

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

FILED SENATE  
Mar 30, 2017  
S.B. 578  
PRINCIPAL CLERK

S

D

SENATE BILL DRS15138-MU-25 (03/14)

Short Title: Veteran-Owned Small Business/Annual Report. (Public)

Sponsors: Senator Brown (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO REQUIRE THE OFFICE OF THE SECRETARY OF STATE TO ANNUALLY  
3 COMPILE INFORMATION ABOUT THE NUMBER OF VETERAN-OWNED SMALL  
4 BUSINESSES AND SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESSES  
5 AND TO PROVIDE THIS INFORMATION TO THE DEPARTMENT OF MILITARY  
6 AND VETERANS AFFAIRS.

7 Whereas, over 770,000 veterans reside across all of North Carolina's one hundred  
8 counties; and

9 Whereas, North Carolina proudly has one of the largest veteran populations in the  
10 country; and

11 Whereas, the number of veterans across our State underscores the importance and  
12 impact of the State's current military base populations to our State and how veterans and their  
13 families continue to reside in the State after the conclusion of their military service to further  
14 contribute to the State's workforce and economy; Now, therefore,  
15 The General Assembly of North Carolina enacts:

16 SECTION 1.(a) G.S. 55-1-40 reads as rewritten:

17 "§ 55-1-40. Chapter definitions.

18 In this Chapter unless otherwise specifically provided:

19 (1) "Annual receipts" are calculated in accordance with 13 C.F.R. § 121.04.

20 (1) ~~"Articles of incorporation" include amended and restated articles of~~  
21 ~~incorporation and articles of merger.~~

22 (1a) "Articles of incorporation" include amended and restated articles of  
23 incorporation and articles of merger.

24 ...

25 (19a) "Related person" means a person described in one of the relationships set  
26 forth in 26 U.S.C. § 267(b) or 26 U.S.C. § 707(b).

27 ...

28 (20a) "Service-disabled veteran" means a veteran with a disability that was  
29 incurred or aggravated during the veteran's service in the Armed Forces of  
30 the United States.

31 (20b) "Service-disabled veteran-owned small business" means a business that  
32 satisfies both of the following requirements:

33 a. The business's annual receipts, combined with the annual receipts of  
34 all related persons, do not exceed one million dollars (\$1,000,000).

35 b. One or more service-disabled veterans own more than fifty percent  
36 (50%) of the business.



1 ...

2 (25a) "Veteran" means an individual as defined in G.S. 143B-1213(3)b.

3 (25b) "Veteran-owned small business" means a business that satisfies both of the  
4 following requirements:

5 a. The business's annual receipts, combined with the annual receipts of  
6 all related persons, do not exceed one million dollars (\$1,000,000).

7 b. One or more veterans own more than fifty percent (50%) of the  
8 business.

9 ...."

10 **SECTION 1.(b)** G.S. 55-16-22 is amended by adding a new subsection to read:

11 "(a4) The Secretary of Revenue and the Secretary of State shall also provide appropriate  
12 space and instructions on the annual report form for a domestic corporation or foreign  
13 corporation to voluntarily indicate whether or not it is a veteran-owned small business or a  
14 service-disabled veteran-owned small business."

15 **SECTION 1.(c)** Part 2 of Article 16 of Chapter 55 of the General Statutes is  
16 amended by adding a new section to read:

17 **"§ 55-16-22.2. Report of veteran-owned small businesses and service-disabled**  
18 **veteran-owned small businesses.**

19 Using the information reported pursuant to G.S. 55-16-22(a4), the Secretary of State shall  
20 compile summary information on an aggregate basis about the number of veteran-owned small  
21 businesses and the number of service-disabled veteran-owned small businesses reporting in this  
22 State. The Secretary of State shall annually report this summary information to the Department  
23 of Military and Veterans Affairs no later than March 1 of each year."

24 **SECTION 2.(a)** G.S. 57D-2-24 is amended by adding a new subsection to read:

25 "(a1) The Secretary of State shall also provide appropriate space and instructions on the  
26 annual report form for a limited liability company to voluntarily indicate whether or not it is a  
27 veteran-owned small business as defined in G.S. 55-1-40(25b) or a service-disabled  
28 veteran-owned small business as defined in G.S. 55-1-40(20b)."

29 **SECTION 2.(b)** Part 2 of Article 2 of Chapter 57D of the General Statutes is  
30 amended by adding a new section to read:

31 **"§ 57D-2-25. Report of veteran-owned small businesses and service-disabled**  
32 **veteran-owned small businesses.**

33 Using the information reported pursuant to G.S. 57D-2-24(a1), the Secretary of State shall  
34 compile summary information on an aggregate basis about the number of veteran-owned small  
35 businesses and the number of service-disabled veteran-owned small businesses reporting in this  
36 State. The Secretary of State shall include this summary information in the annual report to the  
37 Department of Military and Veterans Affairs required by G.S. 55-16-22.2."

38 **SECTION 3.(a)** G.S. 59-84.4 is amended by adding a new subsection to read:

39 "(a1) The Secretary of State shall also provide appropriate space and instructions on the  
40 annual report form for a registered limited liability partnership or foreign limited liability  
41 partnership to voluntarily indicate whether or not it is a veteran-owned small business as  
42 defined in G.S. 55-1-40(25b) or a service-disabled veteran-owned small business as defined in  
43 G.S. 55-1-40(20b)."

44 **SECTION 3.(b)** Article 3B of Chapter 59 of the General Statutes is amended by  
45 adding a new section to read:

46 **"§ 59-84.5. Report of veteran-owned small businesses and service-disabled veteran-owned**  
47 **small businesses.**

48 Using the information reported pursuant to G.S. 59-84.4(a1), the Secretary of State shall  
49 compile summary information on an aggregate basis about the number of veteran-owned small  
50 businesses and the number of service-disabled veteran-owned small businesses reporting in this

1 State. The Secretary of State shall include this summary information in the annual report to the  
2 Department of Military and Veterans Affairs required by G.S. 55-16-22.2."

3       **SECTION 4.** The Office of the Secretary of State and the Department of Revenue  
4 may include in the instructions of the annual report forms an explanation that status as a  
5 veteran-owned small business or service-disabled veteran-owned small business is being  
6 requested to assist the State in documenting the importance and impact of the State's military  
7 population in our communities and on our State and local economies. The Office of the  
8 Secretary of State shall submit the first annual report required by G.S. 55-16-22.2, 57D-2-25,  
9 and 59-84.5 to the Department of Military and Veterans Affairs no later than March 1, 2019.

10       **SECTION 5.** This act becomes effective January 1, 2018, and applies to annual  
11 reports filed by business entities on or after that date.