

# FAILED



NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
House Bill 1050\*

AMENDMENT NO. A1  
(to be filled in by  
Principal Clerk)

H1050-ASVx-88 [v.4]

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Comm. Sub. [YES]  
Amends Title [NO]  
Third Edition

Date \_\_\_\_\_, 2014

Senator Ford

1 moves to amend the bill on page 35, line 27, through page 37, line 27, by deleting the lines and  
2 substituting the following:

3 **"PART XII. PRIVILEGE LICENSE TAX CHANGES**

4 **SECTION 12.1.(a)** G.S. 160A-211(a) is reenacted as amended by Section 58(d) of  
5 S.L. 2013-414.

6 **SECTION 12.1.(b)** This section is effective when it becomes law and applies to  
7 taxes paid for taxable years beginning on or after July 1, 2014, regardless of the date of  
8 payment or the date the payment is accrued by a city.

9 **SECTION 12.2.(a)** G.S. 160A-211 is repealed.

10 **SECTION 12.2.(b)** Article 9 of Chapter 160A is amended by adding a new section  
11 to read:

12 **'§160A-211.2. Local business tax.**

13 (a) Levy and Scope. – A city may levy an annual tax on each business operating within  
14 the city. The tax applies to each business location and does not apply to each individual  
15 employed by that business. Except as provided in G.S. 160A-211.1 for low-level radioactive  
16 and hazardous waste facilities, the maximum tax levied on each business is based on the  
17 number of employees at the business location as determined in accordance with subsection (b)  
18 of this section. The maximum tax amounts are as follows:

<u>Number of Employees</u>	<u>Maximum Tax</u>
<u>Sole proprietorships and businesses with fewer than 26 full-time equivalent employees</u>	<u>\$100.00</u>
<u>26-75 full-time equivalent employees</u>	<u>\$200.00</u>
<u>More than 75 full-time equivalent employees</u>	<u>\$1,000.00</u>

24 (b) Number of Employees. – A business shall determine the number of employees at a  
25 business location by using either of the following methods:

- 26 (1) Identify the average number of full-time equivalent employees employed by  
27 the business in a year at the business location by dividing the total number of  
28 hours of salary or wages paid directly to employees at the business location  
29 by the number of hours of work in one year, which is equal to 2,080 hours.
- 30 (2) Identify the total number of employees at the business location as of June 30.

31 (c) Prohibition. – A city may not impose a license, franchise, privilege, or business tax  
32 on a business engaged in any of the activities listed in this subsection. These businesses are



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1 subject to sales tax at the combined general rate for which the city receives a share of the tax  
2 revenue or they are subject to the local sales tax:

3 (1) Supplying piped natural gas.

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

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

6 (4) Providing electricity.

7 (d) Administration. – If a city levies a tax under this section, a business must pay the tax  
8 before it begins to operate within the city. The tax is due by July 1 of each year. The full  
9 amount of the tax applies to a business that begins to operate at any time during the fiscal year.  
10 If a business is discontinued during the fiscal year, the business is not entitled to a refund. To  
11 facilitate the identification of businesses subject to the tax under this section, the Department of  
12 the Secretary of State shall provide, upon request of a municipality, a listing of all corporations  
13 with an address in the municipality. The Secretary of Revenue shall cooperate with  
14 municipalities to provide information regarding the location of businesses that operate in within  
15 municipalities.

16 (d) Penalties and Collection. – The penalties in G.S. 105-236 apply to this section. A  
17 city may collect a tax due in any manner allowed under this Article.

18 (e) Definitions. – The following definitions apply in this section:

19 (1) Business. – A retailer, wholesale merchant, service provider, manufacturer,  
20 nonprofit other than a 501(c)(3), or franchise, whether it is a sole  
21 proprietorship, partnership, LLC, or corporation; whether it is home-based or  
22 at another location, whether it is full-time, part-time, or seasonal, and  
23 regardless of size.

24 (2) Location. – A uniquely identifiable physical site or place from which one or  
25 more business units wholly or partly operates on a permanent or temporary  
26 basis. For purposes of a business that manages rental property or engages in  
27 real estate brokering, the location of the rental property or brokered real  
28 estate does not constitute a separate business location.'

29 **SECTION 12.2.(c)** G.S. 105-41(h), 105-83(e), 105-88(e), 105-109(e), and  
30 G.S. 106-65.40 are repealed.

31 **SECTION 12.2.(d)** G.S. 105-113.3(a) reads as rewritten:

32 "(a) Scope. – The taxes imposed by this Article shall be collected only once on the same  
33 tobacco product. ~~Except as permitted by Article 2 of this Chapter, a city or county may not levy~~  
34 ~~a privilege license tax on the sale of tobacco products."~~

35 **SECTION 12.2.(e)** G.S. 105-102.3 reads as rewritten:

36 **"§ 105-102.3. Banks.**

37 ~~There~~ An annual privilege tax is imposed upon every bank or banking association,  
38 including each national banking association, that is operating in this State as a commercial  
39 bank, an industrial bank, a savings bank created other than under Chapter 54B or 54C of the  
40 General Statutes or the Home Owners' Loan Act of 1933 (12 U.S.C. §§ 1461-68), a trust  
41 company, or any combination of such facilities or services, and whether ~~such~~ the bank or  
42 banking association, hereinafter ~~to be~~ referred to as a bank or banks, is organized, under the  
43 laws of the United States or the laws of North Carolina, in the corporate form or in some other

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1 form of business organization, ~~an annual privilege tax organization.~~ A report and the privilege  
2 tax are due by the first day of July of each year on forms provided by the Secretary. The tax  
3 rate is thirty dollars (\$30.00) for each one million dollars (\$1,000,000) or fractional part thereof  
4 of total assets held as provided in this section. The assets upon which the tax is levied ~~shall be~~  
5 are determined by averaging the total assets shown in the four quarterly call reports of  
6 condition (consolidating domestic subsidiaries) for the preceding calendar year as required by  
7 bank regulatory authorities. If a bank has been in operation less than a calendar year, then the  
8 assets upon which the tax is levied ~~shall be are~~ determined by multiplying the average of the  
9 total assets by a fraction, the denominator of which is 365 and the numerator of which is the  
10 number of days of operation. If a bank operates an international banking facility, as defined in  
11 G.S. 105-130.5(b)(13), the assets upon which the tax is levied ~~shall be are~~ reduced by the  
12 average amount for the taxable year of all assets of the international banking facility which are  
13 employed outside the United States, as computed pursuant to G.S. 105-130.5(b)(13)c. For an  
14 out-of-state bank with one or more branches in this State, or for an in-state bank with one or  
15 more branches outside this State, the assets of the out-of-state bank or of the in-state bank upon  
16 which the tax is levied ~~shall be are~~ reduced by the average amount for the taxable year of all  
17 assets of the out-of-state bank or of the in-state bank which are employed outside this State.  
18 The tax imposed in this section ~~shall be is~~ for the privilege of carrying on the businesses herein  
19 defined on a statewide basis regardless of the number of places or locations of business within  
20 the State. ~~Counties and cities may not levy a license or privilege tax on the businesses taxed~~  
21 ~~under this section, nor on the business of an international banking facility as defined in~~  
22 ~~subdivision (b)(13) of G.S. 105-130.5."~~

23 **SECTION 12.2.(f)** G.S. 160A-194(a) reads as rewritten:

24 "(a) A city may by ordinance, subject to the general law of the State, regulate and license  
25 occupations, businesses, trades, professions, and forms of amusement or entertainment and  
26 prohibit those that may be inimical to the public health, welfare, safety, order, or convenience.  
27 In licensing trades, occupations, and professions, the city may, consistent with the general law  
28 of the State, require applicants for licenses to be examined and charge a reasonable fee therefor.  
29 Nothing in this section shall impair the city's power to levy ~~privilege license taxes a tax on~~  
30 ~~occupations, businesses, trades, professions, and other activities pursuant to~~  
31 ~~G.S. 160A-211. businesses under G.S. 160A-211.2."~~

32 **SECTION 12.2.(g)** G.S. 160A-215.1(a) reads as rewritten:

33 "(a) As a substitute for and in replacement of the ad valorem tax, which is excluded by  
34 G.S. 105-275(42), a city may levy a gross receipts tax on the gross receipts from the short-term  
35 lease or rental of vehicles at retail to the general public. The tax rate shall not exceed one and  
36 one-half percent (1.5%) of the gross receipts from such short-term leases or rentals. This tax on  
37 gross receipts is in addition to the ~~privilege taxes tax~~ authorized by  
38 ~~G.S. 160A-211. G.S. 160A-211.2."~~

39 **SECTION 12.2.(h)** This section becomes effective July 1, 2015.

40 **SECTION 12.3.(a)** G.S. 153A-152 is repealed.

41 **SECTION 12.3.(b)** G.S. 153A-49 reads as rewritten:

42 "§ 153A-49. Code of ordinances.

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1 A county may adopt and issue a code of its ordinances. The code may be reproduced by any  
2 method that gives legible and permanent copies, and may be issued as a securely bound book or  
3 books with periodic separately bound supplements, or as a loose-leaf book maintained by  
4 replacement pages. Supplements or replacement pages should be adopted and issued at least  
5 annually, unless there have been no additions to or modifications of the code during the year.

6 A code may consist of two parts, the "General Ordinances" and the "Technical Ordinances."  
7 The technical ordinances may be published as separate books or pamphlets, and may include  
8 ordinances regarding the construction of buildings, the installation of plumbing and electric  
9 wiring, and the installation of cooling and heating equipment; ordinances regarding the use of  
10 public utilities, buildings, or facilities operated by the county; the zoning ordinance; the  
11 subdivision control ordinance; ~~the privilege license tax ordinance~~; and other similar ordinances  
12 designated as technical ordinances by the board of commissioners. The board may omit from  
13 the code the budget ordinance, any bond orders, and other designated classes of ordinances of  
14 limited interest or transitory nature, but the code shall clearly describe the classes of ordinances  
15 omitted from it.

16 The board of commissioners may provide that ordinances (i) establishing or amending the  
17 boundaries of county zoning areas or (ii) establishing or amending the boundaries of zoning  
18 districts shall be codified by appropriate entries upon official map books to be retained  
19 permanently in the office of the clerk or some other county office generally accessible to the  
20 public."

21 **SECTION 12.3.(c)** This section becomes effective July 1, 2015.

22 **SECTION 12.4.** Except as otherwise provided, this Part is effective when it  
23 becomes law."

24  
25  
26

SIGNED \_\_\_\_\_  
Amendment Sponsor

SIGNED \_\_\_\_\_  
Committee Chair if Senate Committee Amendment

ADOPTED \_\_\_\_\_ FAILED \_\_\_\_\_ TABLED \_\_\_\_\_

**The official copy of this document, with signatures  
and vote information, is available in the  
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