

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

S

3

SENATE BILL 153
Finance Committee Substitute Adopted 6/27/17
House Committee Substitute Favorable 6/15/18

Short Title: Military Retiree State Income Tax Relief.

(Public)

Sponsors:

Referred to:

March 2, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE INCOME TAX RELIEF FOR RETIRED MEMBERS OF THE
3 ARMED FORCES OF THE UNITED STATES AND OTHER VARIOUS CHANGES.

4 The General Assembly of North Carolina enacts:

5
6 **PART I. PROVIDE INCOME TAX RELIEF FOR RETIRED MEMBERS OF THE**
7 **ARMED FORCES OF THE UNITED STATES**

8 **SECTION 1.(a)** G.S. 105-153.5(b) reads as rewritten:

9 "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may
10 deduct from the taxpayer's adjusted gross income any of the following items that are included in
11 the taxpayer's adjusted gross income:

12 ...
13 (5) The amount received during the taxable year from one or more State, local, or
14 federal government retirement plans to the extent the amount is exempt from
15 tax under this Part pursuant to a court order in settlement of any of the
16 ~~following cases:~~ cases listed in this subdivision. Amounts deducted under this
17 subdivision may not also be deducted under subdivision (5a) of this
18 subsection.

- 19 a. Bailey v. State, 92 CVS 10221, 94 CVS 6904, 95 CVS 6625, 95 CVS
20 8230.
21 b. Emory v. State, 98 CVS 0738.
22 c. Patton v. State, 95 CVS 04346.

23 (5a) The amount received during the taxable year from the United States
24 government as retirement pay for a retired member of the Armed Forces of
25 the United States or as survivorship benefits for survivors of active duty or
26 retired members of the Armed Forces of the United States. Amounts deducted
27 under this subdivision may not also be deducted under subdivision (5) of this
28 subsection.

29"

30 **SECTION 1.(b)** This section is effective for taxable years beginning on or after
31 January 1, 2018.

32
33 **PART II. AN ACT to create a special separation allowance for state and local**
34 **FIREFIGHTERS AND RESCUE SQUAD WORKERS**



1 SECTION 2.(a) Chapter 143 of the General Statutes is amended by adding a new
2 Article to read:

3 "Article 12I.

4 "Special Separation Allowances for State and Local Firefighters and Rescue Squad Workers.

5 **"§ 143-166.90. Special separation allowances for State firefighters and rescue squad**
6 **workers.**

7 (a) The following definitions apply in this section:

8 (1) "Creditable service" means the service for which credit is allowed under the
9 retirement system of which the firefighter or rescue squad worker is a member,
10 provided that at least fifty percent (50%) of the service is as a firefighter or
11 rescue squad worker.

12 (2) "Firefighter" shall mean a full-time paid employee of any State department,
13 agency, or institution actively serving in a position with assigned primary
14 duties and responsibilities for the prevention, detection, and suppression of
15 fire.

16 (3) "Rescue squad worker" shall mean a full-time paid employee of any State
17 department, agency, or institution who meets the definition of "emergency
18 medical services personnel" under G.S. 131E-155.

19 (b) Every firefighter or rescue squad worker who qualifies under this section shall
20 receive, beginning in the month in which the firefighter or rescue squad worker retires on a basic
21 service retirement under the provisions of G.S. 135-5(a), an annual separation allowance equal
22 to eighty-five hundredths percent (0.85%) of the annual equivalent of the base rate of
23 compensation most recently applicable to the firefighter or rescue squad worker for each year of
24 creditable service. The allowance shall be paid in equal installments on the payroll frequency
25 used by the employer. To qualify for the allowance, the firefighter or rescue squad worker shall
26 meet all of the following criteria:

27 (1) The firefighter or rescue squad worker has either (i) completed 30 or more
28 years of creditable service or (ii) attained 60 years of age and completed 25 or
29 more years of creditable service.

30 (2) The firefighter or rescue squad worker has not attained 62 years of age.

31 (3) The firefighter or rescue squad worker has completed at least five years of
32 continuous service, rendered on or after July 1, 2017, as a firefighter or rescue
33 squad worker immediately preceding a service retirement. Any break in the
34 continuous service required by this subdivision because of disability
35 retirement or disability salary continuation benefits shall not adversely affect
36 a firefighter's or rescue squad worker's qualification to receive the allowance,
37 provided the firefighter or rescue squad worker returns to service within 45
38 days after the disability benefits cease and is otherwise qualified to receive the
39 allowance.

40 (c) Payment to a retired firefighter or rescue squad worker under the provisions of this
41 section shall cease upon the earlier of the following:

42 (1) The death of the firefighter or rescue squad worker.

43 (2) The last day of the month in which the firefighter or rescue squad worker
44 attains 62 years of age.

45 (3) The first day of reemployment by any State department, agency, or institution,
46 except that this subdivision does not apply to a firefighter or rescue squad
47 worker returning to State employment in a position exempt from the North
48 Carolina Human Resources Act in an agency other than the agency from
49 which that firefighter or rescue squad worker retired.

50 (d) This section does not affect the benefits to which an individual may be entitled from
51 State, local, federal, or private retirement systems. The benefits payable under this section shall

1 not be subject to any increases in salary or retirement allowances that may be authorized by the
2 General Assembly for employees of the State or retired employees of the State.

3 (e) The head of each State department, agency, or institution shall determine the
4 eligibility of employees for the benefits provided under this section.

5 (f) The Director of the Budget may authorize the transfer of funds within the budgets of
6 each State department, agency, or institution necessary to carry out the purposes of this section.
7 These funds shall be taken from those appropriated to the department, agency, or institution for
8 salaries and related fringe benefits.

9 (g) The head of each State department, agency, or institution shall make the payments set
10 forth in subsection (b) of this section to those persons certified under subsection (e) of this section
11 from funds available in subsection (f) of this section.

12 **§ 143-166.92. Special separation allowances for local firefighters and rescue squad**
13 **workers.**

14 (a) The following definitions apply in this section:

15 (1) "Creditable service" means the service for which credit is allowed under the
16 retirement system of which the firefighter or rescue squad worker is a member,
17 provided that at least fifty percent (50%) of the service is as a firefighter or
18 rescue squad worker.

19 (2) "Firefighter" means a person (i) who is a full-time paid employee of an
20 employer that participates in the Local Governmental Employees' Retirement
21 System, or an equivalent locally sponsored retirement plan, and maintains a
22 fire department certified by the North Carolina Department of Insurance or a
23 County Fire Marshal's Office and (ii) who is actively serving in a position with
24 assigned primary duties and responsibilities for the prevention, detection, and
25 suppression of fire.

26 (3) "Rescue squad worker" means a person (i) who is a full-time paid employee
27 of an employer that participates in the Local Governmental Employees'
28 Retirement System and maintains a rescue squad or emergency medical
29 services team certified by the North Carolina Department of Insurance or the
30 Department of Health and Human Services and (ii) who is actively serving in
31 a position with assigned primary duties and responsibilities for the alleviation
32 of human suffering and assistance to persons who are in difficulty, who are
33 injured, or who become suddenly ill, by providing proper and efficient care or
34 emergency medical services.

35 (b) Every firefighter or rescue squad worker who qualifies under this section shall receive
36 an annual separation allowance beginning in the month in which the firefighter or rescue squad
37 worker retires on a basic service retirement under the provisions of G.S. 128-27(a) or a locally
38 sponsored retirement plan. The annual separation allowance shall be equal to eighty-five
39 hundredths percent (0.85%) of the annual equivalent of the base rate of compensation most
40 recently applicable to the firefighter or rescue squad worker for each year of creditable service.
41 The allowance shall be paid in equal installments on the payroll frequency used by the employer.
42 To qualify for the allowance, the firefighter or rescue squad worker shall meet all of the following
43 criteria:

44 (1) The firefighter or rescue squad worker has either (i) completed 30 or more
45 years of creditable service or (ii) attained 60 years of age and completed 25 or
46 more years of creditable service.

47 (2) The firefighter or rescue squad worker has not attained 62 years of age.

48 (3) The firefighter or rescue squad worker has completed at least five years of
49 continuous service, rendered on or after July 1, 2017, as a firefighter or rescue
50 squad worker immediately preceding a service retirement. Any break in the
51 continuous service required by this subdivision because of disability

1 retirement or disability salary continuation benefits shall not adversely affect
 2 a firefighter's or rescue squad worker's qualification to receive the allowance,
 3 provided the firefighter or rescue squad worker returns to service within 45
 4 days after the disability benefits cease and is otherwise qualified to receive the
 5 allowance.

6 (c) Payment to a retired firefighter or rescue squad worker under the provisions of this
 7 section shall cease upon the earlier of the following:

8 (1) The death of the firefighter or rescue squad worker.

9 (2) The last day of the month in which the firefighter or rescue squad worker
 10 attains 62 years of age.

11 (3) The first day of reemployment by a local government employer in any
 12 capacity.

13 Notwithstanding the provisions of subdivision (3) of this subsection, a local government
 14 employer may employ retired firefighters and rescue squad workers in a public safety position in
 15 a capacity not requiring participation in the Local Governmental Employees' Retirement System
 16 or an equivalent locally sponsored retirement plan, and doing so shall not cause payment to cease
 17 to those firefighters and rescue squad workers under the provisions of this section.

18 (d) This section does not affect the benefits to which an individual may be entitled from
 19 State, local, federal, or private retirement systems. The benefits payable under this section shall
 20 not be subject to any increases in salary or retirement allowances that may be authorized by local
 21 government employers or for retired employees of local governments.

22 (e) The governing body of each local employer shall determine the eligibility of
 23 employees for the benefits provided under this section.

24 (f) The governing body of each local employer shall make the payments set forth in
 25 subsection (b) of this section to those persons certified under subsection (e) of this section from
 26 funds available."

27 **SECTION 2.(b)** This section is effective when it becomes law and applies to
 28 firefighters and rescue squad workers retiring on or after July 1, 2022, with at least five years of
 29 continuous service that was rendered on or after July 1, 2017.

30
 31 **PART III. INCREASE THE DISABLED VETERAN PROPERTY TAX HOMESTEAD**
 32 **EXCLUSION, TO REIMBURSE LOCAL GOVERNMENTS FOR THEIR RESULTING**
 33 **REVENUE LOSS, AND TO PROVIDE A PROPERTY TAX HOMESTEAD EXCLUSION**
 34 **FOR THE SURVIVING SPOUSE OF QUALIFYING EMERGENCY PERSONNEL**

35 **SECTION 3.(a)** G.S. 105-277.1C reads as rewritten:

36 "**§ 105-277.1C. Disabled veteran property tax homestead exclusion.**

37 (a) Classification. – A permanent residence owned and occupied by a qualifying owner
 38 is designated a special class of property under Article V, Section 2(2) of the North Carolina
 39 Constitution and is taxable in accordance with this section. The first ~~forty-five thousand dollars~~
 40 ~~(\$45,000)~~ one hundred thousand dollars (\$100,000) of appraised value of the residence is
 41 excluded from taxation. A qualifying owner who receives an exclusion under this section may
 42 not receive other property tax relief.

43 (b) Definitions. – The following definitions apply in this section:

44 ...

45 (2a) Hold harmless amount. – The assessed value over forty-five thousand dollars
 46 (\$45,000) of a property excluded from taxation under subsection (a) of this
 47 section, multiplied by the applicable local tax rate.

48 ...

49 (8) Total hold harmless amount. – The sum of the following:

50 a. The hold harmless amount for all property excluded from taxation
 51 under subsection (a) of this section in the county.

1 b. The hold harmless amount for all property excluded from taxation
2 under subsection (a) of this section in the cities located in the county.

3 ...

4 (g) Reimbursement. – On or before September 1 of each year, each county tax collector
5 shall notify the Secretary of Revenue, in a manner prescribed by the Secretary, of the county's
6 total hold harmless amount. A county that fails to notify the Secretary of Revenue of its total hold
7 harmless amount by the due date is barred from receiving a reimbursement under this subsection
8 for that taxable year. On or before December 31 of each year, the Secretary of Revenue shall
9 distribute to each county its respective total hold harmless amount.

10 Any funds received by a county that are attributable to a city within the county must be
11 distributed to that respective city. Any funds received by a county or city because the county or
12 city was collecting taxes for another unit of government or special district must be credited to the
13 funds of that other unit or district in accordance with regulations issued by the Local Government
14 Commission.

15 In order to pay for the reimbursement under this section and the cost to the Department of
16 Revenue of administering the reimbursement, the Secretary of Revenue shall draw from
17 collections received under Part 2 of Article 4 of this Chapter an amount equal to the
18 reimbursement and the cost of administration."

19 **SECTION 3.(b)** Article 12 of Subchapter II of Chapter 105 of the General Statutes
20 is amended by adding a new section to read:

21 **"§ 105-277.1E. Surviving spouse property tax homestead exclusion.**

22 (a) Classification. – A permanent residence owned and occupied by a qualifying owner
23 is designated a special class of property under Section 2(2) of Article V of the North Carolina
24 Constitution and is taxable in accordance with this section. The appraised value of the residence
25 is excluded from taxation. A qualifying owner who receives an exclusion under this section may
26 not receive other property tax relief.

27 (b) Definitions. – The following definitions apply in this section:

28 (1) Emergency personnel officer. – Firefighting, search and rescue, or emergency
29 medical services personnel, a firefighter of the North Carolina Forest Service
30 as defined in G.S. 106-955, or any employee of any duly accredited State or
31 local government agency possessing authority to enforce the criminal laws of
32 the State who (i) is actively serving in a position with assigned primary duties
33 and responsibilities for prevention and detection of crime or the general
34 enforcement of the criminal laws of the State and (ii) possesses the power of
35 arrest by virtue of an oath administered under the authority of the State.

36 (2) Permanent residence. – Defined in G.S. 105-277.1.

37 (3) Property tax relief. – Defined in G.S. 105-277.1.

38 (4) Qualifying owner. – An owner, as defined in G.S. 105-277.1, who is a North
39 Carolina resident and is the surviving spouse who has not remarried of an
40 emergency personnel officer who was killed in the line of duty.

41 (c) Temporary Absence. – An owner does not lose the benefit of this exclusion because
42 of a temporary absence from his or her permanent residence for reasons of health or because of
43 an extended absence while confined to a rest home or nursing home, so long as the residence is
44 unoccupied or occupied by a dependent of the owner, other than a spouse.

45 (d) Other Multiple Owners. – This subsection applies to co-owners who are not husband
46 and wife. Each co-owner of a permanent residence must apply separately for the exclusion
47 allowed under this section.

48 When one or more co-owners of a permanent residence qualify for the exclusion allowed
49 under this section and none of the co-owners qualifies for the exclusion allowed under
50 G.S. 105-277.1, each co-owner is entitled to the full amount of the exclusion allowed under this
51 section. The exclusion allowed to one co-owner may not exceed the co-owner's proportionate

1 share of the valuation of the property, and the amount of the exclusion allowed to all the
 2 co-owners may not exceed the exclusion allowed under this section.

3 When one or more co-owners of a permanent residence qualify for the exclusion allowed
 4 under this section and one or more of the co-owners qualify for the exclusion allowed under
 5 G.S. 105-277.1, each co-owner who qualifies for the exclusion allowed under this section is
 6 entitled to the full amount of the exclusion. The exclusion allowed to one co-owner may not
 7 exceed the co-owner's proportionate share of the valuation of the property, and the amount of the
 8 exclusion allowed to all the co-owners may not exceed the greater of the exclusion allowed under
 9 this section and the exclusion allowed under G.S. 105-277.1.

10 (e) Application. – An application for the exclusion allowed under this section should be
 11 filed during the regular listing period but may be filed and must be accepted at any time up to
 12 and through June 1 preceding the tax year for which the exclusion is claimed. Persons may apply
 13 for this property tax relief by entering the appropriate information on a form made available by
 14 the assessor under G.S. 105-282.1."

15 **SECTION 3.(c)** G.S. 105-282.1(a) reads as rewritten:

16 "(a) Application. – Every owner of property claiming exemption or exclusion from
 17 property taxes under the provisions of this Subchapter has the burden of establishing that the
 18 property is entitled to it. If the property for which the exemption or exclusion is claimed is
 19 appraised by the Department of Revenue, the application shall be filed with the Department.
 20 Otherwise, the application shall be filed with the assessor of the county in which the property is
 21 situated. An application must contain a complete and accurate statement of the facts that entitle
 22 the property to the exemption or exclusion and must indicate the municipality, if any, in which
 23 the property is located. Each application filed with the Department of Revenue or an assessor
 24 shall be submitted on a form approved by the Department. Application forms shall be made
 25 available by the assessor and the Department, as appropriate.

26 Except as provided below, an owner claiming an exemption or exclusion from property taxes
 27 must file an application for the exemption or exclusion annually during the listing period.

28 ...

29 (2) Single application required. – An owner of one or more of the following
 30 properties eligible for a property tax benefit must file an application for the
 31 benefit to receive it. Once the application has been approved, the owner does
 32 not need to file an application in subsequent years unless new or additional
 33 property is acquired or improvements are added or removed, necessitating a
 34 change in the valuation of the property, or there is a change in the use of the
 35 property or the qualifications or eligibility of the taxpayer necessitating a
 36 review of the benefit.

37 a. Property exempted from taxation under G.S. 105-278.3, 105-278.4,
 38 105-278.5, 105-278.6, 105-278.7, or 105-278.8.

39 b. Special classes of property excluded from taxation under
 40 G.S. 105-275(3), (7), (8), (12), (17), (18), (19), (20), (21), (31e), (35),
 41 (36), (38), (39), (41), or (45) or under G.S. 105-277.1E or
 42 G.S. 131A-21.

43 c. Special classes of property classified for taxation at a reduced
 44 valuation under G.S. 105-277(h), 105-277.1, 105-277.1C, 105-277.10,
 45 105-277.13, 105-277.14, 105-277.15, 105-277.17, or 105-278.

46"

47 **SECTION 3.(d)** This section is effective for taxes imposed for taxable years
 48 beginning on or after July 1, 2019.

49
 50 **PART IV. PROPERTY MANAGEMENT CONTRACTS**

51 **SECTION 4.(a)** G.S. 105-164.3(30b), as enacted by S.L. 2018-5, reads as rewritten:

"§ 105-164.3. Definitions.

The following definitions apply in this Article:

- ...
- (30b) Property management contract. – A written contract to manage one or more of the activities listed in this subdivision that are related to real property used for business, educational, commercial, residential, vacation, or income-producing purposes on behalf of the property owner. The activity may include the lease or rental of the property on behalf of the ~~owner, other than the lease or rental of an accommodation taxable under G.S. 105-164.4(a)(3).~~ owner. The term does not include a contract for repair, maintenance, and installation services for real property. The activities that may be performed under a property management contract are as follows:
- a. Hiring and supervising employees for the property.
 - b. Providing a person to manage the property.
 - c. Receiving and applying revenues received from tenants of the property.
 - d. Arranging for services from third parties in order to comply with the landlord's obligations under a lease or rental agreement or to comply with facility-related needs of the property's occupants. The activity may include supplemental repair, maintenance, and installation services to complement taxable services provided by third-party vendors if no additional fee is imposed under the contract for that supplemental service.
 - e. Incurring and paying expenses derived from the operation of the real property.
 - f. Handling administrative affairs for the real property."

SECTION 4.(b) G.S. 105-164.13(61a), as amended by S.L. 2018-5, reads as rewritten:

"§ 105-164.13. Retail sales and use tax.

The sale at retail and the use, storage, or consumption in this State of the following tangible personal property, digital property, and services are specifically exempted from the tax imposed by this Article:

- ...
- (61a) The sales price of or the gross receipts derived from the repair, maintenance, and installation services and service contracts listed in this subdivision are exempt from tax. Except as otherwise provided in this subdivision, property and services used to fulfill either a repair, maintenance, or installation service or a service contract exempt from tax under this subdivision are taxable. The list of repair, maintenance, and installation services and service contracts exempt from tax under this subdivision is as follows:

- ...
- r. A property management contract. This exemption also applies to the purchase or use of property or services to comply with the landlord's obligations under a lease or rental agreement or to comply with facility-related needs of the property's occupants, and it applies to supplemental repair, maintenance, and installation services to complement taxable services provided by third-party vendors if no additional fee is imposed under the contract for that supplemental services. This exemption does not apply to any of the following:
1. Sales and use taxes authorized under G.S. 105-164.4F(b) and imposed pursuant to G.S. 105-164.4F(b) and (e).

2. Local option occupancy taxes authorized and imposed under G.S. 160A-215(g) and G.S. 153A-155(g).
3. Local sales and use taxes authorized by Subchapter VII of this Chapter."

SECTION 4.(c) Section 38.5(aa) of S.L. 2018-5 reads as rewritten:

"SECTION 38.5.(aa) Except as otherwise provided, this section is effective when it becomes law.

Subsection (a) of this section is effective retroactively to January 1, 2017. If the amendment to G.S. 105-164.3(20b), as enacted by subsection (a) of this section, increases sales and use tax liability, then it is effective when this section becomes law.

Subsection (g) of this section is effective retroactively to January 1, 2017, and applies to sales and purchases made on or after that date.

Subsection (k) of this section is effective retroactively to July 1, 2014. A person who paid sales and use tax for a return period ending prior to the date this section becomes law on an item exempt from sales and use tax pursuant to G.S. 105-164.13E, as amended by subsection (k) of this section, may apply to the Department of Revenue for a refund of any excess tax paid to the extent the refund is the result of the change in the law enacted by subsection (k) of this section. A request for a refund must be made on or before October 1, 2018. Notwithstanding G.S. 105-241.6, a request for a refund received after this date is barred and the provisions of G.S. 105-164.11 do not apply.

Subsections (x) and (y) of this section become effective ~~January 1, 2020.~~January 1, 2017."

SECTION 4.(d) This section is effective when it becomes law.

PART V. EXEMPT BURIAL PROPERTY FROM PROPERTY TAXES

SECTION 5.(a) G.S. 105-278.2 reads as rewritten:

"§ 105-278.2. Burial property.

...

(b) ~~Taxable real property set apart for human burial purposes is hereby designated a special class of property under authority of Article V, Section 2(2) of the North Carolina Constitution, and it shall be assessed for taxation taking into consideration the following:~~

- ~~(1) The effect on its value by division and development into burial plots;~~
- ~~(2) Whether it is irrevocably dedicated for human burial purposes by plat recorded with the Register of Deeds in the county in which the land is located; and~~
- ~~(3) Whether the owner is prohibited or restricted by law or otherwise from selling, mortgaging, leasing or encumbering the same.~~

Real property set apart for burial purposes owned and held for purposes of (i) sale or rental or (ii) sale of burial rights therein is exempted from taxation. A single application is required under G.S. 105-282.1 for property exempt under this subsection.

If the property set apart for burial purposes under this subsection no longer qualifies as burial property, the tax exemption is forfeited. Property set apart for burial purposes under this subsection no longer qualifies when that property is sold, conveyed, leased, encumbered, or disposed of. The taxpayer must notify the Department within 14 days of the forfeiture. A taxpayer that forfeits the tax exemption under this subsection is liable for all past taxes avoided on the forfeited property plus interest at the rate established under G.S. 105-241.21, computed from the date the taxes would have been due if the exemption had not been allowed. The past taxes and interest are due 30 days after the date the exemption is forfeited; a taxpayer that fails to pay the past taxes and interest by the due date is subject to the penalties provided in G.S. 105-236.

(c) ~~For purposes of this section, the term "real property" includes land, tombs, vaults, monuments, and mausoleums, and the term "burial" includes entombment.~~entombment and the term "real property" includes any of the following on the burial property:

- 1 (1) Land.
 2 (2) Tombs, vaults, monuments, or mausoleums.
 3 (3) Buildings, structures, improvements, or permanent fixtures."

4 **SECTION 5.(b)** G.S. 105-282.1(a) reads as rewritten:

5 "(a) Application. – Every owner of property claiming exemption or exclusion from
 6 property taxes under the provisions of this Subchapter has the burden of establishing that the
 7 property is entitled to it. If the property for which the exemption or exclusion is claimed is
 8 appraised by the Department of Revenue, the application shall be filed with the Department.
 9 Otherwise, the application shall be filed with the assessor of the county in which the property is
 10 situated. An application must contain a complete and accurate statement of the facts that entitle
 11 the property to the exemption or exclusion and must indicate the municipality, if any, in which
 12 the property is located. Each application filed with the Department of Revenue or an assessor
 13 shall be submitted on a form approved by the Department. Application forms shall be made
 14 available by the assessor and the Department, as appropriate.

15 Except as provided below, an owner claiming an exemption or exclusion from property taxes
 16 must file an application for the exemption or exclusion annually during the listing period.

- 17 (1) No application required. – Owners of the following exempt or excluded
 18 property do not need to file an application for the exemption or exclusion to
 19 be entitled to receive it:

- 20 a. Property exempt from taxation under G.S. 105-278.1 or ~~G.S.~~
 21 ~~105-278.2.~~G.S. 105-278.2(a).

22

- 23 (2) Single application required. – An owner of one or more of the following
 24 properties eligible for a property tax benefit must file an application for the
 25 benefit to receive it. Once the application has been approved, the owner does
 26 not need to file an application in subsequent years unless new or additional
 27 property is acquired or improvements are added or removed, necessitating a
 28 change in the valuation of the property, or there is a change in the use of the
 29 property or the qualifications or eligibility of the taxpayer necessitating a
 30 review of the benefit.

- 31 a. Property exempted from taxation under G.S. 105-278.2(b), 105-278.3,
 32 105-278.4, 105-278.5, 105-278.6, 105-278.7, or 105-278.8.

33 "

34 **SECTION 5.(c)** This section is effective for taxes imposed for taxable years
 35 beginning on or after July 1, 2019.

36
 37 **PART VI. CLARIFYING LANGUAGE FOR CHARTER SCHOOLS**

38 **SECTION 6.** G.S. 115C-218.45 reads as rewritten:

39 "**§ 115C-218.45. Admission requirements.**

40 ...

- 41 (f) The charter school may give enrollment priority to any of the following:

- 42 (1) Siblings of currently enrolled students who were admitted to the charter school
 43 ~~in a previous year.~~ school. For the purposes of this section, the term "siblings"
 44 includes any of the following who reside in the same household: half siblings,
 45 stepsiblings, and children residing in a family foster home.

46 "

47
 48 **PART VII. TAXATION OF CRANES**

49 **SECTION 7.(a)** G.S. 105-164.13(5m) reads as rewritten:

- 50 "(5m) **(Effective July 1, 2018)** Sales of a crane, or an attachment or repair part for a
 51 crane, that meets the requirements of sub-subdivisions a. and b. of this

subdivision, and sales of equipment, or an attachment or repair part for equipment, that meets all of the following requirements:

- a. Is sold to a company that is engaged in the fabrication of metal work and that has annual gross receipts, including the gross receipts of all related persons, as defined in G.S. 105-163.010, from the fabrication of metal work of at least eight million dollars (\$8,000,000).
- b. Is capitalized by the company for tax purposes under the Code.
- c. Is used by the company at the establishment in the fabrication or manufacture of metal products or used by the company to create equipment for the fabrication or manufacture of metal products."

SECTION 7.(b) This section becomes effective July 1, 2018, and applies to purchases made on or after that date.

PART VIII. WORKER CLASSIFICATION FOR DIGITAL PLATFORMS

SECTION 8.(a) G.S. 95-25.2 reads as rewritten:

"§ 95-25.2. Definitions.

In this Article, unless the context otherwise requires:

...

(19) "Marketplace contractor" means a person that enters into an agreement with a marketplace platform to use the platform's online-enabled application, software, Web site, or system to receive service requests from third parties and does not perform any of the service requests at or from a physical business location operated by the marketplace platform.

(20) "Marketplace platform" means a person that operates an online-enabled application, software, Web site, or system that facilitates the provision of services by marketplace contractors to individuals or entities seeking such services and accepts service requests from the public only through its online-enabled application, software, Web site, or system."

SECTION 8.(b) G.S. 95-25.14(a) reads as rewritten:

"§ 95-25.14. Exemptions.

(a) The provisions of G.S. 95-25.3 (Minimum Wage), G.S. 95-25.4 (Overtime), and G.S. 95-25.5 (Youth Employment), and the provisions of G.S. 95-25.15(b) (Record Keeping) as they relate to these exemptions, do not apply to:

...

(9) Any marketplace contractor where an employer-employee relationship is deemed not to exist pursuant to G.S. 95-25.24B(a)."

SECTION 8.(c) Article 2A of Chapter 95 of the General Statutes is amended by adding a new section to read:

"§ 95-25.24B. Marketplace contractor status.

(a) A marketplace contractor shall not be deemed to be an employee of a marketplace platform if the marketplace contractor enters into a written contract with the marketplace platform that provides for all of the following:

(1) The marketplace contractor shall be an independent contractor with respect to the marketplace platform.

(2) The marketplace platform shall not unilaterally prescribe specific hours during which the marketplace contractor must be available to accept service requests from third-party individuals or entities submitted through the marketplace platform's online-enabled application, software, Web site, or system.

(3) The marketplace platform shall not prohibit the marketplace contractor from using any online-enabled application, software, Web site, or system offered by other marketplace platforms.

- 1 (4) The marketplace platform shall not restrict the contractor from engaging in
- 2 any other occupation or business.
- 3 (5) The marketplace contractor shall bear all or substantially all of the contractor's
- 4 own expenses that are incurred by the contractor in performing the services.
- 5 (6) The marketplace platform shall not provide on-site supervision during the
- 6 performance of the services by the marketplace contractor.
- 7 (7) The marketplace contractor shall not require the contractor to use specific
- 8 materials, supplies, or equipment in performing the services.
- 9 (8) The marketplace contractor is obligated to pay federal and State income tax
- 10 on any moneys earned pursuant to the contract relationship.

11 (b) Nothing in this section shall be construed to prohibit a marketplace platform from
 12 establishing that an employer-employee relationship does not exist with a marketplace contractor
 13 pursuant to any other provision of law if the conditions of subsection (a) of this section are not
 14 met.

15 (c) Subsection (a) of this section shall not apply to a marketplace contractor where the
 16 services performed by the marketplace contractor are performed at or from a physical business
 17 location operated by the marketplace platform or when the services performed consist of
 18 transporting freight, sealed and closed envelopes, boxes, parcels, or other sealed and closed
 19 containers for compensation.

20 (d) Nothing in this section shall be construed to affect the assessment, collection, or
 21 reporting of sales or income tax from a marketplace contractor or marketplace platform."

22 **SECTION 8.(e)** G.S. 97-13 reads as rewritten:

23 **"§ 97-13. Exceptions from provisions of Article.**

24 ...

25 (e) Marketplace Contractors. – This Article shall not apply to marketplace contractors
 26 where an employer-employee relationship is deemed not to exist pursuant to G.S. 95-25.24B(a)."

27 **SECTION 8.(f)** This section becomes effective July 1, 2018.

28 **SECTION 9.** Except as otherwise provided, this act is effective when it becomes
 29 law.