



HOUSE BILL 739: Repeal Business License Fees

2015-2016 General Assembly

Committee: House Finance
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SUMMARY: *House Bill 739 repeals the authority of cities to charge a reasonable fee for regulating and licensing businesses operating within their limits.*

CURRENT LAW: G.S. 160A-194 authorizes cities to "regulate and license occupations, businesses, trades, professions, and forms of amusement or entertainment and prohibit those that may be inimical to the public health, welfare, safety, order, or convenience." A city is permitted to charge a reasonable fee associated with administering this regulatory system.

This statute prohibits cities from (1) examining or licensing a person who holds a license issued by an occupational licensing board as to the profession so licensed, or (2) regulating and licensing digital dispatch services.

Unlike the privilege license tax, which was a revenue raising system, regulatory fees must be tied to the cost of administering the related regulatory system. The School of Government has opined that under this statute "fees above \$10 or \$20 per business would run the risk of being viewed as unreasonable by a court."¹

BILL ANALYSIS: House Bill 739 would repeal the authority of a city to charge a reasonable fee for the regulation and licensing of businesses under this statute. A city would still be able to undertake this regulatory and licensing function, but it could not charge a fee for doing so.

EFFECTIVE DATE: This act is effective when it becomes law.

BACKGROUND: Generally speaking, the types of businesses most often regulated under this statute are either businesses that were exempt or capped under the privilege license tax statute or businesses that a city wanted to otherwise track or regulate, such as palm readers, massage parlors, pawn shops, and sexually oriented businesses. Several cities have considered using this statute as a way to regulate businesses operating within their limits in light of the forthcoming repeal of the local privilege license tax.

¹ [More Questions and Answers about the New Privilege License Law](#)

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