

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 585

Short Title: Increase Lumberton Occupancy Tax.

(Local)

Sponsors: Senator Weinstein.

Referred to: Finance.

April 1, 1997

A BILL TO BE ENTITLED

**AN ACT TO INCREASE THE MAXIMUM RATE OF THE LUMBERTON ROOM
OCCUPANCY TAX FROM THREE PERCENT TO SIX PERCENT.**

The General Assembly of North Carolina enacts:

Section 1. Part IX of Chapter 908 of the 1983 Session Laws, as amended by Chapter 1028 of the 1983 Session Laws and Chapter 935 of the 1987 Session Laws, as it relates to the City of Lumberton only, is recodified and rewritten as Section 2 of this act.

Section 2. Lumberton Occupancy Tax. (a) Authorization and scope. The Lumberton City Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the city that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax.

(b) Authorization of additional tax. In addition to the tax authorized by subsection (a) of this section, the Lumberton City Council may levy an additional room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of accommodations taxable under subsection (a). The levy, collection, administration, and repeal of the tax authorized by this subsection shall be in accordance with the provisions of this section. The Lumberton City Council may not levy a tax under this subsection unless it also levies the tax authorized under subsection (a) of this section.

1 (c) Administration. A tax levied under this section shall be levied, administered,
2 collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S.
3 160A-215 apply to a tax levied under this section.

4 The tax collector may collect any unpaid taxes levied under this act through the
5 use of attachment and garnishment proceedings as provided in G.S. 105-368 for
6 collection of property taxes. The tax collector has the same enforcement powers
7 concerning the tax imposed by this act as does the Secretary of Revenue in enforcing the
8 State sales tax under G.S. 105-164.30.

9 (d) Distribution and use of tax revenue. The City of Lumberton shall use the net
10 proceeds of the tax only for tourism-related expenditures.

11 The following definitions apply in this subsection:

12 (1) Net proceeds. – Gross proceeds less the cost to the city of administering
13 and collecting the tax, as determined by the finance officer, not to
14 exceed seven percent (7%) of the gross proceeds.

15 (2) Tourism-related expenditures. – Any of the following expenditures:
16 sponsoring tourist-oriented events, encouraging tourism through
17 advertising and promotion, establishing a visitors' center, and other
18 expenditures that directly enhance tourism. The term also includes any
19 of the following expenditures: criminal justice system, fire protection,
20 public facilities and utilities, health facilities, and solid waste and
21 sewage treatment. The term does not include, however, expenditures
22 for services normally provided by the city on behalf of its citizens
23 unless these services promote tourism and enlarge its economic benefits
24 by enhancing the ability of the city to attract and provide for tourists.

25 Section 3. (a) Article 9 of Chapter 160A of the General Statutes is amended by
26 adding a new section to read:

27 **"§ 160A-215. Uniform provisions for room occupancy taxes.**

28 (a) Scope. – This section applies only to municipalities the General Assembly has
29 authorized to levy room occupancy taxes. For the purpose of this section, the term 'city'
30 means a municipality.

31 (b) Levy. – A room occupancy tax may be levied only by resolution, after not less
32 than 10 days' public notice and after a public hearing held pursuant thereto. A room
33 occupancy tax shall become effective on the date specified in the resolution levying the
34 tax. That date must be the first day of a calendar month, however, and may not be earlier
35 than the first day of the second month after the date the resolution is adopted.

36 (c) Collection. – Every operator of a business subject to a room occupancy tax
37 shall, on and after the effective date of the levy of the tax, collect the tax. The tax shall
38 be collected as part of the charge for furnishing a taxable accommodation. The tax shall
39 be stated and charged separately from the sales records and shall be paid by the purchaser
40 to the operator of the business as trustee for and on account of the taxing city. The tax
41 shall be added to the sales price and shall be passed on to the purchaser instead of being
42 borne by the operator of the business. The taxing city shall design, print, and furnish to
43 all appropriate businesses and persons in the city the necessary forms for filing returns

1 and instructions to ensure the full collection of the tax. An operator of a business who
2 collects a room occupancy tax may deduct from the amount remitted to the taxing city a
3 discount equal to the discount the State allows the operator for State sales and use tax.

4 (d) Administration. – The taxing city shall administer a room occupancy tax it
5 levies. A room occupancy tax is due and payable to the city finance officer in monthly
6 installments on or before the fifteenth day of the month following the month in which the
7 tax accrues. Every person, firm, corporation, or association liable for the tax shall, on or
8 before the fifteenth day of each month, prepare and render a return on a form prescribed
9 by the taxing city. The return shall state the total gross receipts derived in the preceding
10 month from rentals upon which the tax is levied. A room occupancy tax return filed with
11 the city finance officer is not a public record and may not be disclosed except in
12 accordance with G.S. 153A-148.1 or G.S. 160A-208.1.

13 (e) Penalties. – A person, firm, corporation, or association who fails or refuses to
14 file a room occupancy tax return or pay a room occupancy tax as required by law is
15 subject to the civil and criminal penalties set by G.S. 105-236 for failure to pay or file a
16 return for State sales and use taxes. The governing board of the taxing city has the same
17 authority to waive the penalties for a room occupancy tax that the Secretary of Revenue
18 has to waive the penalties for State sales and use taxes.

19 (f) Repeal or Reduction. – A room occupancy tax levied by a city may be repealed
20 or reduced by a resolution adopted by the governing body of the city. Repeal or
21 reduction of a room occupancy tax shall become effective on the first day of a month and
22 may not become effective until the end of the fiscal year in which the resolution was
23 adopted. Repeal or reduction of a room occupancy tax does not affect a liability for a tax
24 that was attached before the effective date of the repeal or reduction, nor does it affect a
25 right to a refund of a tax that accrued before the effective date of the repeal or reduction."

26 (b) This section applies only to the City of Lumberton.

27 Section 4. This act is effective when it becomes law.