration number in that state.

23 ~~A license holder that intends to import motor fuel from a state not listed on the~~
24 ~~license holder's application for an importer's license or a distributor's license must give~~
25 ~~the Secretary written notice of the change before importing motor fuel from that state.~~
26 ~~The notice must include the information that is required on the license application.~~

27 (e) Export Activity. – An applicant for a license as an exporter must designate an
28 agent located in North Carolina for service of process and must give the agent's name
29 and address. An applicant for a license as an exporter or as a distributor must list on the
30 application each state to which the applicant intends to export motor fuel received in
31 this State by means of a transfer that is outside the terminal transfer system and, if
32 required by a state listed, must be licensed or registered for motor fuel tax purposes in
33 that state. If a state listed requires the applicant to be licensed or registered, the
34 applicant must give the applicant's license or registration number in that state.

35 ~~A license holder that intends to export motor fuel to a state not listed on the license~~
36 ~~holder's application for an exporter's license or a distributor's license must give the~~
37 ~~Secretary written notice of the change before exporting motor fuel to that state. The~~
38 ~~notice must include the information that is required on the license application."~~

39 **SECTION 10.6.** G.S. 105-449.72(a)(2) reads as rewritten:

40 "(a) Initial Bond. – An applicant for a license as a refiner, a terminal operator, a
41 supplier, an importer, a blender, a permissive supplier, or a distributor must file with the
42 Secretary a bond or an irrevocable letter of credit. A bond must be conditioned upon
43 compliance with the requirements of this Article, be payable to the State, and be in the

1 form required by the Secretary. The amount of the bond or irrevocable letter of credit is
2 determined as follows:

3 ...

4 (2) For an applicant for a license as any of the following, the amount is
5 two times the applicant's average expected monthly tax liability under
6 this Article, as determined by the Secretary. The amount may not be
7 less than two thousand dollars (\$2,000) and may not be more than ~~two~~
8 ~~hundred fifty thousand dollars (\$250,000)~~ five hundred thousand
9 dollars (\$500,000):

- 10 a. A supplier that is a fuel alcohol provider or a biodiesel provider
11 but is neither a position holder nor a person that receives motor
12 fuel pursuant to a two-party exchange.
13 b. An occasional importer.
14 c. A tank wagon importer.
15 d. A distributor.
16 e. Repealed by Session Laws 1997-60, s. 5, effective October 5,
17 1997."

18 **SECTION 10.7.** G.S. 105-449.73 reads as rewritten:

19 **"§ 105-449.73. Reasons why the Secretary can deny an application for a license.**

20 The Secretary may refuse to issue a license to an individual applicant that has done
21 any of the following and may refuse to issue a license to an applicant that is a business
22 entity if any principal in the business has done any of the following:

- 23 (1) Had a license or registration issued under this Article or former Article
24 36 or 36A of this Chapter cancelled by the Secretary for cause.
25 (1a) Had a motor fuel license or registration issued by another state
26 cancelled for cause.
27 (2) Had a federal Certificate of Registry issued under § 4101 of the Code,
28 or a similar federal authorization, revoked.
29 (3) Been convicted of fraud or misrepresentation.
30 (4) Been convicted of any other offense that indicates that the applicant
31 may not comply with this Article if issued a license.
32 (5) Failed to remit payment for an overdue tax debt under Chapter 105 or
33 Chapter 119 of the General Statutes. The term "overdue tax debt" has
34 the same meaning as defined in G.S. 105-243.1.
35 (6) Failed to file a return due under Chapter 105 or Chapter 119 of the
36 General Statutes."

37 **SECTION 10.8.** G.S. 105-449.86(a)(1) is repealed.

38 **SECTION 10.9.** G.S. 105-449.115(b) reads as rewritten:

39 "(b) Content. – A shipping document issued by a terminal operator or the operator
40 of a bulk plant ~~must be machine printed and~~ must contain the following information and
41 any other information required by the Secretary:

- 42 (1) Identification, including address, of the terminal or bulk plant from
43 which the motor fuel was received.
44 (2) The date the motor fuel was loaded.

- 1 (3) The gross gallons loaded.
- 2 (4) The destination state of the motor fuel, as represented by the purchaser
- 3 of the motor fuel or the purchaser's agent.
- 4 (5) If the document is issued by a terminal operator, the document must be
- 5 machine printed and it must contain the following information:
- 6 a. The net gallons loaded.
- 7 b. A tax responsibility statement indicating the name of the
- 8 supplier that is responsible for the tax due on the motor fuel."

9 **SECTION 10.10.** G.S. 105-449.117 reads as rewritten:

10 **"§ 105-449.117. Penalties for highway use of dyed diesel or other non-tax-paid**

11 **fuel.**

12 (a) Violation. – It is unlawful to use dyed diesel fuel in a highway vehicle that is

13 licensed or required to be licensed under Chapter 20 of the General Statutes unless that

14 use is allowed under section 4082 of the Code. It is unlawful to use undyed diesel fuel

15 in a highway vehicle that is licensed or required to be licensed under Chapter 20 of the

16 General Statutes unless the tax imposed by this Article has been paid. A person who

17 violates this section is guilty of a Class 1 misdemeanor and is liable for a civil penalty.

18 (b) Civil Penalty. – The civil penalty is payable to the Department of

19 Transportation, Division of Motor Vehicles, or the Department of Revenue and is

20 payable by the person in whose name the highway vehicle is registered. The amount of

21 the penalty depends on the amount of fuel in the supply tank of the highway vehicle.

22 The penalty is the greater of one thousand dollars (\$1,000) or five times the amount of

23 motor fuel tax payable on the fuel in the supply tank. A penalty imposed under this

24 section is in addition to any motor fuel tax assessed.

25 (c) Enforcement. – The Secretary or a person designated by the Secretary may

26 conduct investigations to identify violations of this Article. It is not a valid defense to a

27 violation of this Article that the State is exempt from the tax imposed by this Article."

28 **SECTION 10.11.** G.S. 105-449.123(a) reads as rewritten:

29 "(a) Requirements. – A person who is a retailer of dyed diesel fuel or who stores

30 both dyed and undyed diesel fuel for use by that person or another person must mark the

31 storage facility for the dyed diesel fuel ~~as follows with the phrase "Dyed Diesel", "For~~

32 ~~Nonhighway Use", or a similar phrase that clearly indicates the diesel fuel is not to be~~

33 ~~used to operate a highway vehicle;~~ in a manner that clearly indicates the fuel is not to be

34 used to operate a highway vehicle. The storage facility must be marked "Dyed Diesel,

35 Nontaxable Use Only, Penalty For Taxable Use" or "Dyed Kerosene, Nontaxable Use

36 Only, Penalty for Taxable Use" or a similar phrase that clearly indicates the fuel is not

37 to be used to operate a highway vehicle.

- 38 (1) The storage tank of the storage facility must be marked if the storage
- 39 tank is visible.
- 40 (2) The fillcap or spill containment box of the storage facility must be
- 41 marked.
- 42 (3) The dispensing device that serves the storage facility must be marked.
- 43 (4) The retail pump or dispensing device at any level of the distribution
- 44 system must comply with the marking requirements."

1 **SECTION 10.12.** G.S. 119-15 is amended by adding the following new
2 subdivisions to read:

3 **"§ 119-15. Definitions that apply to Article.**

4 The following definitions apply in this Article:

5 ...

6 (6) Terminal. – Defined in G.S. 105-449.60.

7 (7) Terminal operator. – Defined in G.S. 105-449.60."

8 **SECTION 10.13.** G.S. 119-16.2 is repealed.

9 **SECTION 10.14.** Article 3 of Chapter 119 of the General Statutes is
10 amended by adding the following new sections to read:

11 **"§ 119-15.1. List of persons who must have a license.**

12 (a) License. – A person may not engage in business in this State as any of the
13 following unless the person has a license issued by the Secretary authorizing the person
14 to engage in business:

15 (1) A kerosene supplier.

16 (2) A kerosene distributor.

17 (3) A kerosene terminal operator.

18 (b) Exception. – A kerosene supplier license is not required if the supplier is
19 licensed as a supplier under Part 2 of Article 36C of Chapter 105 of the General
20 Statutes. A kerosene distributor is required to have a kerosene distributor license only if
21 the distributor imports kerosene. Other kerosene distributors may elect to have a
22 kerosene license. A kerosene terminal operator license is not required if the supplier is
23 licensed as a supplier under Part 2 of Article 36C of Chapter 105 of the General
24 Statutes.

25 **"§ 119-15.2. How to apply for a license.**

26 To obtain a license, an applicant must file an application with the Secretary of
27 Revenue on a form provided by the Secretary. An application must include the
28 applicant's name, address, federal employer identification number, and any other
29 information required by the Secretary. An applicant must meet the requirements for
30 obtaining a license set out in G.S. 105-449.69(b) and (c).

31 **"§ 119-15.3. Bond or letter of credit required as a condition of obtaining and**
32 **keeping certain licenses.**

33 (a) Initial Bond. – An applicant for a license as a kerosene supplier, kerosene
34 distributor, or kerosene terminal operator must file with the Secretary of Revenue a
35 bond or an irrevocable letter of credit. A bond must be conditioned upon compliance
36 with the requirements of this Article, be payable to the State, and be in the form
37 required by the Secretary. The amount of the bond or irrevocable letter of credit may not
38 be less than five hundred dollars (\$500.00) and may not be more than twenty thousand
39 dollars (\$20,000).

40 (b) Adjustments to Bond. – When notified by the Secretary of Revenue, a person
41 that has filed a bond or irrevocable letter of credit and that holds a license listed in this
42 Article must file an additional bond or irrevocable letter of credit in the amount
43 requested by the Secretary. The person must file the additional bond or irrevocable letter
44 of credit within 30 days after receiving the notice from the Secretary. The amount of the

1 initial bond or irrevocable letter of credit and the additional bond or irrevocable letter of
2 credit by the license holder, however, may not exceed the limits set in subsection (a) of
3 this section.

4 (c) Class 1. – A person who fails to comply with this section is guilty of a Class 1
5 misdemeanor."

6 **SECTION 10.15.** G.S. 119-18(a) reads as rewritten:

7 "(a) Tax. – An inspection tax of one fourth of one cent (1/4 of 1¢) per gallon is
8 levied upon all of the ~~following fuel, fuel listed in this subsection~~ regardless of whether
9 the fuel is exempt from the per-gallon excise tax imposed by Article 36C or 36D of
10 Chapter 105 of the General Statutes. The

11 (1) ~~Motor fuel that is not dyed diesel fuel.~~

12 (2) ~~Dyed diesel fuel used to operate a highway vehicle.~~

13 (3) ~~Alternative fuel used to operate a highway vehicle.~~

14 (4) ~~Kerosene.~~

15 ~~The inspection tax on motor fuel is due and payable to the Secretary of Revenue at~~
16 ~~the same time that the per gallon excise tax on motor fuel is due and payable under~~
17 ~~Article 36C of Chapter 105 of the General Statutes. The inspection tax on alternative~~
18 ~~fuel is due and payable to the Secretary of Revenue at the same time that the excise tax~~
19 ~~on alternative fuel is due and payable under Article 36D of Chapter 105 of the General~~
20 ~~Statutes. The inspection tax on kerosene is payable monthly to the Secretary by a~~
21 ~~supplier that is licensed under Part 2 of Article 36C of Chapter 105 of the General~~
22 ~~Statutes and by a kerosene supplier. A monthly report is due by the 22nd of each month~~
23 ~~and applies to kerosene sold during the preceding month by a supplier licensed under~~
24 ~~that Part and to kerosene received during the preceding month by a kerosene supplier. A~~
25 ~~kerosene terminal operator must file a return in accordance with the provisions of G.S.~~
26 ~~105-449.100.~~

27 (1) Motor fuel.

28 (2) Alternative fuel used to operate a highway vehicle.

29 (3) Kerosene."

30 **SECTION 10.16.** G.S. 119-18 is amended by adding a new subsection to
31 read:

32 "(a1) Deferred Payment. – A licensed kerosene distributor that buys kerosene from
33 a supplier licensed under Part 2 of Article 36C of Chapter 105 of the General Statutes
34 has the right to defer payment of the inspection tax until the supplier is required to remit
35 the tax to this State or another state. A licensed kerosene distributor that pays the tax
36 due a supplier licensed under that Part by the date the supplier must pay the tax to the
37 State may deduct from the amount due a discount in the amount set in G.S.
38 105-449.93."

39 **PART 11. CHARGE OFF BAD DEBTS.**

40 **SECTION 11.** G.S. 105-164.13(15) reads as rewritten:

41 "(15) Accounts of purchasers, representing taxable sales, on which the tax
42 imposed by this Article has been paid, that are found to be worthless
43 and actually charged off for income tax purposes may, at
44 corresponding periods, be deducted from gross sales, ~~provided,~~

1 ~~however, they must be added to gross sales if afterwards~~
2 ~~collected sales.~~ In the case of a municipality that sells electricity, the
3 account may be deducted if it meets all the conditions for charge-off
4 that would apply if the municipality were subject to income tax. Any
5 accounts deducted pursuant to this subdivision must be added to gross
6 sales if afterwards collected."

7 **PART 12. EFFECTIVE DATE.**

8 **SECTION 12.** Parts 1 and 8 of this act are effective for taxable years
9 beginning on or after January 1, 2003. Part 5 of this act becomes effective July 1, 2003.
10 Part 9 of this act is effective for taxable years beginning on or after January 1, 2003, and
11 shall expire for taxable years beginning on or after January 1, 2005. Part 10 of this act
12 becomes effective January 1, 2004. The remainder of this act is effective when it
13 becomes law.