

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

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SENATE BILL 1398

Short Title: Exempt Certain Nonprofit Organizations. (Public)

Sponsors: Senators Hagan and Rand.

Referred to: Finance.

May 28, 2004

1 A BILL TO BE ENTITLED
2 AN ACT TO EXEMPT AMUSEMENTS PROMOTED AND MANAGED BY
3 CERTAIN NONPROFIT ORGANIZATIONS FROM THE AMUSEMENTS TAX.

4 The General Assembly of North Carolina enacts:

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

6 "**§ 105-40. Amusements – Certain exhibitions, performances, and entertainments**
7 **exempt from tax.**

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

10 (1) All exhibitions, performances, and entertainments, except as in this
11 Article expressly mentioned as not exempt, produced by local talent
12 exclusively, for the benefit of religious, charitable, benevolent or
13 educational purposes, as long as no compensation is paid to the local
14 talent.

15 (2) The North Carolina Symphony Society, Incorporated, as specified in
16 G.S. 140-10.1.

17 (3) All exhibits, shows, attractions, and amusements operated by a society
18 or association organized under the provisions of Chapter 106 of the
19 General Statutes where the society or association has obtained a permit
20 from the Secretary to operate without the payment of taxes under this
21 Article.

22 (4) All outdoor historical dramas, as specified in Article 19C of Chapter
23 143 of the General Statutes.

24 (5) All elementary and secondary school athletic contests, dances, and
25 other amusements.

26 (5a) A youth athletic contest sponsored by a nonprofit organization, other
27 than an institution of higher education, that is exempt from income tax
28 under G.S. 105-130.11(a)(3). For the purpose of this subdivision, a

- 1 youth athletic contest means a contest in which each participating
2 athlete is less than 19 years of age.
- 3 (6) The first one thousand dollars (\$1,000) of gross receipts derived from
4 dances and other amusements actually promoted and managed by civic
5 organizations when the entire proceeds of the dances or other
6 amusements are used exclusively for civic and charitable purposes of
7 the organizations and not to defray the expenses of the organization
8 conducting the dance or amusement. The mere sponsorship of a dance
9 or another amusement by a civic or fraternal organization does not
10 exempt the dance or other amusement, because the exemption applies
11 only when the dance or amusement is actually managed and conducted
12 by the civic or fraternal organization.
- 13 (7) All dances, motion picture shows, and other amusements promoted
14 and managed by a qualifying corporation that operates a center for the
15 performing and visual arts if the dance or other amusement is held at
16 the center. "Qualifying corporation" means a corporation that is
17 exempt from income tax under G.S. 105-130.11(a)(3). "Center for the
18 performing and visual arts" means a facility, having a fixed location
19 that provides space for dramatic performances, studios, classrooms,
20 and similar accommodations to organized arts groups and individual
21 artists. This exemption does not apply to athletic events.
- 22 (7a) All exhibitions, performances, and entertainments promoted and
23 managed by a nonprofit arts organization that is exempt from income
24 tax under G.S. 105-130.11(a)(3). This exemption does not apply to
25 athletic events.
- 26 (8) A person that is exempt from income tax under Article 4 of this
27 Chapter and is engaged in the business of operating a teen center. A
28 "teen center" is a fixed facility whose primary purpose is to provide
29 recreational activities, dramatic performances, dances, and other
30 amusements exclusively for teenagers.
- 31 (9) All entertainments or amusements offered or given on the Cherokee
32 Indian reservation when the person giving, offering, or managing the
33 entertainment or amusement is authorized to do business on the
34 reservation and pays the tribal gross receipts levy to the tribal council.
- 35 (10) Arts festivals held by a person that is exempt from income tax under
36 Article 4 of this Chapter and that meets the following conditions:
37 a. The person holds no more than two arts festivals during a
38 calendar year.
39 b. Each of the person's arts festivals last no more than seven days.
40 c. The arts festivals are held outdoors on public property and
41 involve a variety of exhibitions, entertainments, and activities.
- 42 (11) Community festivals held by a person who is exempt from income tax
43 under Article 4 of this Chapter and that meets all of the following
44 conditions:

- 1 a. The person holds no more than one community festival during a
2 calendar year.
3 b. The community festival lasts no more than seven days.
4 c. The community festival involves a variety of exhibitions,
5 entertainments, and activities, the majority of which are held
6 outdoors and are open to the public."

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