

Palmists, Peddlers & Pressing Clubs: Privilege License Taxes in North Carolina

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November 19, 2008

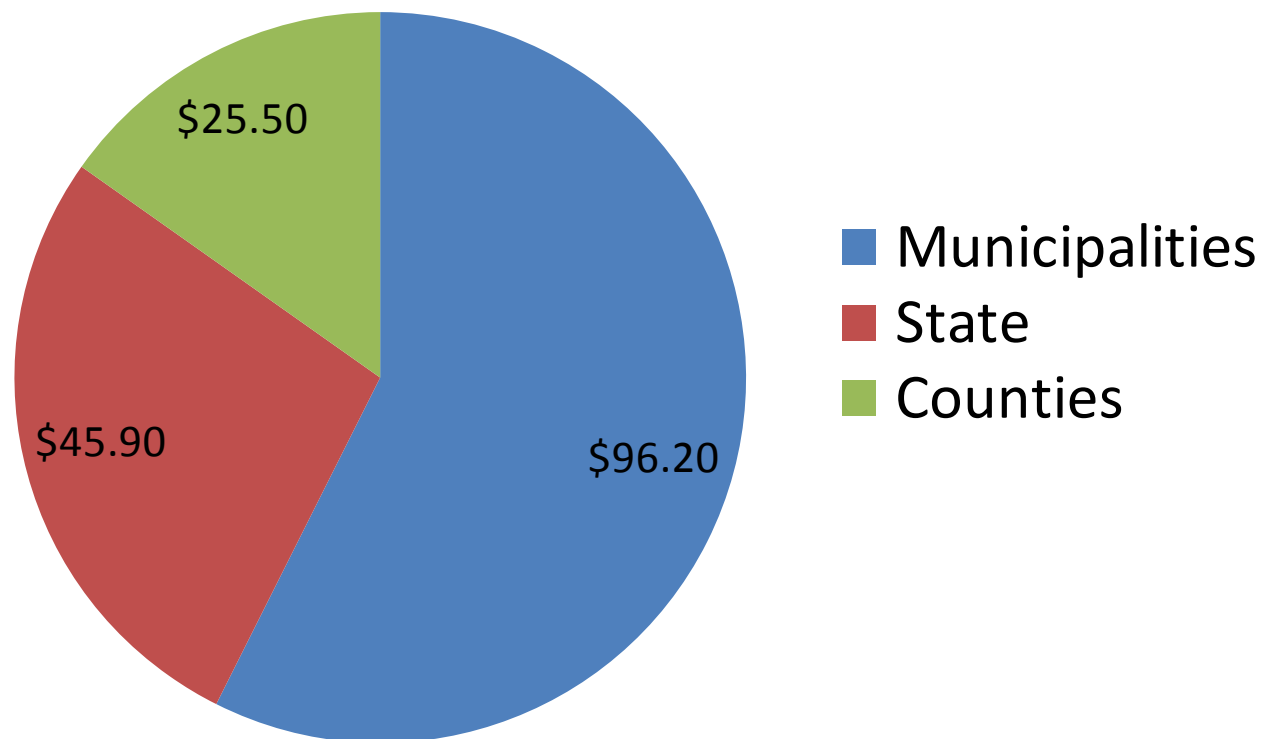


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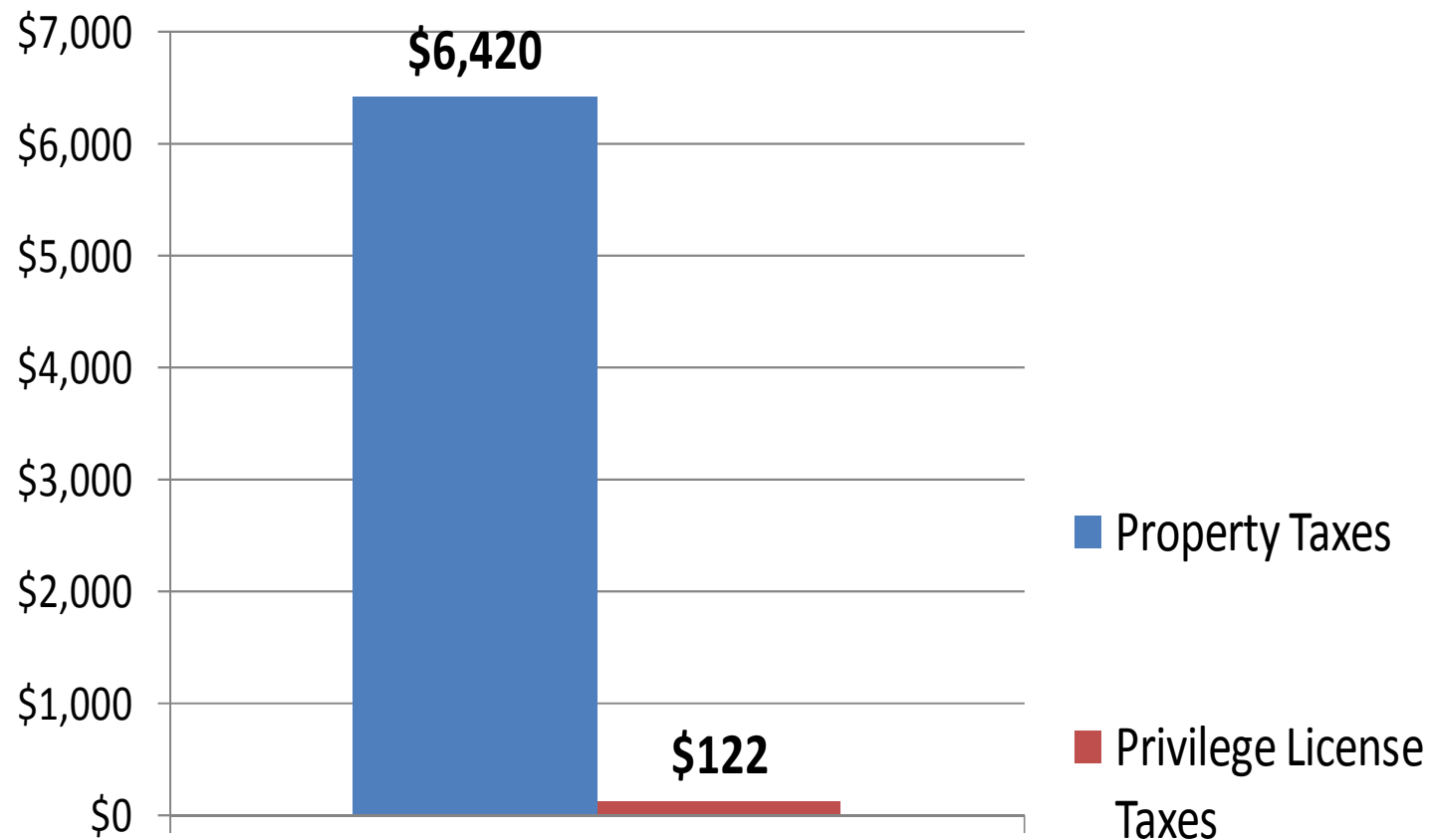
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PLT Collections 2005-06



Total: \$167,600,000

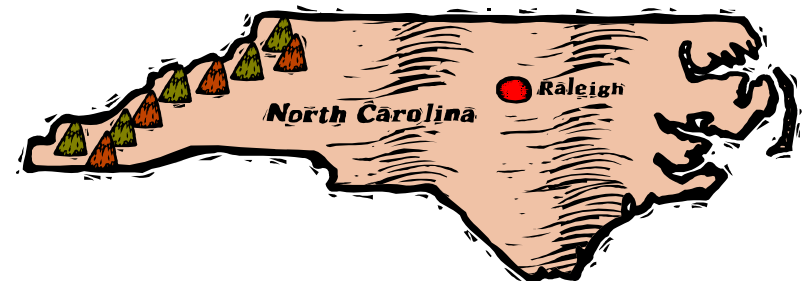
PLT v. Property Taxes



**2005-06 Municipal and County Collections
(\$1,000,000's)**

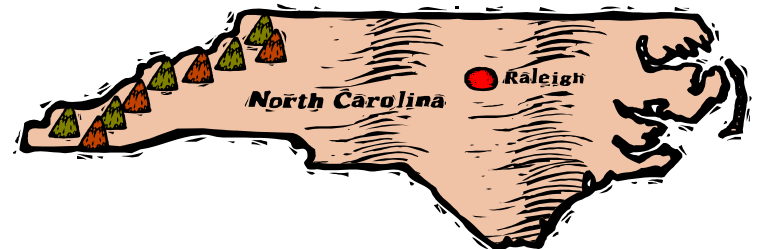
Municipal PLTs 2005-06

- \$96,200,000 statewide
- 380 municipalities collected PLTs
 - 40% < \$10,000
 - 80% < \$100,000
 - only 14 > \$1,000,000
- Three cities accounted for 40% of total
 - Charlotte (\$15 M)
 - Raleigh (\$14 M)
 - Winston-Salem (\$9 M)



County PLTs 2005-06

- \$25,500,000 statewide
- All 100 counties collected PLTs
 - 47 < \$100,000
 - 6 > \$1,000,000
- More evenly distributed than municipal PLTs
 - top 3 counties accounted for 18% of total
 - Harnett (\$1.8 M)
 - Wake (\$1.7 M)
 - Buncombe (\$1.3 M)



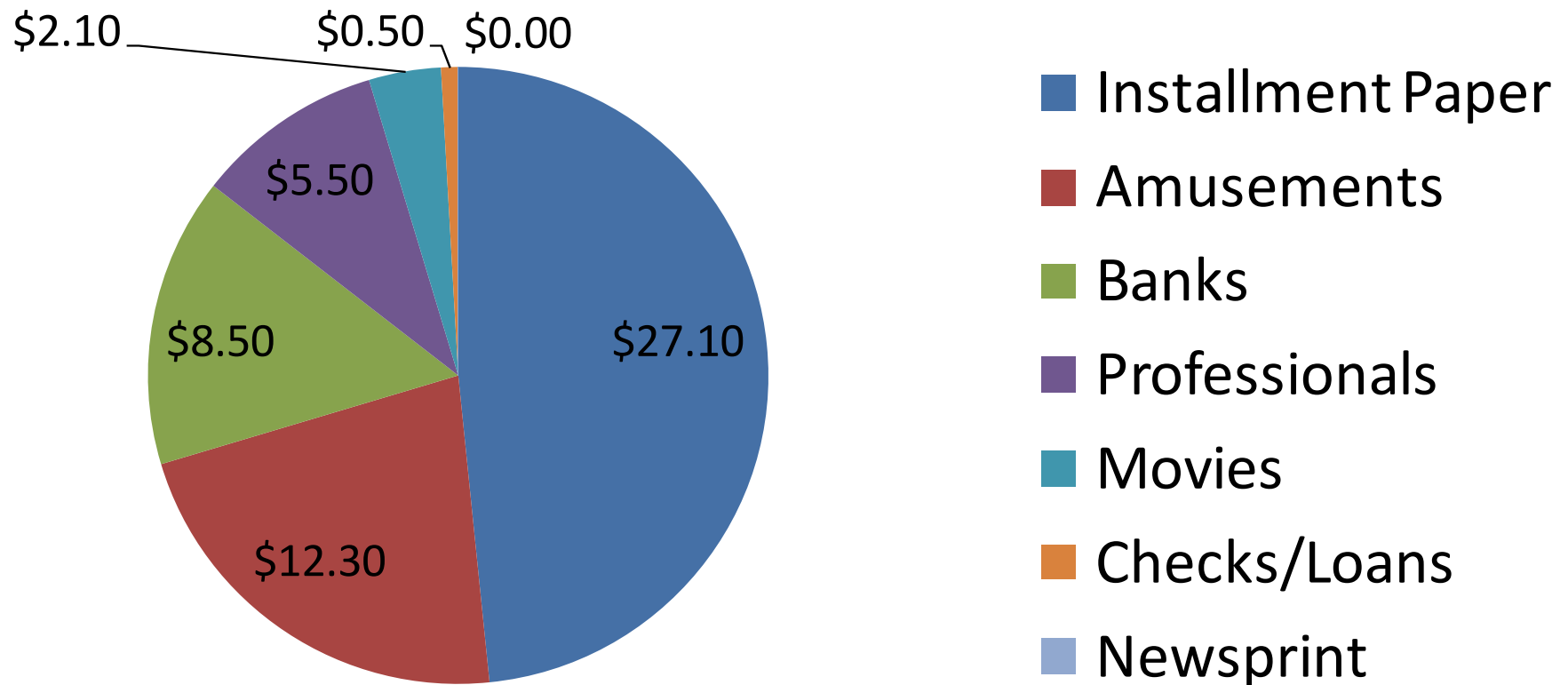
Current State PLTs

(All but 7 state PLTs were repealed as of July 1997)

Amusements	3%
Motion Picture Shows	1%
Professionals	\$50
Installment Paper Dealers	.277% of face value of obligations/quarter
Loan agencies, check cashers, pawnbrokers	\$250 per location
Banks	\$30 for each \$1 million in assets
Newsprint publishers	\$15 on each ton that fails to meet the applicable content percentage

State PLT Collections

\$56 M in 2007-08



Local PLT's Since 1997

- **Municipalities** (§160A-211):
 - GENERAL authority to levy PLT's on all businesses
EXCEPT as limited by 30 repealed Schedule B provisions
- **Counties**(§153A-152):
 - SPECIFIC authority to levy PLT'S on certain businesses
ONLY as permitted by 11 repealed Schedule B provisions



Local Privilege License Taxes In North Carolina

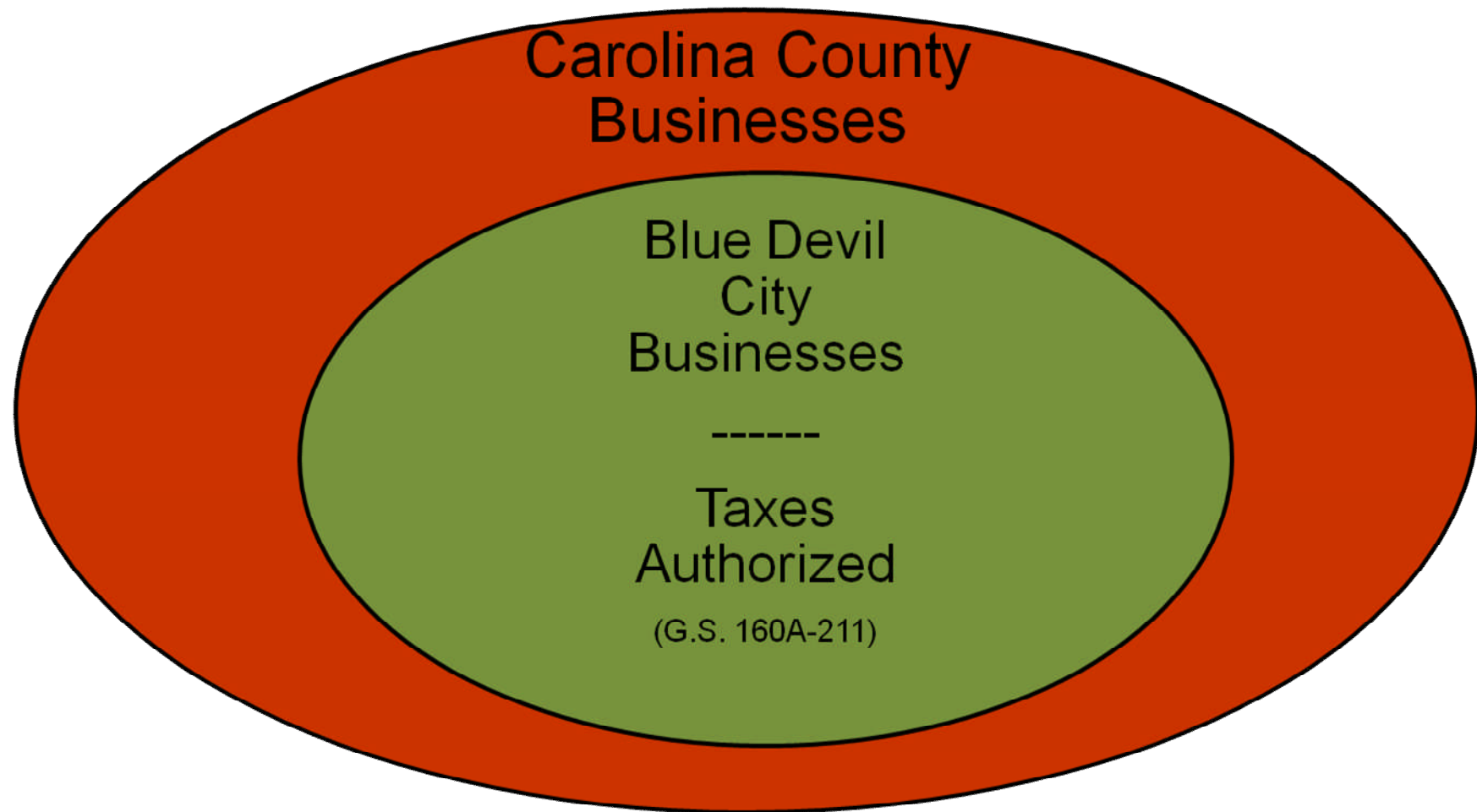
Carolina County
Businesses

General Rule:

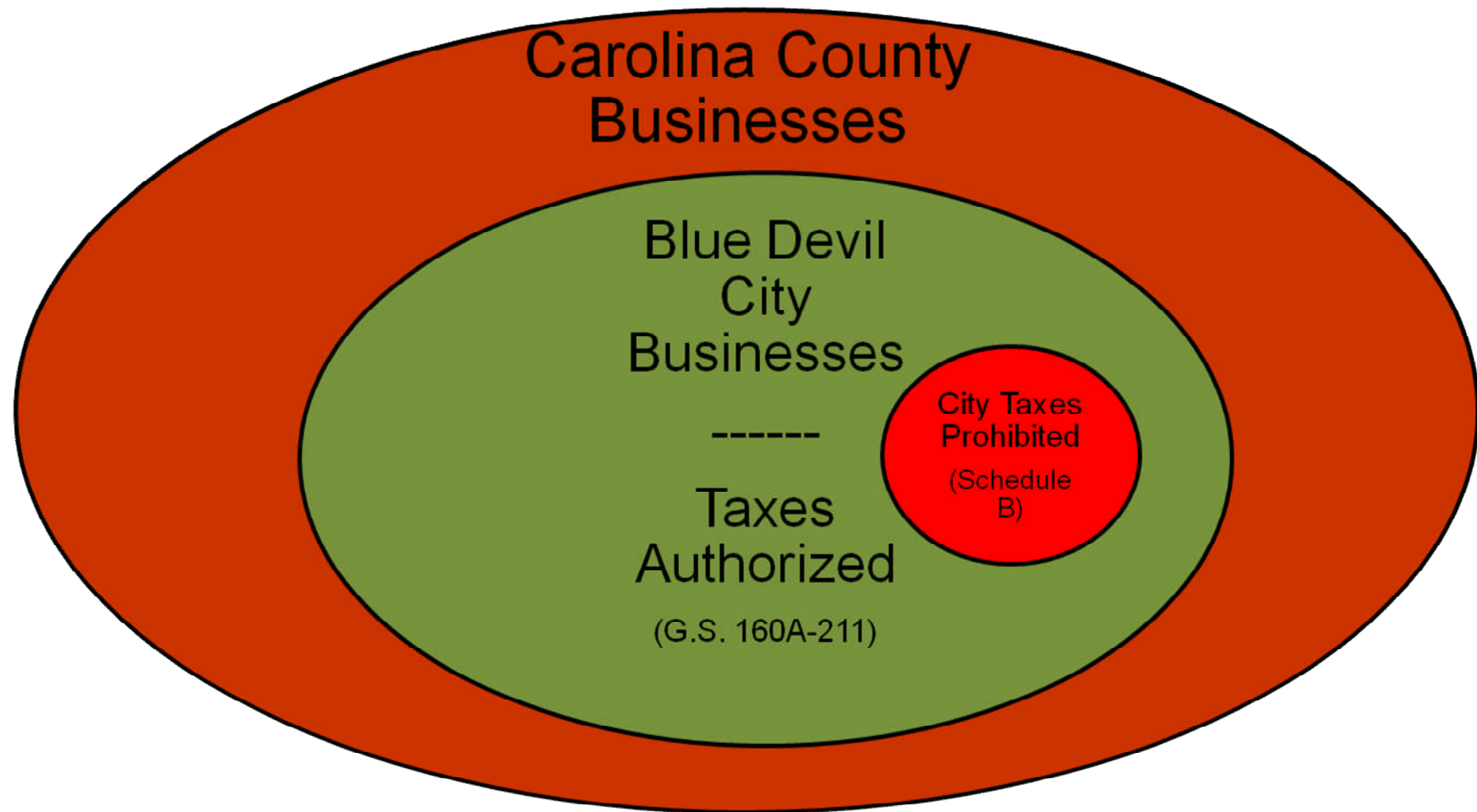
No Privilege
Taxes Without
Specific
Authorization

G.S. 153A-152

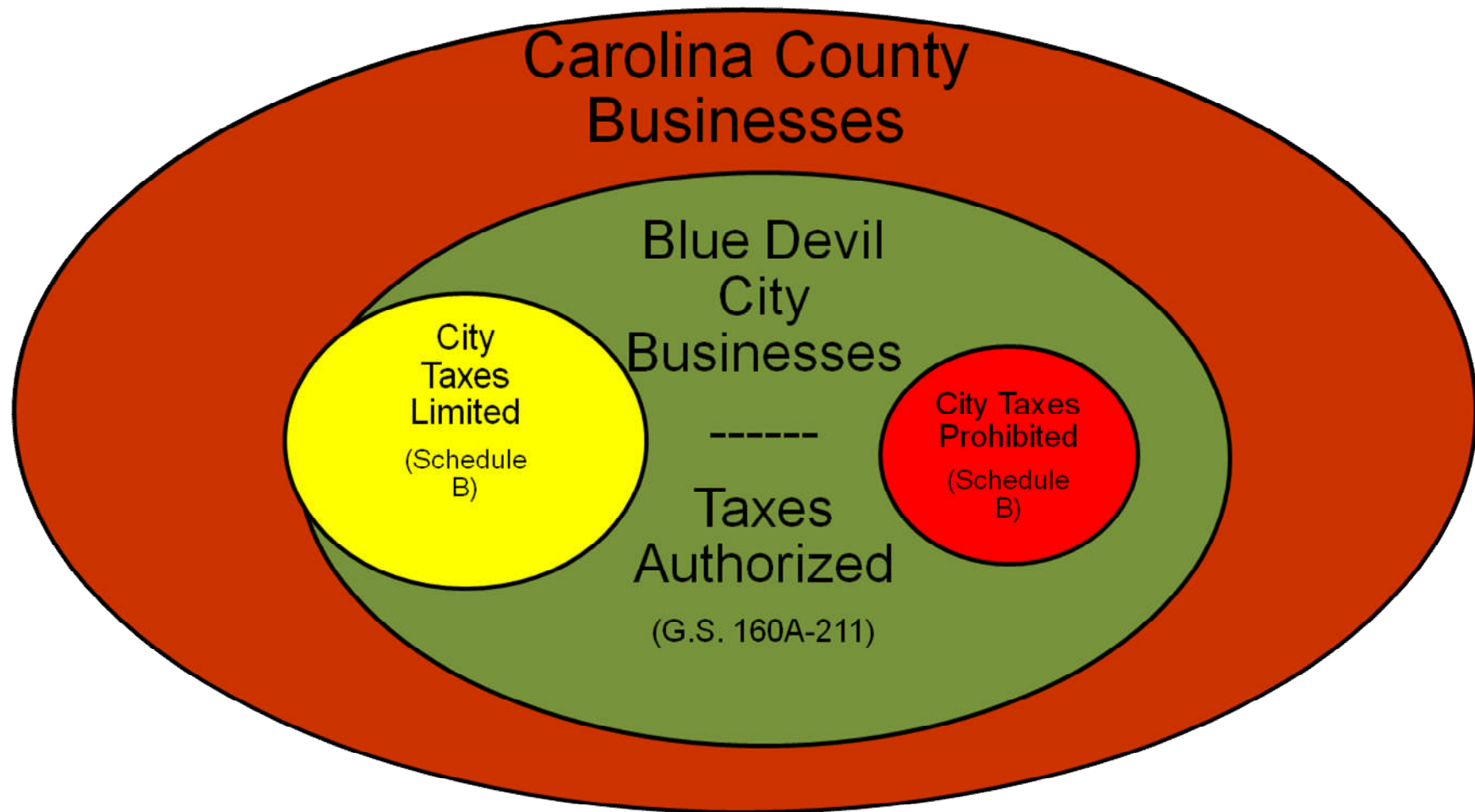
Local Privilege License Taxes In North Carolina



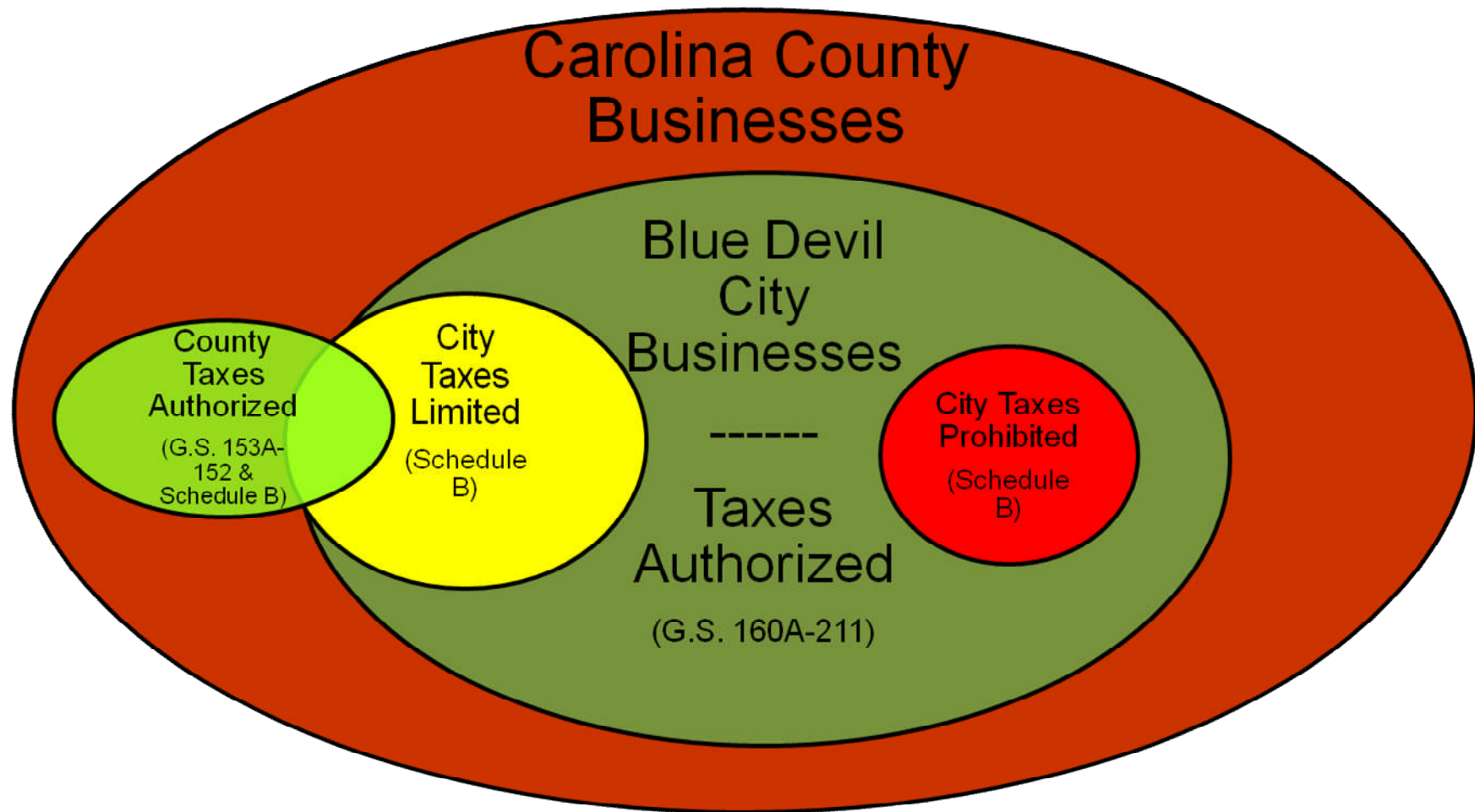
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Oddities from Schedule B

- Seasonal Christmas tree sales: \$100 max
- Seasonal Christmas tree sales by grower: unlimited
- Vending Machines (< 5): \$5 max
- Vending Machines (≥ 5): NO city PLT
- Vending Machines (≥ 5 at one location): Unlimited
- Vending Machines (milk): Unlimited
- Vending Machines (juice, ≥ 5): Unlimited
- Selling Computers: NO city PLT
- Repairing Computers: Unlimited
- Selling/Repairing Record Players: NO city PLT
- Selling/Repairing DVD/CD Players: Unlimited

How to Tax **Target?**

- **Gross Receipts on all sales . . . except**
 - Bicycles (\$25 max)
 - DVDs (\$25)
 - Computers, calculators (No tax)
 - Ice Cream (\$2.50 max)
 - Motor Oil/Auto Accessories (\$12.50 max)
- **Plus...**
 - Chain Store (\$50)
 - Restaurant (\$42.50)
 - Barber Shop/Beauty Salon (\$2.50 per stylist)
 - Check Cashing (\$100)
 - Vending Machines (????)



Sample City PLT Provisions For Retailers

- **Gross Receipts**
 - Durham: \$50 up to \$15,000, then 50¢ per \$,1000; no max
 - Charlotte: 60¢ per \$1,000; \$10,000 max tax
- **Flat Fee**
 - Dunn: \$30 per retailer
- **Example:** SuperTarget store with \$100M receipts
 - Durham: \$600,000
 - Charlotte: \$10,000
 - Dunn: \$30

Double Taxation?

- No statutory obligation to **apportion** gross receipts
- Landscaper based in Cary has clients in Cary, Raleigh, Durham, and Chapel Hill
 - Cary PLT on **total** revenues
 - Raleigh, Durham, and Chapel Hill PLT's on revenues **generated in each city**---these revenues are taxed twice



PLT Concerns

- Archaic Language (*Bagatelle tables??*)
- Repealed statutes
- Arbitrary distinctions between businesses
- Inconsistent application across NC
- Double taxation



PLT Solutions?

