

Article 2E.

Tax on Interactive Sports Wagering Operators.

§ 105-113.125. Definitions.

The definitions of G.S. 18C-901 apply to this Article. (2023-42, s. 5.)

§ 105-113.126. Tax on interactive sports wagering operators.

(a) Tax. – A tax at the rate of eighteen percent (18%) is imposed on each interactive sports wagering operator for the privilege of being licensed under Article 9 of Chapter 18C of the General Statutes. The tax applies to the gross wagering revenue of the interactive sports wagering operator.

(b) Carryforward. – If the amount of gross wagering revenue is a negative number for any month, the interactive sports wagering operator may carry forward the negative amount to the return filed for the subsequent month. No amount shall be carried forward more than 12 months after the month in which the amount carried forward was originally due.

(c) Return. – Taxes levied by this Article are due when a return is required to be filed. The return is due on a monthly basis. A monthly return is due by the twentieth day of the month following the calendar month covered by the return. A return is filed on a form prescribed by the Secretary.

(d) Records. – A person who is required to file a return under this Article must keep a record of all documents used to determine information the person provides in a return. These records shall be open at all times for inspection by the Secretary or an authorized representative of the Secretary and shall be kept for the applicable period of statute of limitations as set forth under Article 9 of this Chapter.

(e) Refund. – An interactive sports wagering operator is allowed a refund of the tax paid under this section on a sports wager that has been refunded. The Secretary shall prescribe the manner in which an interactive sports wagering operator may request a refund under this subsection, which may include allowing a credit for the amount refunded on a subsequent monthly return required under this section. (2023-42, s. 5.)

§ 105-113.126A. Registration and discontinuance requirements.

(a) Registration Required. – An interactive sports wagering operator must register with the Secretary.

(b) Registration Form. – Registration must be in a form required by the Secretary and include all information requested. If an interactive sports wagering operator fails to register, the Secretary must notify the Lottery Commission of the violation.

(c) Discontinuance of Authorized Activities. – An interactive sports wagering operator who changes ownership or stops engaging in the activities licensed under Article 9 of Chapter 18C of the General Statutes must notify the Secretary in writing of the change. The interactive sports wagering operator is responsible for maintaining a bond or irrevocable letter of credit as required by G.S. 105-113.127 and submitting all returns and the payment of all taxes for which the interactive sports wagering operator is liable under this Article while licensed. (2023-42, s. 5.)

§ 105-113.127. Bond or irrevocable letter of credit.

The Secretary may require an interactive sports wagering operator to furnish a bond in an amount that adequately protects the State from an interactive sports wagering operator's failure to pay taxes due under this Article. A bond must be conditioned on compliance with this Article, payable to the State, and in the form required by the Secretary. The amount of the bond is two times

the interactive sports wagering operator's expected monthly tax liability under this Article, as determined by the Secretary, provided the amount of the bond may not be less than fifty thousand dollars (\$50,000) and may not be more than two million dollars (\$2,000,000). The Secretary should periodically review the sufficiency of bonds required of interactive sports wagering operators and increase the amount of a required bond when the amount of the bond furnished no longer covers the anticipated tax liability of the interactive sports wagering operator and decrease the amount when the Secretary determines that a smaller bond amount will adequately protect the State from loss.

For purposes of this section, an interactive sports wagering operator may substitute an irrevocable letter of credit for the secured bond required by this section. The letter of credit must be issued by a commercial bank acceptable to the Secretary and available to the State as a beneficiary. The letter of credit must be in a form acceptable to the Secretary, conditioned upon compliance with this Article, and in the amounts stipulated in this section. (2023-42, s. 5.)

§ 105-113.128. Use of tax proceeds.

The Secretary shall distribute the taxes collected under this Article, less the allowance to the Department of Revenue and reimbursement to the Lottery Commission for administrative expenses, in accordance with this section. The Secretary may retain the cost of administering this Article, not to exceed five hundred thousand dollars (\$500,000) a year, as reimbursement to the Department. The Lottery Commission shall, no later than 20 days after the end of the month, notify the Department of its unreimbursed expenses from administering the provisions of Article 9 of Chapter 18C of the General Statutes from the previous month. The Department shall reimburse the Lottery Commission from the tax revenues collected under this Article no later than the end of the month in which the Department was notified. The remainder of the net proceeds of the tax collected under this Article are to be credited in the following priority:

- (1) Two million dollars (\$2,000,000) annually to the Department of Health and Human Services for gambling addiction education and treatment programs.
- (2) One million dollars (\$1,000,000) annually to North Carolina Amateur Sports to expand opportunities for persons up to age 18 to engage in youth sports, which shall be distributed through a grant program. In making individual grants, North Carolina Amateur Sports shall comply with the following:
 - a. Awards shall be used to provide for the purchase of youth sports equipment, or to provide for public facility upgrades or improvements which would benefit youth sports.
 - b. Awards may be given only to applicants who are either local governments, including local school administrative units, or nonprofit organizations exempt from taxation under section 501(c)(3) of the Internal Revenue Code.
 - c. Awards may be given only to applicants who demonstrate that a primary purpose for the funding is to facilitate opportunities for persons up to age 18 to engage in youth sports.
 - d. The total dollar amount awarded each year to all applicants in any one county may not exceed one percent (1%) of the total funding available on July 1 of that year.
- (3) Three hundred thousand dollars (\$300,000) annually shall be appropriated to each of the institutions listed in this subdivision to support collegiate athletic departments. If there are not sufficient funds for each of these institutions to

receive an appropriation of three hundred thousand dollars (\$300,000), the amount of each appropriation shall be reduced by the same proportion so that all institutions receive an appropriation of the same amount. The institutions are listed as follows:

- a. Appalachian State University.
 - b. East Carolina University.
 - c. Elizabeth City State University.
 - d. Fayetteville State University.
 - e. North Carolina Agricultural & Technical State University.
 - f. North Carolina Central University.
 - g. University of North Carolina at Asheville.
 - h. University of North Carolina at Charlotte.
 - i. University of North Carolina at Greensboro.
 - j. University of North Carolina at Pembroke.
 - k. University of North Carolina at Wilmington.
 - l. Western Carolina University.
 - m. Winston-Salem State University.
- (4) One million dollars (\$1,000,000) annually to the North Carolina Youth Outdoor Engagement Commission for grants, in the discretion of the Commission, as follows:
- a. Grants not to exceed five thousand dollars (\$5,000) per sporting team or group per county per year requesting grant assistance to travel to in-State or out-of-state sporting events.
 - b. Incentive grants not to exceed twenty-five thousand dollars (\$25,000) to attract State, regional, area, and national sporting events, tournaments, and programs for nonprofessional sporting participants in programs administered by city, county, and local school administrative units, or appropriate nonprofit organizations exempt from taxation under section 501(c)(3) of the Internal Revenue Code as determined by the North Carolina Youth Outdoor Engagement Commission.
- (5) Of the remaining proceeds, as follows:
- a. Twenty percent (20%) annually to be distributed equally among the institutions listed in this sub-subdivision to support collegiate athletic departments, not to supplant general funding to that institution. The institutions are listed as follows:
 1. Appalachian State University.
 2. East Carolina University.
 3. Elizabeth City State University.
 4. Fayetteville State University.
 5. North Carolina Agricultural & Technical State University.
 6. North Carolina Central University.
 7. University of North Carolina at Asheville.
 8. University of North Carolina at Charlotte.
 9. University of North Carolina at Greensboro.
 10. University of North Carolina at Pembroke.
 11. University of North Carolina at Wilmington.

12. Western Carolina University.
13. Winston-Salem State University.
- b. Thirty percent (30%) annually to the North Carolina Major Events, Games, and Attractions Fund established under G.S. 143B-437.112.
- c. Fifty percent (50%) annually to the General Fund. (2023-42, ss. 5, 5.1; 2024-57, s. 3H.1(c).)