

GENERAL ASSEMBLY OF NORTH CAROLINA
1989 SESSION

CHAPTER 582
HOUSE BILL 330

AN ACT TO REPEAL OBSOLETE CORPORATE FRANCHISE TAX
EXEMPTIONS AND CLARIFY THE DEFINITION OF PRIVATE
TELECOMMUNICATIONS FOR CORPORATE FRANCHISE TAX PURPOSES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-129.1 is repealed.

Sec. 2. G.S. 105-120(a) reads as rewritten:

"(a) Every person, firm, or corporation, domestic or foreign, owning and/or operating a business entity for the provision of local telecommunications service, shall within 30 days after the first day of January, April, July and October of each year, make and deliver to the Secretary of Revenue a quarterly return, verified by the affirmation of the officer or authorized agent making such return, showing the total amount of gross receipts of such business entity for the three months ending the last day of the month immediately preceding such return, and pay, at the time of making such return, the franchise, license or privilege tax herein imposed. Gross receipts shall be reported on an accrual basis.

For purposes of this section:

- (1) 'Local telecommunications service' means telecommunications service provided wholly within a LATA entitling the user to access to a local telephone exchange for the privilege of telephonic quality communication with substantially all persons in the local telephone exchange. Provided, however, local telecommunications service does not include intraLATA or interLATA toll telecommunications services, or private telecommunications services;
- (2) 'LATA' is a Local Access and Transport Area representing a geographical area comprising one or more telephone exchange areas;
- (3) 'InterLATA telecommunications' is telecommunications service provided between two or more LATAs;
- (4) 'Toll telecommunications service' means:
 - a. A telephonic quality communication for which:
 1. There is a toll charge which varies in amount with the distance and elapsed transmission time of each individual communication; and
 2. The charge is paid within the United States; and
 - b. A service which entitles the subscriber, upon payment of a periodic charge (determined as flat amount or upon the basis of

total elapsed transmission time), to the privilege of an unlimited number of telephonic communications to or from all or a substantial portion of the persons having telephone or radiotelephone stations in a specified area which is outside the local telephone exchange;

- (5) 'Private telecommunications service' means a service furnished to a subscriber that entitles the subscriber to exclusive or priority use of a communications channel or group of channels ~~between exchanges.~~"

Sec. 3. G.S. 105-120(b) reads as rewritten:

"(b) An annual franchise or privilege tax of three and twenty-two hundredths percent (3.22%), payable quarterly, on the gross receipts of such business entity, is herein imposed for the privilege of engaging in such business within this State. Provided, however, gross receipts from local telephone service shall not include telecommunications access charges. Such gross receipts shall include all rentals and other similar ~~charges; charges.~~ Provided, where any city or town in the State has heretofore sold at public auction to the highest bidder the right, license and/or privilege of engaging in such business in such city or town, based upon a percentage of gross revenue of such business entity, and is now collecting and receiving therefor a revenue tax not exceeding one percent of such revenues, the amount so paid by such business entity, upon being certified by the treasurer of such municipality to the Secretary of Revenue, shall be from time to time credited by the Secretary of Revenue to such business entity upon the tax imposed by the State under this section of this Chapter. Telecommunications access charges are those charges paid to a provider of local telephone service for access to an interconnection with the local telephone exchange."

Sec. 4. This act does not affect the rights or liabilities of the State, a taxpayer, or other person arising under a statute repealed by this act before its repeal; nor does it affect the right to any refund or credit of a tax that would otherwise have been available under the repealed statute before its repeal.

Sec. 5. This act shall become effective for taxable years beginning on or after January 1, 1989.

In the General Assembly read three times and ratified this the 5th day of July, 1989.