

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

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SENATE DRS65443-LA-24 (5/5)

Short Title: Exempt Certain Nonprofit Organizations. (Public)

Sponsors: Senators Hagan and Rand.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO EXEMPT AMUSEMENTS PROMOTED AND MANAGED BY
CERTAIN NONPROFIT ORGANIZATIONS FROM THE AMUSEMENTS TAX.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-40 reads as rewritten:

**"§ 105-40. Amusements – Certain exhibitions, performances, and entertainments
exempt from tax.**

The following forms of amusement are exempt from the taxes imposed under this
Article:

- (1) All exhibitions, performances, and entertainments, except as in this Article expressly mentioned as not exempt, produced by local talent exclusively, for the benefit of religious, charitable, benevolent or educational purposes, as long as no compensation is paid to the local talent.
- (2) The North Carolina Symphony Society, Incorporated, as specified in G.S. 140-10.1.
- (3) All exhibits, shows, attractions, and amusements operated by a society or association organized under the provisions of Chapter 106 of the General Statutes where the society or association has obtained a permit from the Secretary to operate without the payment of taxes under this Article.
- (4) All outdoor historical dramas, as specified in Article 19C of Chapter 143 of the General Statutes.
- (5) All elementary and secondary school athletic contests, dances, and other amusements.
- (5a) A youth athletic contest sponsored by a nonprofit organization, other than an institution of higher education, that is exempt from income tax

1 under G.S. 105-130.11(a)(3). For the purpose of this subdivision, a
2 youth athletic contest means a contest in which each participating
3 athlete is less than 19 years of age.

4 (6) The first one thousand dollars (\$1,000) of gross receipts derived from
5 dances and other amusements actually promoted and managed by civic
6 organizations when the entire proceeds of the dances or other
7 amusements are used exclusively for civic and charitable purposes of
8 the organizations and not to defray the expenses of the organization
9 conducting the dance or amusement. The mere sponsorship of a dance
10 or another amusement by a civic or fraternal organization does not
11 exempt the dance or other amusement, because the exemption applies
12 only when the dance or amusement is actually managed and conducted
13 by the civic or fraternal organization.

14 (7) All dances, motion picture shows, and other amusements promoted
15 and managed by a qualifying corporation that operates a center for the
16 performing and visual arts if the dance or other amusement is held at
17 the center. "Qualifying corporation" means a corporation that is
18 exempt from income tax under G.S. 105-130.11(a)(3). "Center for the
19 performing and visual arts" means a facility, having a fixed location
20 that provides space for dramatic performances, studios, classrooms,
21 and similar accommodations to organized arts groups and individual
22 artists. This exemption does not apply to athletic events.

23 (7a) All exhibitions, performances, and entertainments promoted and
24 managed by a nonprofit arts organization that is exempt from income
25 tax under G.S. 105-130.11(a)(3). This exemption does not apply to
26 athletic events.

27 (8) A person that is exempt from income tax under Article 4 of this
28 Chapter and is engaged in the business of operating a teen center. A
29 "teen center" is a fixed facility whose primary purpose is to provide
30 recreational activities, dramatic performances, dances, and other
31 amusements exclusively for teenagers.

32 (9) All entertainments or amusements offered or given on the Cherokee
33 Indian reservation when the person giving, offering, or managing the
34 entertainment or amusement is authorized to do business on the
35 reservation and pays the tribal gross receipts levy to the tribal council.

36 (10) Arts festivals held by a person that is exempt from income tax under
37 Article 4 of this Chapter and that meets the following conditions:
38 a. The person holds no more than two arts festivals during a
39 calendar year.
40 b. Each of the person's arts festivals last no more than seven days.
41 c. The arts festivals are held outdoors on public property and
42 involve a variety of exhibitions, entertainments, and activities.

- 1 (11) Community festivals held by a person who is exempt from income tax
2 under Article 4 of this Chapter and that meets all of the following
3 conditions:
4 a. The person holds no more than one community festival during a
5 calendar year.
6 b. The community festival lasts no more than seven days.
7 c. The community festival involves a variety of exhibitions,
8 entertainments, and activities, the majority of which are held
9 outdoors and are open to the public."

10 **SECTION 2.** This act becomes effective July 1, 2004.