

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

FILED SENATE  
Mar 27, 2013  
S.B. 503  
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SENATE DRS35231-MC-150 (03/15)

Short Title: Exempt Start-Ups From Privilege Lic. Taxes. (Public)

Sponsors: Senator Clark (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO EXEMPT START-UP ENTITIES FROM PRIVILEGE TAXES.

3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** G.S. 105-33(b) reads as rewritten:

5 "(b) License Taxes. – A license tax imposed by this Article is an annual tax. The tax is  
6 due by July 1 of each year. The tax is imposed for the privilege of engaging in a specified  
7 activity during the fiscal year that begins on the July 1 due date of the tax. The full amount of a  
8 license tax applies to a ~~person~~ person, other than a start-up entity, who, during a fiscal year, in  
9 an activity for which this Article requires a license. Before a person engages in an activity for  
10 which this Article requires a license, the person must obtain the required license."

11 **SECTION 2.** G.S. 105-33.1 is amended by adding a new subdivision to read:

12 "**§ 105-33.1. Definitions.**

13 The following definitions apply in this Article:

14 (1) City. – Defined in G.S. 105-228.90.

15 (1a) Code. – Defined in G.S. 105-228.90.

16 (2) Repealed by Session Laws 1998-95, s. 3.

17 (3) Person. – Defined in G.S. 105-228.90.

18 (4) Secretary. – Defined in G.S. 105-228.90.

19 (5) Start-up entity. – A person that begins to engage in an activity that requires a  
20 license under this Article but has not been engaged in the activity for more  
21 than one year."

22 **SECTION 3.** G.S. 153A-152(b) reads as rewritten:

23 "(b) Telecommunications Restriction. – A county may not impose a license, franchise, or  
24 privilege tax on a start-up entity, as defined in G.S. 105-33, or a company taxed under  
25 G.S. 105-164.4(a)(4c)."

26 **SECTION 4.** G.S. 160A-211(c) is amended by adding a new subdivision to read:

27 "(c) Prohibition. – A city may not impose a license, franchise, or privilege tax on a  
28 start-up entity, as defined in G.S. 105-33, or a person engaged in any of the businesses listed in  
29 this subsection. These businesses are subject to a State tax for which the city receives a share of  
30 the tax revenue.

31 (1) Supplying piped natural gas taxed under Article 5E of Chapter 105 of the  
32 General Statutes.

33 (2) Providing telecommunications service taxed under G.S. 105-164.4(a)(4c).

34 (3) Providing video programming taxed under G.S. 105-164.4(a)(6)."

35 **SECTION 5.** This act becomes effective July 1, 2013.



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