

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 649
Committee Substitute Favorable 6/17/93

Short Title: Thomasville Occupancy Tax.

(Local)

Sponsors:

Referred to:

March 29, 1993

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE THE CITY OF THOMASVILLE TO LEVY A ROOM
2 OCCUPANCY AND TOURISM DEVELOPMENT TAX AND TO SET THE
3 MAXIMUM COMBINED CITY AND COUNTY ROOM OCCUPANCY TAX
4 RATE FOR DAVIDSON COUNTY AND THE CITIES AND TOWNS LOCATED
5 IN DAVIDSON COUNTY.
6

7 The General Assembly of North Carolina enacts:

8 Section 1. Occupancy Tax.

9 (a) Authorization and Scope.

10 The Thomasville City Council may by resolution, after not less than 10-days'
11 public notice and after a public hearing held pursuant thereto, levy a room occupancy
12 tax of at least three percent (3%) and not more than six percent (6%) of the gross
13 receipts derived from the rental of any room, lodging, or similar accommodation
14 furnished by a hotel, motel, inn, or similar place within the city that is subject to sales
15 tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State
16 or local sales tax. This tax does not apply to accommodations furnished by nonprofit
17 charitable, educational, or religious organizations. If Davidson County is authorized to
18 levy a room occupancy tax, the combined room occupancy tax rates for Davidson
19 County and any city or town located in that county may not exceed six percent (6%).

20 (b) Collection.

21 Every operator of a business subject to the tax levied under this section shall,
22 on and after the effective date of the tax, collect the tax. This tax shall be collected as
23 part of the charge for furnishing a taxable accommodation. The tax shall be stated and

1 charged separately from the sales records, and shall be paid by the purchaser to the
2 operator of the business as trustee for and on account of the city. The tax shall be added
3 to the sales price and shall be passed on to the purchaser instead of being borne by the
4 operator of the business. The city shall design, print, and furnish to all appropriate
5 businesses and persons in the city the necessary forms for filing returns and instructions
6 to ensure the full collection of the tax.

7 (c) Administration.

8 The city shall administer a tax levied under this section. A tax levied under
9 this section is due and payable to the city finance officer in monthly installments on or
10 before the 15th day of the month following the month in which the tax accrues. Every
11 person, firm, corporation, or association liable for the tax shall, on or before the 15th
12 day of each month, prepare and render a return on a form prescribed by the city. The
13 return shall state the total gross receipts derived in the preceding month from rentals
14 upon which the tax is levied.

15 A return filed with the city finance officer under this section is not a public
16 record as defined by G.S. 132-1 and may not be disclosed except as required by law.

17 (d) Penalties.

18 A person, firm, corporation, or association who fails or refuses to file the
19 return required by this section is subject to the civil and criminal penalties set by G.S.
20 105-236 for failure to pay or file a return for State sales and use taxes. The Thomasville
21 City Council has the same authority to waive the penalties for a room occupancy tax
22 that the Secretary of Revenue has to waive the penalties for State sales and use taxes.

23 (e) Use of Tax Revenue.

24 If the Thomasville room occupancy tax rate does not exceed three percent
25 (3%), then at least two-thirds of the tax proceeds shall be used only to promote travel
26 and tourism in the city and any remaining proceeds shall be used only for tourism-
27 related expenditures. If the Thomasville room occupancy tax rate exceeds three percent
28 (3%), then the proceeds of the equivalent of a three percent (3%) tax shall be used in
29 accordance with the restrictions that apply to a tax that does not exceed three percent
30 (3%) and the excess proceeds shall be used only to construct or maintain a visitors'
31 center.

32 The term "promote travel and tourism" means to advertise or market an area
33 or activity, publish and distribute pamphlets and other materials, conduct market
34 research, or engage in similar promotional activities that attract tourists or business
35 travelers to the city; the term includes administrative expenses of the Thomasville
36 Tourism Commission incurred in engaging in the listed activities. The term "tourism-
37 related expenditures" means expenditures that are designed to increase the use of
38 lodging facilities in the city or attract tourists or business travelers to the city and the
39 amount retained by the city for its costs in administering and collecting the tax; it
40 includes expenditures for the construction or maintenance of a visitors' center but does
41 not include other capital expenditures.

42 (f) Thomasville Tourism Commission.

43 The Thomasville City Council shall, by resolution, establish the Thomasville
44 Tourism Commission and appoint members to the Commission. A resolution

1 establishing the Commission shall state the number and qualifications of the members
2 of the Commission, their terms of office, and their duties.

3 (g) Distribution to Tourism Commission.

4 The City of Thomasville shall, on a quarterly basis, remit the net proceeds of
5 the occupancy tax to the Thomasville Tourism Commission. As used in this subsection,
6 "net proceeds" means gross proceeds less five percent (5%) of the gross proceeds or the
7 cost to the city of administering and collecting the tax, whichever is greater. The
8 Thomasville Tourism Commission shall spend revenue remitted to it under this section
9 in accordance with the restrictions set in subsection (e) of this section. The Thomasville
10 Tourism Commission shall report at the close of the fiscal year to the City Council on
11 its receipts and expenditures for the preceding year in such detail as the council may
12 require.

13 (h) Effective Date of Levy.

14 A tax levied under this section shall become effective on the date specified in
15 the resolution levying the tax. That date must be the first day of a calendar month,
16 however, and may not be earlier than the first day of the second month after the date the
17 resolution is adopted.

18 (i) Repeal.

19 A tax levied under this section may be repealed by a resolution adopted by
20 the Thomasville City Council. Repeal of a tax levied under this section shall become
21 effective on the first day of a month and may not become effective until the end of the
22 fiscal year in which the repeal resolution was adopted. Repeal of a tax levied under this
23 section does not affect a liability for a tax that was attached before the effective date of
24 the repeal, nor does it affect a right to a refund of a tax that accrued before the effective
25 date of the repeal.

26 Sec. 2. This act is effective upon ratification.