

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1196

Short Title: Uniform Consumer Finance Tax.

(Public)

Sponsors: Representative Miller.

Referred to: Finance.

April 15, 1999

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR UNIFORM TAX TREATMENT OF CONSUMER FINANCE BUSINESSES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-88 reads as rewritten:

"§ 105-88. Loan agencies or brokers.

(a) Every person, firm, or corporation engaged in or soliciting any of the following businesses, and maintaining a place of business for conducting the business, must pay for the privilege of engaging in that business an annual tax of seven hundred fifty dollars (\$750.00) for each location at which the business is conducted:

(1) ~~The the regular-business of making loans or lending money, accepting liens on, or contracts of assignments of, salaries or wages, or any part thereof, or other security or evidence of debt for repayment of such loans in installment payment or otherwise, and maintaining in connection with same any office or other located or established place for the conduct, negotiation, or transaction of such business and/or advertising or soliciting such business in any manner whatsoever, shall be deemed a loan agency, and shall apply for and procure from the Secretary of Revenue a State license for the privilege of transacting or negotiating such business at each office or place~~

1 ~~so maintained, and shall pay for such license a tax of seven hundred fifty~~
2 ~~dollars (\$750.00). otherwise.~~

3 (2) The business of check cashing regulated under Article 22 of Chapter 53
4 of the General Statutes.

5 (3) The business of pawnbroker regulated under Chapter 91A of the
6 General Statutes.

7 (b) This section does not apply to banks, industrial banks, trust companies,
8 savings and loan associations, cooperative credit unions, the business of negotiating loans
9 on real estate as described in G.S. 105-41, ~~pawnbrokers lending or advancing money on~~
10 ~~specific articles of personal property,~~ or insurance premium finance companies licensed
11 under Article 35 of Chapter 58 of the General Statutes. This section applies to those
12 persons or concerns operating what are commonly known as loan companies or finance
13 companies and whose business is as hereinbefore described, and those persons, firms, or
14 corporations pursuing the business of lending money and taking as security for the
15 payment of the loan and interest an assignment of wages or an assignment of wages with
16 power of attorney to collect the amount due, or other order or chattel mortgage or bill of
17 sale upon household or kitchen furniture. No real estate mortgage broker is required to
18 obtain a privilege license under this section merely because the broker advances the
19 broker's own funds and takes a security interest in real estate to secure the advances and
20 when, at the time of the advance, the broker has already made arrangements with others
21 for the sale or discount of the obligation at a later date and does so sell or discount the
22 obligation within the period specified in the arrangement or extensions thereof; or when,
23 at the time of the advance the broker intends to sell the obligation to others at a later date
24 and does, within 12 months from date of initial advance, make arrangements with others
25 for the sale of the obligation and does sell the obligation within the period specified in the
26 arrangement or extensions thereof; or because the broker advances the broker's own funds
27 in temporary financing directly involved in the production of permanent-type loans for
28 sale to others; and no real estate mortgage broker whose mortgage lending operations are
29 essentially as described above is required to obtain a privilege license under this section.

30 (c) At the time of making any such loan, the person, or officer of the firm or
31 corporation making the ~~same, loan,~~ shall give to the borrower in writing in convenient
32 form a statement showing the amount received by the borrower, the amount to be paid
33 back by the borrower, ~~and the time in which said the~~ amount is to be paid, and the rate of
34 interest and discount agreed upon.

35 (d) ~~Any such person, firm, or corporation failing, refusing, or neglecting to pay the~~
36 ~~tax herein levied shall be guilty of a Class 1 misdemeanor in addition to double the tax~~
37 ~~due. No such loan shall be~~ A loan is not collectible at law in the courts of this State in
38 any case where the person making ~~such the~~ loan has failed to pay the tax levied ~~herein,~~
39 ~~and/or otherwise complied in this section or otherwise failed to comply with the~~
40 provisions of this section.

41 (e) Counties, cities, and towns may levy a license tax on the business taxed under
42 this section not in excess of one hundred dollars (\$100.00)."

43 Section 2. This act becomes effective July 1, 1999.