

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

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SENATE BILL 503

Short Title: Exempt Start-Ups From Privilege Lic. Taxes. (Public)

Sponsors: Senator Clark (Primary Sponsor).

Referred to: Finance.

March 28, 2013

1 A BILL TO BE ENTITLED  
2 AN ACT TO EXEMPT START-UP ENTITIES FROM PRIVILEGE TAXES.

3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** G.S. 105-33(b) reads as rewritten:

5 "(b) License Taxes. – A license tax imposed by this Article is an annual tax. The tax is  
6 due by July 1 of each year. The tax is imposed for the privilege of engaging in a specified  
7 activity during the fiscal year that begins on the July 1 due date of the tax. The full amount of a  
8 license tax applies to a ~~person~~ person, other than a start-up entity, who, during a fiscal year, in  
9 an activity for which this Article requires a license. Before a person engages in an activity for  
10 which this Article requires a license, the person must obtain the required license."

11 **SECTION 2.** G.S. 105-33.1 is amended by adding a new subdivision to read:

12 **"§ 105-33.1. Definitions.**

13 The following definitions apply in this Article:

- 14 (1) City. – Defined in G.S. 105-228.90.  
15 (1a) Code. – Defined in G.S. 105-228.90.  
16 (2) Repealed by Session Laws 1998-95, s. 3.  
17 (3) Person. – Defined in G.S. 105-228.90.  
18 (4) Secretary. – Defined in G.S. 105-228.90.  
19 (5) Start-up entity. – A person that begins to engage in an activity that requires a  
20 license under this Article but has not been engaged in the activity for more  
21 than one year."

22 **SECTION 3.** G.S. 153A-152(b) reads as rewritten:

23 "(b) Telecommunications Restriction. – A county may not impose a license, franchise, or  
24 privilege tax on a start-up entity, as defined in G.S. 105-33, or a company taxed under  
25 G.S. 105-164.4(a)(4c)."

26 **SECTION 4.** G.S. 160A-211(c) is amended by adding a new subdivision to read:

27 "(c) Prohibition. – A city may not impose a license, franchise, or privilege tax on a  
28 start-up entity, as defined in G.S. 105-33, or a person engaged in any of the businesses listed in  
29 this subsection. These businesses are subject to a State tax for which the city receives a share of  
30 the tax revenue.

- 31 (1) Supplying piped natural gas taxed under Article 5E of Chapter 105 of the  
32 General Statutes.  
33 (2) Providing telecommunications service taxed under G.S. 105-164.4(a)(4c).  
34 (3) Providing video programming taxed under G.S. 105-164.4(a)(6)."

35 **SECTION 5.** This act becomes effective July 1, 2013.

