

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 1395

Short Title: Gross Receipts Tax Change.

(Public)

Sponsors: Representatives Balmer; and Mitchell.

Referred to: Finance.

May 13, 1993

A BILL TO BE ENTITLED

AN ACT TO EXEMPT FROM THE GROSS RECEIPTS TAX ON ENTERTAINMENTS "FIRST NIGHT" CELEBRATIONS HELD ON NEW YEAR'S EVE BY NONPROFIT CORPORATIONS NOT OTHERWISE ENGAGED IN THE ENTERTAINMENT BUSINESS.

The General Assembly of North Carolina enacts:

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

"(a) Every person, firm, or corporation 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 admission charges are made.

In addition to the license tax levied above, such person, firm, or corporation shall pay an additional tax upon the gross receipts of such 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 gross receipts for the previous month, and the additional tax herein levied shall be paid monthly at the time such 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 license tax shall be applied as a credit upon or advance payment of the gross receipts tax.

Every person, firm, or corporation giving, offering, or managing any dance or athletic contest of any kind, except high school and elementary school athletic contests, for which an admission fee in excess of fifty cents (50¢) is charged, shall pay an annual license tax of fifty dollars (\$50.00) for each location where such charges are made, and,

1 in addition, a tax upon the gross receipts derived from admission charges at the rate of
2 three percent (3%). The additional tax upon gross receipts shall be levied and collected
3 in accordance with such regulations as may be made by the Secretary of Revenue. No
4 tax shall be levied on admission fees for high school and elementary school contests.

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

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

25 Entertainments and amusements offered by a qualifying corporation, as defined in
26 this section, as part of a "First Night" festival on December 31 and January 1 are exempt
27 from the license tax and the gross receipts tax imposed under this section if the
28 corporation is not otherwise engaged in the business of offering entertainments or
29 amusements for which an admission is charged. This exemption does not apply to
30 athletic events.

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

36 Sec. 2. This act becomes effective July 1, 1993.