



1           SECTION 2.(c) This section is effective when it becomes law.

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3   **EXCISE TAX ON PRURIENT MATERIALS**

4           SECTION 3.(a) Subchapter I of Chapter 105 of the General Statutes is amended by  
5 adding a new Article to read:

6                                   "Article 2F.

7                                   "Prurient Material Tax.

8   "**§ 105-113.135. Definitions.**

9       The following definitions apply in this Article:

10           (1) Harmful to minors. – As defined in G.S. 14-190.13.

11           (2) Material. – As defined in G.S. 14-190.13.

12           (3) Obscene. – As defined in G.S. 14-190.13.

13           (4) Prurient material. – One of the following:

14               a. Obscene material.

15               b. Material harmful to minors when sold to minors.

16           (5) Prurient material dealer. – A person engaged in the business of either of the  
17 following:

18               a. Acquiring prurient material for sale to another dealer or retail dealer.

19               b. Making sales at retail, offering to make sales at retail, or soliciting  
20 sales at retail of prurient material.

21           (6) Sale. – The transfer of title for consideration or license to use, consume,  
22 access, or view through methods including streaming, subscription,  
23 membership, or pay-per-view.

24           (7) Secretary. – The Secretary of Revenue.

25   "**§ 105-113.136. Tax on prurient material.**

26           (a) Tax. – An excise tax of fifty percent (50%) is levied on the sales price of or the gross  
27 receipts derived from the distribution or sale of prurient material by a prurient material dealer in  
28 this State.

29           (b) Revenue Stamps. – The Secretary shall issue stamps to affix to prurient material to  
30 indicate payment of the tax required by this Article. Prurient material dealers shall report the  
31 taxes payable under this Article at the time and on the return prescribed by the Secretary.  
32 Notwithstanding any other provision of law, prurient material dealers are not required to give  
33 any identifying information on the return, and the return is not required to be verified by oath or  
34 affirmation.

35           (c) Payment. – The tax imposed by this Article is payable by any prurient material dealer  
36 who offers for sale prurient material in this State upon which the tax has not been paid. The tax  
37 is payable within 48 hours after the dealer offers the material for sale, exclusive of Saturdays,  
38 Sundays, and legal holidays of the State, in which case the tax is payable on the next working  
39 day. Upon payment of the tax, the dealer shall affix the appropriate stamps to the material.

40   "**§ 105-113.137. Assessments.**

41       Notwithstanding any other provision of law, an assessment against a prurient material dealer  
42 who offers for sale prurient material to which a stamp has not been affixed as required by this  
43 Article shall be made as provided in this section. The Secretary shall assess a tax, applicable  
44 penalties, and interest based on personal knowledge or information available to the Secretary.  
45 The Secretary shall notify the dealer in writing of the amount of the tax, penalty, and interest due,  
46 and demand its immediate payment. The notice and demand shall be either mailed to the dealer  
47 at the dealer's last known address or served on the dealer in person. If the dealer does not pay the  
48 tax, penalty, and interest immediately upon receipt of the notice and demand, the Secretary shall  
49 collect the tax, penalty, and interest pursuant to the jeopardy collection procedures in  
50 G.S. 105-241.23 or the general collection procedures in G.S. 105-242, including causing  
51 execution to be issued immediately against the personal property of the dealer, unless the dealer

1 files with the Secretary a bond in the amount of the asserted liability for the tax, penalty, and  
2 interest. The Secretary shall use all means available to collect the tax, penalty, and interest from  
3 any property in which the dealer has a legal, equitable, or beneficial interest. The dealer may seek  
4 review of the assessment as provided in Article 9 of this Chapter.

5 **"§ 105-113.138. Confidentiality of information.**

6 (a) Information obtained by the Department in the course of administering the tax  
7 imposed by this Article, including information on whether the Department has issued a revenue  
8 stamp to a person, is confidential tax information and is subject to the provisions of G.S. 105-259.

9 (b) Information obtained by the Department from the taxpayer in the course of  
10 administering the tax imposed by this Article, including information on whether the Department  
11 has issued a revenue stamp to a person, may not be used as evidence, as defined in G.S. 15A-971,  
12 by a prosecutor in a criminal prosecution of the taxpayer for an offense related to the sale of the  
13 prurient material. Under this prohibition, no officer, employee, or agent of the Department may  
14 testify about this information in a criminal prosecution of the taxpayer for an offense related to  
15 the sale of the prurient material. This subsection implements the protections against double  
16 jeopardy and self-incrimination set out in Amendment V of the United States Constitution and  
17 the restrictions in it apply regardless of whether information may be disclosed under  
18 G.S. 105-259. An officer, employee, or agent of the Department who provides evidence or  
19 testifies in violation of this subdivision is guilty of a Class 1 misdemeanor.

20 **"§ 105-113.139. Use of tax proceeds.**

21 The Secretary shall credit the net proceeds of the tax collected under this Article as follows:

- 22 (1) Sixty percent (60%) to the Administrative Office of the Courts to be allocated  
23 to the North Carolina Human Trafficking Commission established under  
24 G.S. 7A-354.  
25 (2) Twenty percent (20%) to the Domestic Violence Center Fund established in  
26 G.S. 50B-9.  
27 (3) Twenty percent (20%) to the Children's Advocacy Centers of North Carolina,  
28 Inc.

29 **"§ 105-113.140. Administration.**

30 Article 9 of this Chapter applies to this Article."

31 **SECTION 3.(b)** This section becomes effective October 1, 2026.

32  
33 **TECHNICAL CORRECTIONS**

34 **SECTION 4.(a)** G.S. 143-805(d) reads as rewritten:

35 "(d) Subsections (a) and (b) of this section shall not apply to an official or employee that  
36 is engaged in any of the following activities in the course of that official's or employee's official  
37 duties:

- 38 ...  
39 (8) Investigating matters involving offenders incarcerated with, or otherwise  
40 under the supervision of, the Department of Adult Correction or matters  
41 related to the misuse of devices owned by the Department of Adult  
42 Correction."

43 **SECTION 4.(b)** G.S. 42A-39 is amended by adding a new subsection to read:

44 "(c1) Third-Party Contractor Requirements. – A third-party contractor shall ensure that any  
45 employee of the third-party contractor who performs housekeeping services at the vacation rental  
46 or provides check-in and check-out services for the vacation rental receive human trafficking  
47 awareness training as required by subsection (c) of this section."

48 **SECTION 4.(c)** G.S. 130A-511(b)(1) reads as rewritten:

- 49 "(1) In consultation with the North Carolina Human Trafficking Commission, the  
50 North Carolina Restaurant and Lodging Association, and the Department of  
51 Health and Human Services, develop a training course, or identify existing

1 training courses, to inform and educate individuals about human trafficking.  
2 Chapter 150B of the General Statutes does not apply to any training required  
3 to be developed or identified under this subdivision."

4 **SECTION 4.(d)** Subsection (a) of this section is effective when it becomes law and  
5 applies to investigations occurring before, on, or after that date. Subsection (b) of this section is  
6 effective when it becomes law and applies to training required to be completed on or after that  
7 date. Subsection (c) of this section is effective when it becomes law and applies to training  
8 developed or identified before, on, or after that date.

9  
10 **EFFECTIVE DATE**

11 **SECTION 5.** Except as otherwise provided, this act is effective when it becomes  
12 law.