

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007

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**SENATE BILL 1068**  
**Commerce, Small Business and Entrepreneurship Committee Substitute Adopted**  
**5/14/07**  
**Appropriations/Base Budget Committee Substitute Adopted 7/12/07**  
**House Committee Substitute Favorable 7/31/07**

Short Title: E-NC Internet Connectivity/PEG Channel.

(Public)

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Sponsors:

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Referred to:

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March 21, 2007

A BILL TO BE ENTITLED

1  
2 AN ACT TO REMOVE THE SUNSET ON THE E-NC AUTHORITY AND TO  
3 INCREASE THE DISTRIBUTION TO LOCAL GOVERNMENTS OF THE  
4 SALES TAX ON TELECOMMUNICATIONS AND VIDEO PROGRAMMING  
5 SERVICES.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** Section 4 of S.L. 2003-425, as rewritten by Section 12.3(a) of  
8 S.L. 2006-66, reads as rewritten:

9 "**SECTION 4.** Sections 1 and 2 of this act become effective December 31, 2003,  
10 with the e-NC Authority hereby designated as the successor entity of the Rural Internet  
11 Access Authority that will dissolve on that date, as provided by Section 5 of S.L.  
12 2000-149. The remainder of this act is effective when it becomes law. ~~The e-NC~~  
13 ~~Authority created in this act is dissolved effective December 31, 2011. This act is~~  
14 ~~repealed effective December 31, 2011. Part 2F of Article 10 of Chapter 143B of the~~  
15 ~~General Statutes and G.S. 120-123(77), as enacted by this act, are repealed effective~~  
16 ~~December 31, 2011."~~

17 **SECTION 2.** G.S. 105-164.44F(a)(2) reads as rewritten:

18 "(a) Amount. – The Secretary must distribute part of the taxes imposed by  
19 G.S. 105-164.4(a)(4c) on telecommunications service and ancillary service. The  
20 Secretary must make the distribution within 75 days after the end of each calendar  
21 quarter. The amount the Secretary must distribute is the following percentages of the net  
22 proceeds of the taxes collected during the quarter:

23 ...

24 (2) ~~Eight percent (8%)~~ Eight and six-tenths percent (8.6%) must be  
25 distributed to counties and cities as provided in G.S. 105-164.44I."

26 **SECTION 3.** G.S. 105-164.44I(a) reads as rewritten:

1       "(a) Distribution. – The Secretary must distribute to the counties and cities part of  
2 the taxes imposed by G.S. 105-164.4(a)(4c) on telecommunications service and  
3 G.S. 105-164.4(a)(6) on video programming service. The Secretary must make the  
4 distribution within 75 days after the end of each calendar quarter. The amount the  
5 Secretary must distribute is the sum of the revenue listed in this subsection. The  
6 Secretary must distribute ~~two million dollars (\$2,000,000)~~ seven million dollars  
7 (\$7,000,000) of this amount in accordance with subsection (b) of this section and the  
8 remainder in accordance with subsections (c) and (d) of this section. The revenue to be  
9 distributed under this section consists of the following:

- 10           (1) The amount specified in G.S. 105-164.44F(a)(2).
- 11           (2) ~~Twenty-five percent (25%)~~ Twenty-six and nine-tenths percent  
12 (26.9%) of the net proceeds of the taxes collected during the quarter on  
13 video programming, other than on direct-to-home satellite service.
- 14           (3) ~~Thirty-seven and five tenths percent (37.5%)~~ Forty and four-tenths  
15 percent (40.4%) of the net proceeds of the taxes collected during the  
16 quarter on direct-to-home satellite service."

17       **SECTION 4.** G.S. 105-164.44I(b) reads as rewritten:

18       "(b) Supplemental PEG Support. – The Secretary must include the applicable  
19 amount of supplemental PEG channel support in each quarterly distribution to a county  
20 or city. The amount to include is one-fourth of twenty-five thousand dollars (\$25,000)  
21 for each qualifying PEG channel operated by the county or city. The amount of money  
22 distributed under this subsection may not exceed ~~two million dollars (\$2,000,000)~~ seven  
23 million dollars (\$7,000,000) in a fiscal year. If the amount to be distributed for  
24 qualifying PEG channels in a fiscal year would otherwise exceed this maximum  
25 amount, the Secretary must proportionately reduce the applicable amount distributable  
26 for each PEG channel. If the amount to be distributed for qualifying PEG channels in a  
27 fiscal year is less than ~~two million dollars (\$2,000,000)~~ seven million dollars  
28 (\$7,000,000), the Secretary must credit the excess amount to the PEG Channel Fund  
29 established in G.S. 66-359.

30       A county or city must certify to the Secretary by July 15 of each year the number of  
31 qualifying PEG channels it operates. A qualifying PEG channel is one that meets the  
32 programming requirements under G.S. 66-357(d). A county or city may not receive  
33 PEG channel support under this subsection for more than three qualifying PEG  
34 channels.

35       The amount included under this subsection in a distribution to a county or city is  
36 intended to supplement the PEG channel support available in the amount distributed  
37 under this section. The money distributed to a county or city under this subsection must  
38 be used by it for the operation and support of PEG channels. For purposes of this  
39 subsection, the term "PEG channel" has the same meaning as in G.S. 66-350."

40       **SECTION 5.** This act becomes effective July 1, 2009, and applies to  
41 distributions for months beginning on or after that date.