

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

S

D

SENATE BILL 153  
Finance Committee Substitute Adopted 6/27/17  
PROPOSED HOUSE COMMITTEE SUBSTITUTE S153-PCS35376-TM-26

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**



\* S 1 5 3 - P C S 3 5 3 7 6 - T M - 2 6 \*



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.

#### 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).





- 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.