

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

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HOUSE BILL 2047\*

Short Title: Video Service Competition Act. (Public)

Sponsors: Representatives Carney, Luebke, McComas, Wainwright (Primary Sponsors); Brubaker, Church, Hill, Wilkins, Adams, and Faison.

Referred to: Finance.

May 18, 2006

A BILL TO BE ENTITLED  
AN ACT TO PROMOTE CONSUMER CHOICE IN VIDEO SERVICE PROVIDERS  
AND TO ESTABLISH UNIFORM TAXES FOR VIDEO PROGRAMMING  
SERVICES.

The General Assembly of North Carolina enacts:

**SECTION 1.** Chapter 66 of the General Statutes is amended by adding a new Article to read:

"Article 42.

"State Franchise for Cable Television Service.

**"§ 66-350. Definitions.**

The following definitions apply in this Article:

- (1) Cable service. – Defined in G.S. 105-164.3.
- (2) Cable system. – Defined in 47 U.S.C. § 522.
- (3) Channel. – A portion of the electromagnetic frequency spectrum that is used in a cable system and is capable of delivering a television channel.
- (4) Commission. – The North Carolina Utilities Commission.
- (5) Existing agreement. – A local franchise agreement that was awarded under G.S. 153A-137 or G.S. 160A-319 and is in effect on January 1, 2007.
- (6) Pass a household. – Make service available to a household, regardless of whether the household subscribes to the service.
- (7) PEG channel. – A public, educational, or governmental access channel provided to a county or city.

**"§ 66-351. State franchising authority.**

(a) Authority. – The North Carolina Utilities Commission is designated the exclusive franchising authority in this State for cable service provided over a cable system. This designation replaces the authorization to counties and cities in former

1 G.S. 153A-137 and G.S. 160A-319 to award a franchise for cable service. This  
2 designation is effective January 1, 2007. After this date, a county or city may not award  
3 or renew a franchise for cable service.

4 (b) Award and Scope. – The Commission is considered to have awarded a  
5 franchise to a person who files a notice of service under G.S. 66-352. A franchise for  
6 cable service authorizes the holder of the franchise to construct and operate a cable  
7 system over public rights-of-way within the area to be served. Chapter 160A of the  
8 General Statutes governs the regulation of public rights-of-way by a city.

9 **"§ 66-352. Notice and commencement of service.**

10 (a) Notice of Service. – A person who intends to provide cable service over a  
11 cable system in an area must file a notice of service with the Commission before  
12 providing the service. The notice is effective when it is filed with the Commission. The  
13 notice of service must include all of the following:

14 (1) The applicant's name and principal place of business.

15 (2) A description and map of the area to be served.

16 (3) A list of each county and city in which the described service area is  
17 located, in whole or in part.

18 (4) A schedule indicating when service is expected to be offered in part or  
19 all of the service area.

20 (b) Initial Service. – A person who files a notice of service under subsection (a)  
21 of this section must begin providing cable service in the service area described in the  
22 notice within 120 days after the notice is filed. If cable service does not begin within  
23 this period, the notice of service terminates 130 days after it was filed. If cable service  
24 begins within this period, the holder of the State-issued franchise must file a report of  
25 initial service with the Commission within 10 days after the cable service begins. Cable  
26 service begins when it passes one or more households in the described service area. This  
27 subsection does not apply to a cable service provider who terminates an existing  
28 agreement whose franchise area includes all of the service area described in a notice of  
29 service filed by the provider under subsection (a) of this section.

30 A report of initial service for a service area must include all of the following:

31 (1) The effective date of a notice of service for that area.

32 (2) A description and map of the service area.

33 (3) A statement that cable service has begun in the service area.

34 (c) Extension. – A person who intends to provide cable service over a cable  
35 system in an area that is contiguous with but outside the service area described in a  
36 notice of service on file with the Commission must file a notice of service under  
37 subsection (a) of this section that includes the proposed area. The initial service  
38 requirements in subsection (b) of this section apply to the proposed area. If the map of  
39 the area to be served includes any area that is part of the service area of another  
40 State-issued franchise, the termination of a notice of service for the proposed area for  
41 failure to begin service within the required time does not affect the status of the other  
42 State-issued franchise.

1 (d) Withdrawal. – A person may withdraw a notice of service by filing a notice  
2 of withdrawal with the Commission. The notice of withdrawal must be filed at least 90  
3 days before the service is withdrawn.

4 **"§ 66-353. Annual service report.**

5 A holder of a State-issued franchise must file an annual service report with the  
6 Commission. The report must be filed on or before July 15 of each year. The report  
7 must include all of the following:

8 (1) The effective date of a notice of service for that area.

9 (2) A description and map of the service area.

10 (3) The approximate number of households in the service area.

11 (4) A description and a map of the households passed in the service area  
12 as of July 1.

13 (5) The percentage of households passed in the service area as of July 1.

14 (6) The percentage of households passed in the service area as of July 1 of  
15 any preceding year for which a report was required under this  
16 subsection.

17 (7) A schedule indicating when service is expected to be offered in part or  
18 all of the service area, to the extent the schedule differs from one  
19 included in the notice of service or in a report previously submitted  
20 under this subsection, and an explanation of the reason for the new  
21 schedule.

22 **"§ 66-354. General filing and report requirements.**

23 A document filed with the Commission under this section must be signed by an  
24 officer or general partner of the person submitting the document. Within five days after  
25 a person files a document with the Commission under this section, the person must send  
26 a copy of the document to any county or city included in the service area described in  
27 the document. A document filed under this section is a public record as defined in  
28 G.S. 132-1.

29 A successor in interest to a person who has filed a notice of service is not required to  
30 file another notice of service. When a change in ownership occurs, the owner must file a  
31 notice of change in ownership with the Commission within 14 days after the change  
32 becomes effective.

33 **"§ 66-355. Effect on existing local franchise agreement.**

34 (a) Existing Agreement. – This Article does not affect an existing agreement  
35 except as follows:

36 (1) Effective January 1, 2007, gross revenue used to calculate the payment  
37 of the franchise tax imposed by G.S. 153A-154 or G.S. 160A-214 does  
38 not include gross receipts from cable service subject to sales tax under  
39 G.S. 105-164.4. This exclusion does not otherwise affect the  
40 calculation of gross revenue and the payment to counties and cities of  
41 franchise tax revenue under existing agreements that have not been  
42 terminated under subsection (b) of this section.

43 (2) A cable service provider under an existing agreement may terminate  
44 the agreement in accordance with subsection (b) of this section when a

1 report of initial service filed under G.S. 66-352 indicates that one or  
2 more households in the franchise area of the existing agreement are  
3 passed by both the cable service provider under the existing agreement  
4 and the holder of a State-issued franchise.

5 (b) Termination. – To terminate an existing agreement, a cable service provider  
6 must file a notice of termination with the affected county or city and file a notice of  
7 service with the Commission. A termination of an existing agreement becomes effective  
8 at the end of a calendar quarter that is at least 30 days after the notice of termination is  
9 filed with the affected county or city. A termination of an existing agreement ends the  
10 obligations under the agreement as of the effective date of the termination but does not  
11 affect the rights or liabilities of the county or city, a taxpayer, or another person arising  
12 under the existing agreement before the effective date of the termination.

13 **"§ 66-356. Service standards and requirements.**

14 (a) Discrimination Prohibited. – A person who provides cable service over a  
15 cable system may not deny access to the service to any group of potential residential  
16 subscribers within the filed service area because of the race or income of the residents.  
17 A violation of this subsection is considered an unfair or deceptive act or practice under  
18 G.S. 75-1.1.

19 In determining whether a cable service provider has violated this subsection with  
20 respect to a group of potential residential subscribers in a service area, the following  
21 factors must be considered:

- 22 (1) The length of time since the provider filed the notice of service for the  
23 area. If less than a year has elapsed since the notice of service was  
24 filed, it is conclusively presumed that a violation has not occurred.  
25 (2) The cost of providing service to the affected group due to distance  
26 from facilities, density, or other factors.  
27 (3) Technological impediments to providing service to the affected group.  
28 (4) Inability to obtain access to property required to provide service to the  
29 affected group.

30 (b) FCC Standards. – A person who provides cable service over a cable system  
31 must comply with the customer service requirements in 47 C.F.R. § 76.309 and  
32 emergency alert requirements established by the Federal Communications Commission.  
33 The Consumer Protection Division of the Attorney General's office is designated as the  
34 State agency to receive and respond to customer complaints concerning cable service.  
35 The number for the Division must be printed on the customer's bill.

36 (c) No Build-Out. – No build-out requirements apply to a person who provides  
37 cable service under a State-issued franchise.

38 **"§ 66-357. Availability and use of PEG channels.**

39 (a) Application. – This section applies to a person who provides cable service  
40 under a State-issued franchise. It does not apply to a person who provides cable service  
41 under an existing agreement.

42 (b) Local Request. – A county or city must make a written request to a cable  
43 service provider for PEG channel capacity. The request must include a statement  
44 describing the county's or city's plan to operate and program each channel requested.

1 The cable service provider must provide the requested PEG channel capacity within 120  
2 days after it receives the written request.

3 (c) Initial PEG Channels. – If an area is included in both the franchise area of an  
4 existing agreement and the service area of a State-issued franchise, the terms of the  
5 existing agreement, as of the filing date on the notice of service for the State-issued  
6 franchise, determine the required number, service tier placement, and transmission  
7 quality of initial PEG channels. The cable service provider must provide the number of  
8 PEG channels activated under those terms, giving equivalent service tier placement and  
9 transmission quality to those channels. The cable service provider must maintain the  
10 same channel designation for a PEG channel unless the service area of the State-issued  
11 franchise includes PEG channels that are operated by different counties or cities and  
12 those PEG channels have the same channel designation. The expiration of an existing  
13 agreement after January 1, 2007, does not affect the requirements in this subsection.

14 If no existing agreement includes any part of the service area of a State-issued  
15 franchise, then the number, service tier placement, and transmission quality of the initial  
16 PEG channels a cable service provider must provide depends upon the population of the  
17 city in which part or all of the service area is located. If the city's population is at least  
18 50,000, the cable service provider must provide up to three PEG channels on a basic  
19 service tier. If the city's population is less than 50,000, a cable service provider must  
20 provide up to two PEG channels on a basic service tier. The transmission quality of  
21 these PEG channels must be equivalent to those of the closest city covered by an  
22 existing agreement.

23 (d) Additional PEG Channels. – A county or city that does not have seven PEG  
24 channels, including the initial PEG channels, is eligible for an additional PEG channel if  
25 it meets the programming requirements in this subsection. A county or city that has  
26 seven PEG channels is not eligible for an additional channel.

27 A county or city that meets the programming requirements in this subsection may  
28 make a written request under subsection (b) of this section for an additional channel.  
29 The additional channel may be provided on any service tier. The transmission quality of  
30 the additional channel must be at least equivalent to the transmission quality of the other  
31 channels provided.

32 The PEG channels operated by a county or city must meet the following  
33 programming requirements in order for the county or city to obtain an additional  
34 channel:

- 35 (1) All of the PEG channels must have scheduled programming for at least  
36 eighty percent (80%) of the time for at least eight hours a day.
- 37 (2) The programming content of each of the PEG channels must not repeat  
38 more than fifteen percent (15%) of the programming content on any of  
39 the other PEG channels.
- 40 (3) No more than fifteen percent (15%) of the programming content on  
41 any of the PEG channels may be character-generated programming.

42 (e) Use of Channels. – If a county or city no longer provides any programming  
43 for transmission over a PEG channel it has activated, the channel may be reprogrammed  
44 at the cable service provider's discretion. A cable service provider must give at least 60

1 days notice to a county or city before it reprograms a PEG channel that is not used. The  
2 cable service provider must restore a previously lost PEG channel within 120 days of  
3 the date a county or city certifies to the provider a schedule that demonstrates the  
4 channel will be used.

5 (f) Operation of Channels. – A cable service provider is responsible only for the  
6 transmission of a PEG channel. The county or city to which the PEG channel is  
7 provided is responsible for the operation and content of the channel. A county or city  
8 that provides content to a cable service provider for transmission on a PEG channel is  
9 considered to have authorized the provider to transmit the content throughout the  
10 provider's service area, regardless of whether part of the service area is outside the  
11 boundaries of the county or city.

12 All programming on a PEG channel must be noncommercial. A cable service  
13 provider is not required to transmit content on a PEG channel that is branded with the  
14 logo, name, or other identifying marks of another cable service provider.

15 **"§ 66-358. Transmission of PEG channels.**

16 (a) Service. – When a cable service provider operating under a State-issued  
17 franchise begins providing cable service in an area, the service must include the  
18 transmission of PEG channels by one of the following methods:

19 (1) Interconnection of its cable system on reasonable and competitively  
20 neutral terms with any other cable system operated in its franchise or  
21 service area. Interconnection may be accomplished by direct cable,  
22 microwave link, satellite, or other method of connection.

23 (2) Transmission of the signal from each PEG channel programmer's  
24 origination site.

25 (b) Signal. – All PEG channel programming must meet the minimum recognized  
26 technical standards for the format used. If a PEG channel programmer transmits its  
27 signal in a format a cable service provider cannot transmit without altering the  
28 transmission signal, then the cable service provider must do one of the following:

29 (1) Alter the transmission signal to make it compatible with the  
30 technology or protocol the cable service provider uses to deliver its  
31 cable service.

32 (2) Provide to the county or city equipment needed to alter the  
33 transmission signal to make it compatible with the technology or  
34 protocol the cable service provider uses to deliver its cable service.

35 **"§ 66-359. Service to public building.**

36 At the written request of a county or city, a cable service provider operating under a  
37 State-issued franchise must provide cable service without charge to a public building  
38 located within 125 feet of the provider's cable system. The required service is the basic,  
39 or lowest-priced, service the provider offers to customers. The terms and conditions that  
40 apply to service provided to a retail customer apply to the service provided to the public  
41 building. Only one service outlet is required for a building. The cable service provider is  
42 not required to provide concealed inside wiring. A public building is a building used as  
43 a public school, a charter school, a county or city library, or a function of the county or  
44 city."

1           **SECTION 2.** G.S. 105-164.3 is amended by adding a new subdivision to  
2 read:

3 **"§ 105-164.3. Definitions.**

4       The following definitions apply in this Article:

5           ...

6           (50c) Video programming. – Programming provided by, or generally  
7           considered comparable to programming provided by, a television  
8           broadcast station, regardless of the method of delivery."

9           **SECTION 3.** G.S. 105-164.4(a)(6) reads as rewritten:

10          "(6) The combined general rate applies to the gross receipts derived from  
11          providing ~~any of the following broadcast services~~ video programming  
12          to a subscriber in this State. A cable service provider, a direct-to-home  
13          satellite service provider, and any other person engaged in the business  
14          of providing ~~any of these services~~ video programming is considered a  
15          retailer under this ~~Article~~ Article.

16           a. ~~Direct to home satellite service.~~

17           b. ~~Cable service."~~

18           **SECTION 4.** G.S. 105-164.4C(d) is recodified as G.S. 105-164.4D with the  
19 catchline "Bundled services."

20           **SECTION 5.** G.S. 105-164.4D, as recodified by Section 4 of this act, reads  
21 as rewritten:

22 **"§ 105-164.4D. Bundled services.**

23          ~~Bundled Services.~~—When a taxable ~~telecommunications~~ service is bundled with a  
24 service that is not taxable, the tax applies to the gross receipts from the taxable service  
25 in the bundle as follows:

26           (1) If the service provider offers all the services in the bundle on an  
27 unbundled basis, tax is due on the unbundled price of the taxable  
28 service, less the discount resulting from the bundling. The discount for  
29 a service as the result of bundling is the proportionate price decrease of  
30 the service, determined on the basis of the total unbundled price of all  
31 the services in the bundle compared to the bundled price of the  
32 services.

33           (2) If the service provider does not offer one or more of the services in the  
34 bundle on an unbundled basis, tax is due on the taxable service based  
35 on a reasonable allocation of revenue to that service. If the service  
36 provider maintains an account for revenue from a taxable service, the  
37 service provider's allocation of revenue to that service for the purpose  
38 of determining the tax due on the service must reflect its accounting  
39 allocation of revenue to that service."

40           **SECTION 6.** The catchline to G.S. 105-164.12B reads as rewritten:

41 **"§ 105-164.12B. ~~Bundled transactions.~~ Tangible personal property bundled with**  
42 **service contract."**

43           **SECTION 7.** G.S. 105-164.44F(a) reads as rewritten:

1       "(a) Amount. – The Secretary must distribute ~~to the cities~~ part of the taxes  
2 imposed by G.S. 105-164.4(a)(4c) on telecommunications service. The Secretary must  
3 make the distribution within 75 days after the end of each calendar quarter. The amount  
4 the Secretary must distribute is ~~eighteen and three one-hundredths percent (18.03%)~~ the  
5 following percentages of the net proceeds of the taxes collected during the ~~quarter~~,  
6 quarter:

- 7           (1) Eighteen and three one-hundredths percent (18.03%), minus two  
8 million six hundred twenty thousand nine hundred forty-eight dollars  
9 (\$2,620,948).(\$2,620,948), must be distributed to cities in accordance  
10 with this section. ~~This~~ The deduction is one-fourth of the annual  
11 amount by which the distribution to cities of the gross receipts  
12 franchise tax on telephone companies, imposed by former G.S. 105-20,  
13 was required to be reduced beginning in fiscal year 1995-96 as a result  
14 of the "freeze deduction." ~~The Secretary must distribute the specified~~  
15 ~~percentage of the proceeds, less the "freeze deduction" among the~~  
16 ~~cities in accordance with this section.~~  
17           (2) Seven and twenty-three one-hundredths percent (7.23%) must be  
18 distributed to counties and cities as provided in G.S. 105-164.44I."

19       **SECTION 8.** Article 5 of Chapter 105 of the General Statutes is amended by  
20 adding a new section to read:

21 **"§ 105-164.44I. Distribution of part of sales tax on video programming service and**  
22 **telecommunications service to counties and cities.**

23       (a) Distribution. – The Secretary must distribute to the counties and cities part of  
24 the taxes imposed by G.S. 105-164.4(a)(4c) on telecommunications service and  
25 G.S. 105-164.4(a)(6) on video programming service. The Secretary must make the  
26 distribution within 75 days after the end of each calendar quarter. The amount the  
27 Secretary must distribute is the sum of the following:

- 28           (1) The amount specified in G.S. 105-164.44F(a)(2).  
29           (2) Twenty-two and sixty-one one-hundredths percent (22.61%) of the net  
30 proceeds of the taxes collected during the quarter on video  
31 programming, other than on direct-to-home satellite service.  
32           (3) Thirty-seven percent (37%) of the net proceeds of the taxes collected  
33 during the quarter on direct-to-home satellite service.

34       (b) Supplemental PEG Support. – The Secretary must include the applicable  
35 amount of supplemental PEG channel support in each quarterly distribution to a county  
36 or city. The amount to include is one-fourth of sixteen thousand dollars (\$16,000) for  
37 each qualifying PEG channel operated by the county or city. The amount of money  
38 distributed under this subsection may not exceed two million dollars (\$2,000,000) in a  
39 calendar year. If the amount to be distributed for qualifying PEG channels in a calendar  
40 year would otherwise exceed this maximum amount, the Secretary must proportionately  
41 reduce the applicable amount distributable for each PEG channel. The amount included  
42 under this subsection in a distribution to a county or city is intended to supplement the  
43 PEG channel support available in the amount distributed under this section.



1 A county or city must certify to the Secretary by January 15 of each year the number  
2 of qualifying PEG channels it operates. A qualifying PEG channel is one that meets the  
3 programming requirements under G.S. 66-357(d). A county or city may not receive  
4 PEG channel support for more than three qualifying PEG channels.

5 The money distributed to a county or city under this subsection must be used by it  
6 for the operation and support of PEG channels. For purposes of this subsection, the term  
7 "PEG channel" has the same meaning as in G.S. 66-350.

8 (c) Counties and Cities Without Local Cable Revenue. – The share of a county  
9 that did not impose a cable franchise tax under G.S. 153A-154 before January 1, 2007,  
10 is one dollar (\$1.00) times the most recent annual population estimate for that county.  
11 The share of a city that did not impose a cable franchise tax under G.S. 160A-214  
12 before January 1, 2007, is two dollars (\$2.00) times the most recent annual population  
13 estimate for that city.

14 (d) Counties and Cities With Local Cable Revenue. – The share of a county or  
15 city that imposed a cable franchise tax under either G.S. 153A-154 or G.S. 160A-214  
16 before January 1, 2007, is its proportionate share of the amount to be distributed to all  
17 counties and to all cities eligible to receive a distribution under this subsection. The  
18 amount to be distributed under this subsection is the amount determined under  
19 subsection (a) of this section, minus the amount distributed under subsections (b) and  
20 (c) of this section. A county's and city's proportionate share is the amount of cable  
21 franchise tax it received under G.S. 153A-154 or G.S. 160A-214 during the 2005-2006  
22 fiscal year plus the amount of a subscriber fee imposed during the 2005-2006 fiscal year  
23 compared to the amount of cable franchise tax revenue and subscriber fee revenue all  
24 counties and cities received in that fiscal year. Each county or city that imposed a  
25 franchise tax under G.S. 153A-154 or G.S. 160A-214 must certify to the Secretary by  
26 January 15, 2007, the amount of cable franchise tax revenue and subscriber fee revenue  
27 it received in the 2005-2006 fiscal year.

28 For subsequent fiscal years, the Secretary must multiply the amount of a county's or  
29 city's share under this subsection for the preceding year by the percentage change in its  
30 population for that fiscal year and add the result to the county's or city's share for the  
31 preceding fiscal year to obtain the county's or city's adjusted amount. Each county's or  
32 city's proportionate share for that year is its adjusted amount compared to the sum of the  
33 adjusted amounts for all counties and cities.

34 (e) Population Determination. – In making population determinations under this  
35 section, the Secretary must use the most recent annual population estimates certified to  
36 the Secretary by the State Budget Officer. For purposes of the distributions made under  
37 this section, the population of a county is the population of its unincorporated areas plus  
38 the population of an ineligible city in the county, as determined under subsection (g) of  
39 this section.

40 (f) Change in City Structure. – The following changes apply when a city alters  
41 its corporate structure:

- 42 (1) If a city dissolves and is no longer incorporated, the proportional  
43 shares of the remaining counties and cities must be recalculated to  
44 adjust for the dissolution of that city.

1           (2)    If two or more cities merge or otherwise consolidate, their proportional  
 2                shares are combined.

3           (3)    If a city divides into two or more cities, the proportional share of the  
 4                city that divides is allocated among the new cities on a per capita basis.

5       (g)    Ineligible Cities. – An ineligible city is disregarded for all purposes under this  
 6        section. A city incorporated on or after January 1, 2000, is not eligible for a distribution  
 7        under this section unless it meets both of the following requirements:

8           (1)    It is eligible to receive funds under G.S. 136-41.2.

9           (2)    A majority of the mileage of its streets is open to the public.

10       (h)    Nature. – The General Assembly finds that the revenue distributed under this  
 11        section is local revenue, not a State expenditure, for the purpose of Section 5(3) of  
 12        Article III of the North Carolina Constitution. Therefore, the Governor may not reduce  
 13        or withhold the distribution."

14           **SECTION 9.** G.S. 105-164.21B is repealed.

15           **SECTION 10.** G.S. 153A-137 is repealed.

16           **SECTION 11.** G.S. 153A-154 is repealed.

17           **SECTION 12.** G.S. 160A-211 reads as rewritten:

18       **"§ 160A-211. Privilege license taxes.**

19       (a)    Authority. – Except as otherwise provided by law, a city shall have power to  
 20       levy privilege license taxes on all trades, occupations, professions, businesses, and  
 21       franchises carried on within the city. A city may levy privilege license taxes on the  
 22       businesses that were formerly taxed by the State under the following sections of Article  
 23       2 of Chapter 105 of the General Statutes only to the extent the sections authorized cities  
 24       to tax the businesses before the sections were repealed:

25		
26	G.S. 105-36	Amusements – Manufacturing, selling, leasing, or
27		distributing moving picture films.
28	G.S. 105-36.1	Amusements – Outdoor theatres.
29	G.S. 105-37	Amusements – Moving pictures – Admission.
30	G.S. 105-42	Private detectives and investigators.
31	G.S. 105-45	Collecting agencies.
32	G.S. 105-46	Undertakers and retail dealers in coffins.
33	G.S. 105-50	Pawnbrokers.
34	G.S. 105-51.1	Alarm systems.
35	G.S. 105-53	Peddlers, itinerant merchants, and specialty market
36		operators.
37	G.S. 105-54	Contractors and construction companies.
38	G.S. 105-55	Installing elevators and automatic sprinkler systems.
39	G.S. 105-61	Hotels, motels, tourist courts and tourist homes.
40	G.S. 105-62	Restaurants.
41	G.S. 105-65	Music machines.
42	G.S. 105-65.1	Merchandising dispensers and weighing machines.
43	G.S. 105-66.1	Electronic video games.
44	G.S. 105-74	Pressing clubs, dry cleaning plants, and hat blockers.

1	G.S. 105-77	Tobacco warehouses.
2	G.S. 105-80	Firearms dealers and dealers in other weapons.
3	G.S. 105-85	Laundries.
4	G.S. 105-86	Outdoor advertising.
5	G.S. 105-89	Automobiles, wholesale supply dealers, and service
6		stations.
7	G.S. 105-89.1	Motorcycle dealers.
8	G.S. 105-90	Emigrant and employment agents.
9	G.S. 105-91	Plumbers, heating contractors, and electricians.
10	G.S. 105-97	Manufacturers of ice cream.
11	G.S. 105-98	Branch or chain stores.
12	G.S. 105-99	Wholesale distributors of motor fuels.
13	G.S. 105-102.1	Certain cooperative associations.
14	G.S. 105-102.5	General business license.

15

16 (b) Barbershop and Salon Restriction. – A privilege license tax levied by a city  
 17 on a barbershop or a beauty salon may not exceed two dollars and fifty cents (\$2.50) for  
 18 each barber, manicurist, cosmetologist, beautician, or other operator employed in the  
 19 barbershop or beauty salon.

20 (c) ~~Piped Gas Restriction. Prohibition.~~ – A city may not levy a privilege license  
 21 ~~tax on a person who is engaged in the business of supplying piped natural gas and is~~  
 22 ~~subject to tax under Article 5E of Chapter 105 of the General Statutes.~~ impose a license,  
 23 franchise, or privilege tax on a person engaged in any of the businesses listed in this  
 24 subsection. These businesses are subject to a State tax for which the city receives a  
 25 share of the tax revenue.

26 (1) Supplying piped natural gas taxed under Article 5E of Chapter 105 of  
 27 the General Statutes.

28 (2) Providing telecommunications service taxed under  
 29 G.S. 105-164.4(a)(4c).

30 (3) Providing video programming taxed under G.S. 105-164.4(a)(6).

31 (d) ~~Telecommunications Restriction.~~ – A city may not impose a license,  
 32 ~~franchise, or privilege tax on a company taxed under G.S. 105-164.4(a)(4c)."~~

33 **SECTION 13.** G.S. 160A-214 is repealed.

34 **SECTION 14.** G.S. 160A-319(a) reads as rewritten:

35 "(a) A city shall have authority to grant upon reasonable terms franchises for ~~the~~  
 36 ~~operation within the city of a telephone system and~~ any of the enterprises listed in  
 37 ~~G.S. 160A-311 and for the operation of telephone systems.~~ G.S. 160A-311, except a  
 38 cable television system. A franchise granted by a city authorizes the operation of the  
 39 franchised activity within the city. No franchise shall be granted for a period of more  
 40 than 60 years, except that a franchise for solid waste collection or disposal systems and  
 41 facilities shall not be granted for a period of more than 30 years ~~and cable television~~  
 42 ~~franchises shall not be granted for a period of more than 20 years.~~ Except as otherwise  
 43 provided by law, when a city operates an enterprise, or upon granting a franchise, a city  
 44 may by ordinance make it unlawful to operate an enterprise without a franchise."

1           **SECTION 15.** An award of a State-issued franchise under Article 42 of  
2 Chapter 66 of the General Statutes, as enacted by this act, does not affect a  
3 determination of whether video programming provided by the holder of the franchise is  
4 considered cable service provided over a cable system under federal law or under a state  
5 law that applies substantially the same definitions of "cable service" and "cable system"  
6 as federal law.

7           **SECTION 16.** If any provision of this act or its application is held invalid,  
8 the invalidity does not affect other provisions or applications of this act that can be  
9 given effect without the invalid provisions or application, and to this end the provisions  
10 of this act are severable.

11           **SECTION 17.** The Revenue Laws Study Committee must review the effect  
12 Article 42 of Chapter 66, as enacted by this act, has on the following to determine if any  
13 changes to the law are needed and must report its findings to the 2009 Session of the  
14 North Carolina General Assembly:

15           (1) Competition in video programming services.

16           (2) The number of cable service subscribers, the price of cable service by  
17 service tier, and the technology used to deliver the service.

18           (3) The deployment of broadband in the State.

19           **SECTION 18.** This act becomes effective January 1, 2007. Sections 7 and 8  
20 of this act apply to the distribution made within 75 days after March 31, 2007, for the  
21 quarter starting January 1, 2007.