

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 1001
Proposed Committee Substitute S1001-PCS1852
Finance Committee Substitute Adopted 7/10/97

Short Title: Expand Amusement Tax Exemption.

(Public)

Sponsors:

Referred to:

April 21, 1997

A BILL TO BE ENTITLED

AN ACT TO PROVIDE AN AMUSEMENTS TAX EXEMPTION FOR CERTAIN
NONPROFIT ARTS ORGANIZATIONS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-37.1(a) reads as rewritten:

"(a) Every ~~person, firm, or corporation~~ person engaged in the business of giving, offering or managing any form of entertainment or amusement not otherwise taxed or specifically exempted in this Article, for which an admission is charged, shall pay an annual license tax of fifty dollars (\$50.00) for each room, hall, tent or other place where ~~such the~~ admission charges are made.

In addition to the license tax levied above, ~~such person, firm, or corporation~~ the taxpayer shall pay an additional tax upon the gross receipts of ~~such the~~ business at the rate of three percent (3%). Reports shall be made to the Secretary of Revenue, ~~in such form as he may prescribe,~~ within the first 10 days of each month covering all ~~such taxable~~ gross receipts for the previous month, and the ~~additional tax herein levied~~ gross receipts tax shall be paid monthly at the time ~~such the~~ reports are made. The annual license tax ~~herein levied~~ shall be treated as an advance payment of the ~~tax upon gross receipts herein levied, and the annual~~

1 ~~license tax gross receipts tax and~~ shall be applied as a credit upon or advance payment of
2 the gross receipts tax.

3 Every ~~person, firm, or corporation~~ person giving, offering, or managing any dance or
4 athletic contest of any kind, except high school and elementary school athletic contests,
5 for which an admission fee in excess of fifty cents (50¢) is charged, shall pay an annual
6 license tax of fifty dollars (\$50.00) for each location where ~~such the~~ charges are made,
7 and, in addition, a tax upon the gross receipts derived from admission charges at the rate
8 of three percent (3%). The additional tax upon gross receipts shall be levied and
9 collected in accordance with ~~such regulations as may be made by the Secretary of Revenue.~~
10 rules adopted by the Secretary. No tax shall be levied on admission fees for high school
11 and elementary school contests.

12 Dances and other amusements actually promoted and managed by civic organizations
13 and private and public secondary ~~schools, schools~~ shall not be subject to the license tax
14 imposed by this section and the first one thousand dollars (\$1,000) of gross receipts
15 derived from ~~such these~~ events shall be exempt from the gross receipts tax ~~herein levied~~
16 when the entire proceeds of ~~such the~~ dances or other amusements are used exclusively for
17 the school or civic and charitable purposes of ~~such the~~ organizations and not to defray the
18 expenses of the organization conducting ~~such the~~ dance or amusement. The mere
19 sponsorship of dance or other amusement by such a school, civic, or fraternal
20 organization ~~shall not be deemed to exempt such does not exempt the~~ dance or other
21 amusement as provided in this paragraph, but the exemption shall apply only when the
22 dance or amusement is actually managed and conducted by the school, civic, or fraternal
23 organization and the proceeds are used as ~~herein before required. required by this~~
24 paragraph.

25 Dances and other amusements promoted and managed by a qualifying corporation
26 that operates a center for the performing and visual arts are exempt from the license tax
27 and the gross receipts tax imposed under this section if the dance or other amusement is
28 held at the center. 'Qualifying corporation' means a corporation that is exempt from
29 income tax under G.S. 105-130.11(a)(3). 'Center for the performing and visual arts'
30 means a facility, having a fixed location, that provides space for dramatic performances,
31 studios, classrooms and similar accommodations to organized arts groups and individual
32 artists. This exemption shall not apply to athletic events.

33 The license and gross receipts taxes imposed by this section do not apply to a ~~person,~~
34 ~~firm, or corporation~~ person that is exempt from income tax under Article 4 of this Chapter
35 and is engaged in the business of operating a teen center. A 'teen center' is a fixed facility
36 whose primary purpose is to provide recreational activities, dramatic performances,
37 dances, and other amusements exclusively for teenagers.

38 The license and gross receipts taxes imposed by this section do not apply to arts
39 festivals held by a nonprofit arts organization that meets the following conditions:

- 40 (1) It holds no more than two arts festivals during a calendar year.
- 41 (2) Each of its arts festivals lasts no more than seven days.
- 42 (3) Its arts festivals are held outdoors on public property and involve a
43 variety of exhibitions, entertainments, and activities."

1 Section 2. This act becomes effective August 1, 1997.