GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1997

SESSION LAW 1998-96
SENATE BILL 1001

AN ACT TO PROVIDE AN AMUSEMENTS TAX EXEMPTION FOR CERTAIN NONPROFIT ARTS ORGANIZATIONS AND COMMUNITY FESTIVALS.

The General Assembly of North Carolina enacts:

Section 1. Article 2 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-37.2. Amusements exempt from tax.**

The license and gross receipts taxes imposed by G.S. 105-37.1 do not apply to arts festivals held by a person that is exempt from income tax under Article 4 of this Chapter and that meets the following conditions:

(1) The person holds no more than two arts festivals during a calendar year.
(2) Each of the person's arts festivals lasts no more than seven days.
(3) The arts festivals are held outdoors on public property and involve a variety of exhibitions, entertainments, and activities.

The license and gross receipts taxes imposed by G.S. 105-37.1 do not apply to community festivals held by a person that is exempt from income tax under Article 4 of this Chapter and that meets all of the following conditions:

(1) The person holds no more than one community festival during a calendar year.
(2) The community festival lasts no more than seven days.
(3) The community festival involves a variety of exhibitions, entertainments, and activities, the majority of which are held outdoors and are open to the public."

Section 2. G.S. 105-40, as amended by Senate Bill 1252, 1997 General Assembly, An Act To Simplify And Modify Privilege License And Excise Taxes And Related Permit Fees, is further amended by adding two new subdivisions to read:

"(10) Arts festivals held by a person that is exempt from income tax under Article 4 of this Chapter and that meets the following conditions:
a. The person holds no more than two arts festivals during a calendar year.
b. Each of the person's arts festivals last no more than seven days.
c. The arts festivals are held outdoors on public property and involve a variety of exhibitions, entertainments, and activities.

(11) Community festivals held by a person who is exempt from income tax under Article 4 of this Chapter and that meets all of the following conditions:
a. The person holds no more than one community festival during a calendar year.
b. The community festival lasts no more than seven days.
c. The community festival involves a variety of exhibitions, entertainments, and activities, the majority of which are held outdoors and are open to the public."

Section 3. Section 1 of this act is effective when it becomes law. Section 1 of this act is repealed effective July 1, 1999, only if Senate Bill 1252, An Act To Simplify And Modify Privilege And Excise Taxes And Related Permit Fees, is enacted by the 1997 General Assembly. Section 2 of this act becomes effective July 1, 1999, if Senate Bill 1252, An Act To Simplify And Modify Privilege License And Excise Taxes And Related Permit Fees, is enacted by the 1997 General Assembly.

In the General Assembly read three times and ratified this the 5th day of August, 1998.

s/ Dennis A. Wicker
President of the Senate

s/ Harold J. Brubaker
Speaker of the House of Representatives

s/ James B. Hunt, Jr.
Governor

Approved 8:52 a.m. this 14th day of August, 1998