

**§ 105-40. Amusements – Certain exhibitions, performances, and entertainments exempt from tax.**

The following forms of amusement are exempt from the taxes imposed under this Article:

- (1) All exhibitions, performances, and entertainments, except as in this Article expressly mentioned as not exempt, produced by local talent exclusively, for the benefit of religious, charitable, benevolent or educational purposes, as long as no compensation is paid to the local talent.
- (2) The North Carolina Symphony Society, Incorporated, as specified in G.S. 140-10.1.
- (3) All exhibits, shows, attractions, and amusements operated by a society or association organized under the provisions of Chapter 106 of the General Statutes where the society or association has obtained a permit from the Secretary to operate without the payment of taxes under this Article.
- (4) All outdoor historical dramas, as specified in Article 19C of Chapter 143 of the General Statutes.
- (5) All elementary and secondary school athletic contests, dances, and other amusements.
- (6) The first one thousand dollars (\$1,000) of gross receipts derived from dances and other amusements actually promoted and managed by civic organizations when the entire proceeds of the dances or other amusements are used exclusively for civic and charitable purposes of the organizations and not to defray the expenses of the organization conducting the dance or amusement. The mere sponsorship of a dance or another amusement by a civic or fraternal organization does not exempt the dance or other amusement, because the exemption applies only when the dance or amusement is actually managed and conducted by the civic or fraternal organization.
- (6a) A youth athletic contest with an admissions price that does not exceed ten dollars (\$10.00) sponsored by a person exempt from income tax under Article 4 of this Chapter. For the purpose of this subdivision, a youth athletic contest means a contest in which each participating athlete is less than 20 years of age.
- (7) All dances, motion picture shows, and other amusements promoted and managed by a qualifying corporation that operates a center for the performing and visual arts if the dance or other amusement is held at the center. "Qualifying corporation" means a corporation that is exempt from income tax under G.S. 105-130.11(a)(3). "Center for the performing and visual arts" means a facility, having a fixed location, that provides space for dramatic performances, studios, classrooms, and similar accommodations to organized arts groups and individual artists. This exemption does not apply to athletic events.
- (7a) All exhibitions, performances, and entertainments promoted and managed by "a nonprofit arts organization." This exemption does not apply to athletic events. A "nonprofit arts organization" is an organization that meets both of the following requirements:
  - a. It is exempt from income tax under G.S. 105-130.11(a)(3).
  - b. Its primary purpose is to create, produce, present, or support music, dance, theatre, literature, or visual arts.

- (8) A person that is exempt from income tax under Article 4 of this Chapter and is engaged in the business of operating a teen center. A "teen center" is a fixed facility whose primary purpose is to provide recreational activities, dramatic performances, dances, and other amusements exclusively for teenagers.
- (9) All entertainments or amusements offered or given on the Cherokee Indian reservation when the person giving, offering, or managing the entertainment or amusement is authorized to do business on the reservation and pays the tribal gross receipts levy to the tribal council.
- (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 consecutive 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 consecutive 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.
- (12) All farm-related exhibitions, shows, attractions, or amusements offered on land used for bona fide farm purposes as defined in G.S. 153A-340. (1939, c. 158, s. 108; 1998-95, ss. 5.1, 6; 1998-96, s. 2; 1999-337, s. 15(b); 2000-140, s. 61; 2004-84, s. 1; 2006-216, s. 1; 2007-527, ss. 2, 3(a), (b); 2009-550, s. 5.1.)