



## The Daily Bulletin: 2019-10-22

### PUBLIC/HOUSE BILLS

H 100 (2019-2020) [DOT BUDGET FOR 2019-2021 BIENNIUM. \(NEW\)](#) Filed Feb 19 2019, *AN ACT, CONSISTENT WITH HOUSE BILL 966 OF THE 2019 REGULAR SESSION, TO ENACT A BUDGET FOR THE DEPARTMENT OF TRANSPORTATION, TO MAKE ADDITIONAL APPROPRIATIONS, TRANSFERS, AND REDUCTIONS TO THE DEPARTMENT, AND TO MAKE OTHER MODIFICATIONS RELATED TO THE OPERATIONS OF THE DEPARTMENT.*

AN ACT, CONSISTENT WITH HOUSE BILL 966 OF THE 2019 REGULAR SESSION, TO ENACT A BUDGET FOR THE DEPARTMENT OF TRANSPORTATION, TO MAKE ADDITIONAL APPROPRIATIONS, TRANSFERS, AND REDUCTIONS TO THE DEPARTMENT, AND TO MAKE OTHER MODIFICATIONS RELATED TO THE OPERATIONS OF THE DEPARTMENT. SL 2019-231. Enacted October 18, 2019. Effective July 1, 2019, except as otherwise provided.

**Intro. by Faircloth, Torbett, C. Smith, Speciale.**

[APPROP, STUDY, GS 20, GS 124, GS 136](#)

[View summary](#)

[Courts/Judiciary, Motor Vehicle, Government, Budget/Appropriations, State Agencies, Department of Administration, Department of Transportation, Office of State Budget and Management, State Government, State Personnel, State Property, Transportation](#)

H 511 (2019-2020) [NORTH CAROLINA FIRST STEP ACT. \(NEW\)](#) Filed Mar 28 2019, *AN ACT TO INCREASE JUDICIAL DISCRETION IN SENTENCING FOR DRUG TRAFFICKING OFFENSES.*

Senate amendment makes the following changes to the 4th edition.

Modifies proposed GS 90-95(h)(5a), which requires a judge sentencing a person for a drug trafficking conviction or conspiracy to commit the same to impose the applicable minimum prison term provided by subsection (h). Maintains the sentencing judge's authority to reduce the fine and sentence consistent with the applicable offense and classification and prior record level provided in specified State law, if the judge enters into the record specified findings. Modifies the specific findings the sentencing judge must enter into the record to include a finding that there is no substantial evidence that the defendant has ever engaged in the transport for purpose of sale, manufacture, or delivery of a controlled substance or the intent to transport for purpose of sale, sell, manufacture, or deliver a controlled substance (was, no substantial evidence that the defendant has ever engaged in the sale, manufacture, delivery, or transport of a controlled substance or intent to sell, manufacture, deliver, or transport a controlled substance).

**Intro. by Grange, Szoka, Goodwin.**

[GS 90](#)

[View summary](#)

[Courts/Judiciary, Criminal Justice, Corrections \(Sentencing/Probation\), Criminal Law and Procedure](#)

H 1022 (2019-2020) [BOG VACANCY ELECTION.](#) Filed Oct 22 2019, *A HOUSE RESOLUTION ELECTING REGINALD R. HOLLEY TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA.*

As title indicates.

**Intro. by Rules, Calendar, and Operations of the House.****HOUSE RES**[View summary](#)**Government, State Agencies, UNC System**

H 1023 (2019-2020) [STORM RECOVERY ACT OF 2019](#). Filed Oct 22 2019, *AN ACT TO PROVIDE DISASTER RELIEF FROM HURRICANE DORIAN AND OTHER NAMED STORMS.*

Blank bill.

**Intro. by Rules, Calendar, and Operations of the House.****APPROP**[View summary](#)**Government, Budget/Appropriations, Public Safety and Emergency Management, State Agencies, Office of State Budget and Management**

## PUBLIC/SENATE BILLS

S 432 (2019-2020) [BIRTH CENTER & PHARM BENEFITS MGR. LICENSURE \(NEW\)](#). Filed Mar 28 2019, *AN ACT TO ESTABLISH A LICENSURE PROCESS AND ANNUAL LICENSE FEES FOR BIRTH CENTERS AND TO ESTABLISH STANDARDS AND CRITERIA FOR THE REGULATION AND LICENSURE OF PHARMACY BENEFITS MANAGERS PROVIDING CLAIMS PROCESSING SERVICES OR OTHER PRESCRIPTION DRUG OR DEVICE SERVICES FOR HEALTH BENEFIT PLANS, TO PREVENT INSURERS FROM REQUIRING INSURED TO TAKE DRUGS WITH BLACK BOX WARNINGS, AND TO REQUIRE INSURERS TO PROVIDE COVERAGE FOR PRESCRIPTION DRUGS DURING THE PREAUTHORIZATION PROCESS.*

House committee substitute to the 3rd edition makes the following changes.

Part I.

Changes the date by which the Department of Health and Human Services must review and revise its current Freestanding Birth Center Fee Schedule from October 1, 2019, to December 1, 2019.

Part II.

Amends the proposed changes to the definition of the term *health benefit plan* in Article 56A, Pharmacy Management Benefits, of GS Chapter 58. Previously, the term was defined by statutory cross-reference to GS 58-3-167, which defines *health benefit plan* in the context of the applicability of acts of the General Assembly to health benefit plans. Instead, defines *health benefit plan* under Article 56A to mean an accident and health insurance policy or certificate; a nonprofit hospital or medical service corporation contract; a health maintenance organization subscriber contract; a plan provided by a multiple employer welfare arrangement; a plan provided by another benefit arrangement, to the extent permitted by the Employee Retirement Income Security Act of 1974, as amended, or by any waiver of or other exception to that act provided under federal law or regulation; or any plan implemented or administered by the State Health Plan for Teachers and State Employees (SHP). Excludes from the term any plan implemented or administered by the NC or US Department of Health and Human Services, or any successor agency, or its representatives, or any plan consisting of one or more of any combination of benefits described in GS 58-68-25(b) (similar to the term's definition set forth in GS 58-3-167, except the term is defined in GS 58-3-167 to exclude any plan implemented or administered by the SHP, which is included in the term's proposed definition in Article 56A, as amended).

Amends GS 58-56A-3 to require that when calculating an insured's contribution to an out-of-pocket maximum, deductible, copayment, coinsurance or any other cost-sharing requirement, the insurer or PBM must include any cost-sharing amount paid by the insured or on the insured's behalf for a prescription drug that is (1) without an AB-rated generic equivalent, or (2) with an AB-rated generic equivalent if the insured has obtained authorization for the drug through prior authorization from the insurer or PBM, a step therapy protocol, or the exception or appeal process of the insurer or PBM (was, when calculating an insured's overall contribution to any out-of-pocket maximum or any cost-sharing requirement under a health benefit plan, an

insurer must include any amounts paid by the insured or paid on behalf of the insured by another person). Defines the term generic equivalent as a drug that has an identical amount of the same active ingredients in the same dosage form; meets applicable standards of strength, quality, and purity according to the specified compendium; and which, if administered in the same amount, would provide comparable therapeutic effects. Excludes from the definition a drug that is listed by the US Food and Drug Administration as having unresolved bioequivalence concerns according to the Administration's most recent publication of approved drug products with therapeutic equivalent evaluations.

Enacts new GS 58-3-222 prohibiting an insurer who offers coverage for prescription drugs from requiring any insured to take any drug with a boxed warning. Requires an insurer who offers coverage for prescription drugs and requires preauthorization as a condition to providing coverage for a drug to immediately provide coverage for the drug during the period of time it takes the insurer to conduct the preauthorization review. Specifies that this does not require an insurer to approve a drug undergoing a preauthorization review. Applies to insurance contracts issued, renewed, or amended on or after October 1, 2020.

Amends the act's long title.

**Intro. by Ballard.**

GS 58, GS 131E

[View summary](#)

**Business and Commerce, Occupational Licensing, Government, State Agencies, Department of Health and Human Services, Health and Human Services, Health, Health Care Facilities and Providers, Health Insurance**

S 557 (2019-2020) [VARIOUS FINANCE LAW CHANGES. \(NEW\)](#) Filed Apr 2 2019, *AN ACT TO INCREASE THE STANDARD DEDUCTION, TO EXPAND THE DEFINITION OF HOLDING COMPANY FOR FRANCHISE TAX PURPOSES, TO IMPLEMENT MARKET-BASED SOURCING FOR MULTISTATE INCOME TAX APPORTIONMENT, TO REQUIRE CERTAIN MARKETPLACE FACILITATORS TO COLLECT SALES TAX, TO DIRECT REVENUE LAWS TO STUDY CERTAIN TAX SUNSET PROVISIONS, AND TO MAKE TECHNICAL CORRECTIONS.*

Senate committee substitute deletes the provisions of the 1st edition and now provides the following.

#### Section 1

Amends GS 105-153.5(a) to raise the standard income tax deduction from \$20,000 to \$21,500 for married, filing jointly/surviving spouse taxpayers; from \$15,000 to \$16,125 for heads of household; and from \$10,000 to \$10,750 for single and married, filing separately taxpayers. Effective for taxable years beginning on or after January 1, 2020.

#### Section 2

Amends GS 105-120.2 (Franchise or privilege tax on holding companies). Adds to the conditions which qualify a corporation as a *holding company* under the statute to now include ownership of copyrights, patents, or trademarks that represent more than 80% of the corporation's total assets, or receipt of royalties and license fees that represent more than 80% of the corporation's total gross income, when the corporation is owned 100% by a corporation that meets three specified criteria, including generating revenues in excess of \$5 billion from goods that it manufactures. Effective for taxable years beginning on or after January 1, 2020, and applicable to the calculation of franchise tax reported on the 2019 and later corporate income tax returns.

#### Section 3

Amends GS 105-130.4 (allocation and apportionment of income for corporations). Concerning the sales factor, establishes that receipts are in the state if the taxpayer's market for the receipts is in the state. Provides for reasonable approximation if the market for a receipt cannot be determined, and if that method is not possible, the receipts must be excluded from the denominator of a taxpayer's sales factor. Makes organizational changes to the parameters regarding a taxpayer's market for receipts in the state, and makes clarifying changes concerning the sale, rental, lease, or license of real property; the rental, lease, or license of tangible property; the sale of service; the rental, lease, or license of intangible property; and the sale of tangible property. Distinguishes the meaning of "used in the state" in determining the market for receipts for the rental, lease, or license of intangible property and the sale of intangible property.

Establishes new subsections to provide that a wholesale content distributor and a bank's market for receipts in the state are provided in new GS 105-130.4A and GS 105-130.4B. Additionally, establishes a 2% multiplier for wholesale content distributors' gross receipts.

Further amends the statute to provide that, for companies subject to rate regulation by the Federal Energy Regulatory Commission, receipts from the transportation or transmission of petroleum-based liquids or natural gas are to be apportioned using *traffic units*, defined as barrel miles or cubic foot miles, in the state during the tax year (previously limited to petroleum-based liquids pipeline companies with income apportioned by barrel miles).

Establishes a new subsection to set forth parameters to determine the fraction for the apportionable income of an *electric power company*, defined as a company, including any of its wholly owned noncorporate limited liability companies, primarily engaged in the business of supplying electricity for light, heat, current, or power to persons in the state and that is subject to control of the NC Utilities Commission and/or the Federal Energy Regulatory Commission. Details provisions to determine the average value of real and tangible personal property owned or rented by an electric power company for purposes of formulating the apportionable income fraction.

Adds a new subsection to allow a corporate taxpayer with a State net loss balance as of the end of its 2019 taxable year, as computed under GS 105-130.8A, to elect to apportion receipts from services based on the percentage of its income-producing activities performed in the state, rather than under the apportionment provisions of subsection (l)(4), as amended. Deems the election binding and irrevocable until the earlier of the tax year in which the existing State net loss balance is fully utilized or has expired. Requires the election to be made on the 2020 tax return. Defines *State net loss* balance to mean the total amount of State net losses computed under GS 105-130.8A for taxable years beginning before January 1, 2020, and available to carry forward to taxable years beginning on or after January 1, 2020.

Enacts GS 105-130.4A to set forth provisions concerning market-based sourcing for wholesale content distributors. Sets forth defined terms applicable to the statute. Establishes the fraction for a wholesale content distributor's receipts factor, and specifies parameters for determining receipts from transactions and activities in the regular course of business derived from business and individuals customers in the State.

Enacts GS 105-130.4B to set forth provisions concerning market-based sourcing for banks. Sets forth defined terms applicable to the statute. Establishes a general receipts factor fraction for a bank and includes only the receipts described under the statute as apportionable income for the taxable year. Excludes from the receipts factor: receipts from a casual sale of property, receipts exempt from taxation, the portion of receipts realized from the sale or maturity of securities or other obligations that represents a return of principal, receipts in the nature of certain dividends deducted or excluded from tax, and the portion of receipts from financial swaps and other similar financial derivatives that represent the notional principal amount that generates the cash flow traded in the swap agreement. Provides special rules for: receipts from the sale, lease, or rental of real property; the sale, lease, or rental of tangible personal property; interest, fees, and penalties from loans secured by real property; interest, fees, and penalties from loans not secured by real property; net gains from the sale of loans; receipts from interest, fees, and penalties from cardholders; receipts from ATM fees; net gains from the sale of credit card receivables; miscellaneous receipts (including card issuer's reimbursement fees, receipts from merchant's discounts, loan servicing fees, receipts from services, and receipts from investment assets and activity and trading assets). Provides that all other receipts for which no special rules are provided are to be included in the receipt factor fraction's numerator if the payor is located in the state.

Amends GS 105-122(c1) to require a corporate taxpayer electing to apportion its receipts from services based on the percentage of its income-producing activities performed in the state to use the statutory apportionment method under the subsection unless the Department of Revenue authorizes an alternative method. Explicitly prohibits the apportionment fraction for a wholesale content distributor from being less than 2%.

Effective for taxable years beginning on or after January 1, 2020.

Directs the Utilities Commission (Commission) to adjust the rate for public utilities, excluding water public utilities with less than \$200,000 in annual operating revenues, for the above tax changes. Requires each utility to calculate the cumulative net effect of the changes and file the calculation to reflect the net prospective tax changes to customers within 60 days of the enactment of the act. Defers any adjustments required to existing tax assets or liabilities reflected in the utility's books and records required by the changes and instead requires reflection in customer rates in either the utility's next rate case or earlier if the Commission deems it appropriate.

Directs the Codifier of Rules to enter into the Administrative Code on the effective date of the act the rules adopted by the Department of Revenue on January 4, 2017, pursuant to Section 38.4 of SL 2016-94 (regarding the implementation and administration of market-based sourcing principles) and approved by the Rules Review Commission on February 16, 2017. Provides that the rules apply to taxable years beginning on or after January 1, 2020.

Directs the Department of Revenue to adopt and submit to the Rules Review Commission necessary rules regarding the implementation and administration of market-based sourcing principles, as enacted. Sets parameters for their adoption.

#### Section 4

Amends GS 105-164.3 to add the terms *marketplace*, *marketplace facilitated sale*, *marketplace facilitator*, and *marketplace seller* to the defined terms applicable to Article 5, Sales and Use Tax.

Amends GS 105-164.8 to expand the scope of the tax to a retailer who makes a remote sale in the state by soliciting or transacting business in the state by employees, independent contractors, agents or other representatives, whether the remote sales subject to State tax result from or are related in any other way to the solicitation or transaction of business. Modifies the presumption of solicitation or transacting business by a representative to include if the retailer enters into an agreement with a person (was, resident) of the state under which the person (was, resident) directly or indirectly refers potential customers to the retailer for a commission or other consideration. Makes conforming changes. Also subjects to the tax a retailer who makes remote sales sourced in the state for the previous or current calendar year with either gross sales over \$100,000 or two hundred or more separate transactions (was, for the current calendar year). Adds that this provision include sales as a *marketplace seller*, as now defined in GS 105-164.3, sourced in the State.

Adds a new provision to subject a retailer who makes remote sales to the State tax if the retailer is a *marketplace facilitator*, as now defined in GS 105-164.3, that makes sales, including *marketplace facilitated sales* for all *marketplace sellers*, as those terms are now defined in GS 105-164.3, sourced to the state for the previous or the current calendar year that either has gross sales in excess of \$100,000 or two hundred or more separate transactions. Enacts GS 105-164.4J to establish that a marketplace facilitator meeting this threshold is considered the retailer of each marketplace facilitated sale it makes and is liable for collecting and remitting the sales and use tax on all such sales. Requires the marketplace facilitator to comply with the same requirements and procedures as other retailers required to be registered and collect and remits sales and use tax in the state. Clarifies that the requirement applies regardless of whether a marketplace seller for whom the marketplace facilitator makes a marketplace facilitated sale has a physical presence in the state, is required to be registered to collect and remit sales and use tax to the state, would have been required to collect and remit sales and use tax in the state had the sale not been made through a marketplace, and would not have been required to collect and remit sales and use tax in the state had the sale not been made through a marketplace. Requires reporting, or making available a report, to each marketplace seller the gross sales sourced to the state and the number of separate transactions sourced to the state on its behalf within 10 days after the end of each calendar month. Provides for instances of refunds on portions of the sales price. Provides for relief from liability for a marketplace facilitator's failure to collect the correct amount of tax due if two circumstances are met. Details exclusion from the relief provided. Prohibits class actions against a marketplace facilitator related to an overpayment of sales and use tax. Clarifies that a customer's right to seek a refund as provided in GS 105-164.11 is not affected. Allows for a marketplace facilitator and a marketplace seller to enter into an agreement regarding fulfillment of Article 5's requirements, but prohibits a marketplace seller from agreeing to collect and remit sales and use tax on marketplace facilitated sales. Maintains that the use tax obligation of a customer is not affected by a marketplace facilitator's failure to collect and remit sales or use tax. Excludes from the statute an accommodation facilitator, an admission facilitator, or a service contract facilitator whose collection and remittance requirements are set out in specified existing law.

Further amends GS 105-164.3 to add the terms *accommodation* and *accommodation facilitator*. Deletes the definitions subsection from GS 105-164.4F (Accommodation rentals). In calculating the gross receipts derived from the rental of an accommodation, the sales price of the rental of an accommodation made by an accommodation facilitator, which is now defined to include a real estate broker, includes any charges or fees charged by the accommodation facilitator to the purchase of the accommodation that are necessary to complete the rental (previously, specified marketed by a facilitator rather than made, and was limited to charges designated as facilitation fees or any other fees necessary to complete the rental). Deems the tax due and payable to the retailer pursuant to GS 105-164.16. Defines *retailer* for purposes of the statute as a provider of the accommodation or an accommodation facilitator that collects payment or a portion of payment for the rental accommodation. Provides that subsection (c), which concerns accommodation facilitator transactions, applies only to an accommodation facilitator operated by or on behalf of a hotel or a hotel corporation, that facilitates the rental of hotel

accommodations solely for the hotel or the hotel corporation's owned or managed hotels and franchisees, and that collects payment, or a portion thereof, for the accommodation rental. Specifies that an accommodation facilitator subject to (c) is not considered the retailer of the rental of the accommodation. Requires the accommodation facilitator to send the retailer the tax due on the sales price, or the portion of the sales price, the accommodation facilitator collected. Makes the retailer liable for reporting and remitting the tax due on the portion of the gross receipts derived from the rental of the accommodation that the retailer collects. Adds a new requirement for the accommodation facilitator to file with the Secretary an annual electronic report by March 31 of each year for the prior calendar year for accommodation rentals for which it is not considered the retailer, including the specified content. Limits use of the report to the Secretary and any person in receipt of the report for tax compliance purposes. Modifies the exemptions to now exempt from the tax a private residence, cottage, or similar accommodation rented for fewer than 15 days in a calendar year unless the accommodation is rented by an accommodation facilitator (was, other than that listed with a real estate broker or agent). Makes further conforming changes.

Amends GS 160A-215 and GS 153A-155, concerning occupancy taxes, to give an *accommodation facilitator*, as defined in the act under GS 105-164.3 (was, a rental agent or a facilitator), the same responsibility and liability under the room occupancy tax as the accommodation facilitator has under the State sales tax on accommodations.

Further amends GS 105-164.3 to define *admission charge*, *admission facilitator*, *amenity*, and *entertainment activity* (identical to the terms defined in GS 105-164.4G, with the exception of the more specific terminology of *admission facilitator* rather than facilitator). Makes conforming deletions to GS 105-164.4G (Entertainment activity) and makes changes to refer to an admission facilitator rather than a facilitator throughout.

Further amends GS 105-164.3 to define *service contract facilitator* (identical to the existing definition of *facilitator* in GS 105-164.4I). Makes conforming deletions to GS 105-164.4I (Service contracts) and makes changes to refer to a *service contract facilitator* rather than a facilitator throughout.

Amends GS 105-164.22 regarding record-keeping requirements, inspection authority, and effect of failure to keep records. Expands the scope of the statute's requirement to keep records that establish their tax liability to include facilitators and real property contractors. Requires a facilitator's records to include records of the facilitator's gross income, gross sales, net taxable sales, all items purchased for resale, any reports or records related to transactions with a retailer with whom it has a contract as provided in Article 5; subjects to liability a facilitator who fails to keep records that establish a sale is exempt. Requires a real property contractor's records to include substantiation that a transaction is a real property contract or a mixed property contract pursuant to specified state law; subjects to liability a real property contractor that fails to keep records that establish a real property contract. Modifies the existing provisions as follows. Requires retailer's records to also include any reports or records related to transactions with a facilitator with whom it has a contract under the Article. Requires a wholesale merchant to maintain records to establish that sale are tax exempt and any reports or records related to transactions with a facilitator with whom it has a contract under the Article. Adds that a consumer's records must include on the invoice any sales and use tax paid on the purchase price of an item purchased from inside or outside the state. Makes further organizational and conforming changes.

Further amends GS 105-164.3 to modify the definitions of *advertising and promotional direct mail* and *bundled transaction* to refer to an item rather than a product. Adds the term *affiliate* and *facilitator*. Amends *engaged in business* to include permanently or temporarily, whether directly or through a subsidiary, having a marketplace facilitator subject to the requirements of GS 105-164.4J, as enacted, or a solicitor transacting business by mobile phone application or other applications in the state; also now includes making marketplace facilitated sales subject to the requirements of GS 105-164.4J, as enacted. Expands *remote sale* to now include the sale of an item ordered by mail, phone, Internet, or mobile phone application, or another method by a retailer who receives the order in another state and delivers the item or makes the item accessible to a person in the state or causes the item to be delivered or made accessible to a person in the state or performs a service sourced in the state (previously did not include orders by mobile phone apps and limited delivery provisions); presumes a resident who makes an order was in the state at the time the order was made (previously referred to remitting an order). Amends *repair, maintenance, and installation services* to include activities listed on certain digital property (was digital property). Amends *retailer* to refer to sales at retail of items (rather than tangible personal property; digital property for storage, use, or consumption in the state; or services) sourced to the state. Now includes a *marketplace facilitator* subject to the requirements of new GS 105-164.4J or a facilitator required to collect and remit the tax under Article 5 in the term. Makes further organizational, clarifying, and conforming changes.

Specifies that there is no obligation to collect the sales and use tax retroactively. Provides a severability clause for the section's provisions. Authorizes the Revisor of Statutes to make technical changes as necessary to GS 105-164.3.

Applies to sales occurring on or after February 1, 2020.

#### Section 5

Amends GS 120-70.106 to authorize the Revenue Laws Study Committee to review any tax provision set to sunset within one year of the beginning of the next regular legislative session to determine whether the sunset needs to be extended.

#### Section 6

Amends GS 105-164.13(61a) to exempt from sales tax self-service vehicle washes or vacuums (was, self-service car washes or vacuums) and limited-service vehicle washes.

#### Section 7

Amends Section 3.9 of SL 2019-169, which modifies and adds to various tax laws, including those applicable to real property management, to strike the provision that deems the Section's changes applicable to property management contracts entered into on or after the date the act became law, and instead, provides that the provisions of GS 105-164.15A, which details the administration of certain tax rate changes, apply to the implementation of the changes as if it is a decrease in the tax rate. Applies retroactively to July 16, 2019.

#### Section 8

Amends GS 105-164.3 to define *gross sales*, as the term is used in Article 5 concerning sales and use tax, to mean the sum total of the sales price of all sales of tangible personal property, digital property, and services (was, of all sales of items).

Makes conforming changes to the act's titles.

**Intro. by Krawiec, Rabon, Lowe.**

[GS 105, GS 120, GS 153A, GS 160A](#)

[View summary](#)

**[Banking and Finance, Business and Commerce, Government, State Agencies, Department of Revenue, Tax, Local Government, Public Enterprises and Utilities](#)**

S 572 (2019-2020) [UNIVERSITY SYSTEM RISK MANAGEMENT PROVISIONS. \(NEW\)](#) Filed Apr 3 2019, *AN ACT TO AUTHORIZE PUBLIC UNIVERSITIES TO OBTAIN LIABILITY INSURANCE FOR ALCOHOL SALES.*

AN ACT TO AUTHORIZE PUBLIC UNIVERSITIES TO OBTAIN LIABILITY INSURANCE FOR ALCOHOL SALES. SL 2019-232. Enacted October 18, 2019. Effective October 18, 2019.

**Intro. by Perry.**

[GS 116](#)

[View summary](#)

**[Alcoholic Beverage Control, Government, State Agencies, UNC System](#)**

S 578 (2019-2020) [REDUCE FRANCHISE TAX/EXPAND FILM GRANTS. \(NEW\)](#) Filed Apr 3 2019, *AN ACT TO REDUCE THE FRANCHISE TAX AND TO MODIFY FILM GRANT LIMITS.*

Senate committee substitute to the 1st edition makes the following changes. Deletes the content of the previous edition and replaces it with the following.

Amends GS 105-120.2 (Franchise or privilege tax on holding companies). Currently provides for the tax to be the higher of the two rates described in GS 105-120.2(b)(1) and GS 105-120.2(b)(2). Eliminates the specified rates. Instead provides for each rate to be set at the rate provided in GS 105-122(d2), as amended, per \$1,000. Maintains that the first rate cannot be less than

\$200 or exceed \$150,000. Now provides that the second rate is per \$1,000 on the total actual investment in tangible property in the state as computed under GS 105-122(d), eliminating the requirement of using the greater of that option or 55% of the appraised value of all the real and tangible property in the state plus the appraised value of intangible property. Makes conforming repeal of GS 105-122(d)(2) (possibly intends subsection (d)).

Amends GS 105-122 (Franchise or privilege tax on domestic and foreign corporations). Adjusts the tax rate to set the tax rate for an electric power company or a company that is a member of a qualified group at \$1.50 per \$1,000 of the company's tax base. Defines a qualified group to mean an affiliated group that has one or more members that is an electric company. For all other C Corporations, lowers the rate to \$1.29 (was \$1.50) per \$1,000 of the corporation's tax base. For S Corporations, lowers the rate to \$1.29 from \$1.50 per \$1,000 of its tax based that exceeds \$1 million, but maintains the rate of \$200 for the first \$1 million of the corporation's tax base. Effective for taxable years beginning on or after January 1, 2021, and applicable to the calculation of franchise tax reported on the 2020 and later corporate income tax returns.

Further amends GS 105-122, effective for taxable years beginning on or after January 1, 2022, and applicable to the calculation of franchise tax reported on the 2021 and later corporate income tax returns. Lowers the tax rate for C corporations, other than electric power companies or companies which are members of a qualified group, from \$1.29 to \$0.96 per \$1,000 of the corporation's tax base. Also lowers the tax rate for S corporations from \$1.29 to \$0.96 per \$1,000 of its base that exceeds the first \$1 million.

Further amends GS 105-122, effective for taxable years beginning on or after January 1, 2027, and applicable to the calculation of franchise tax reported on the 2026 and later corporate income tax returns. Eliminates the separate rate for electric power companies or companies that are members of a qualified group and sets a flat rate for all C corporations at \$0.96 per \$1,000 of the corporation's tax base.

Amends GS 143B-437.02A (The Film and Entertainment Grant Fund) by reducing the funds reserved for feature-length films from \$3 million to \$1.5 million if for theatrical viewing and from \$1 million to \$500,000 if a movie for television. Reduces the funds reserved for a television series from \$1,000,000 to \$500,000 per episode. Prohibits using the funds to provide a grant in excess of \$15 million (was, \$12 million) for a single season of a television series. Adds that an agreement awarding a grant for which the production company is entitled to payment for performance under the agreement is a binding obligation of the State and is not subject to State funds being appropriated by the General Assembly.

Makes conforming changes to the act's titles.

**Intro. by Sawyer.**

GS 105, GS 143B

[View summary](#)

**Business and Commerce, Corporation and Partnerships,  
Development, Land Use and Housing, Community and  
Economic Development, Government, Tax**

## ACTIONS ON BILLS

### PUBLIC BILLS

#### **H 399: EXTEND TAX CREDITS/OTHER FINANCE CHANGES. (NEW)**

*House: Reptd Unfav For Conc*

*House: Cal Pursuant Rule 36(b)*

*House: Added to Calendar*

*House: Failed Concur In S Com Sub*

*House: Conf Com Appointed*

*Senate: Conf Com Appointed*

#### **H 511: NORTH CAROLINA FIRST STEP ACT. (NEW)**



*Senate: Amend Adopted A1*  
*Senate: Passed 2nd Reading*  
*Senate: Passed 3rd Reading*  
*Senate: Engrossed*

**H 574: FIX OUR DEMOCRACY.**

*House: Serial Referral To Elections and Ethics Law Stricken*  
*House: Withdrawn From Com*  
*House: Re-ref Com On Rules, Calendar, and Operations of the House*

**H 1022: BOG VACANCY ELECTION.**

*House: Reptd Fav. For Introduction*  
*House: Filed*  
*House: Rules Suspended*  
*House: Passed 1st Reading*  
*House: Placed On Cal For 10/23/2019*

**H 1023: STORM RECOVERY ACT OF 2019.**

*House: Reptd Fav. For Introduction*  
*House: Filed*  
*House: Rules Suspended*  
*House: Passed 1st Reading*  
*House: Ref To Com On Appropriations*

**S 61: COMMUNITY COLLEGES BUDGET/2019-2021 BIENNIUM. (NEW)**

*Senate: Concurred In H Com Sub*  
*Senate: Ordered Enrolled*

**S 250: REMOVE FOREIGN CITIZENS FROM VOTING ROLLS. (NEW)**

*Senate: Conf Com Appointed*

**S 312: RELIEF TO OCRACOKE SCHOOL/HURRICANE DORIAN. (NEW)**

*Senate: Withdrawn From Com*  
*Senate: Placed On Cal For 10/23/2019*

**S 432: BIRTH CENTER & PHARM BENEFITS MGR. LICENSURE (NEW).**

*House: Reptd Fav Com Sub 3*  
*House: Cal Pursuant Rule 36(b)*  
*House: Added to Calendar*  
*House: Passed 2nd Reading*

**S 553: REGULATORY REFORM ACT OF 2019.**

*Senate: Withdrawn From Com*  
*Senate: Placed On Cal For 10/23/2019*

**S 557: VARIOUS FINANCE LAW CHANGES. (NEW)**

*Senate: Reptd Fav Com Substitute*  
*Senate: Com Substitute Adopted*

**S 578: REDUCE FRANCHISE TAX/EXPAND FILM GRANTS. (NEW)**

*Senate: Reptd Fav Com Substitute*  
*Senate: Com Substitute Adopted*

**S 579: PRISON REFORM ACT OF 2019.**

*Senate: Withdrawn From Com*

*Senate: Placed On Cal For 10/23/2019*

**S 690: MODIFICATIONS TO 2019 APPOINTMENTS BILL.**

*House: Conf Com Appointed*

**No local actions on bills**

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