

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1997**

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HOUSE BILL 1568  
Committee Substitute Favorable 6/24/98  
Committee Substitute #2 Favorable 7/15/98  
Senate Finance Committee Substitute Adopted 8/4/98

Short Title: St. Pauls/Statesville Occupancy Tax.

(Local)

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Sponsors:

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Referred to:

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May 28, 1998

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE THE TOWN OF ST. PAULS TO LEVY A ROOM  
2 OCCUPANCY AND TOURISM DEVELOPMENT TAX AND TO AUTHORIZE  
3 THE CITY OF STATESVILLE TO LEVY AN ADDITIONAL ROOM  
4 OCCUPANCY TAX TO FUND TOURISM PROMOTION AND OPERATING  
5 EXPENSES OF A CIVIC CENTER.  
6

7 The General Assembly of North Carolina enacts:

8 Section 1. St. Pauls occupancy tax. (a) Authorization and scope. The board of  
9 commissioners of the Town of St. Pauls may levy a room occupancy tax of up to one  
10 percent (1%) of the gross receipts derived from the rental of any room, lodging, or  
11 accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the  
12 town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This  
13 tax is in addition to any State or local sales tax. This tax does not apply to  
14 accommodations furnished by nonprofit charitable, educational, or religious  
15 organizations when furnished in furtherance of their nonprofit purpose.

1 (b) 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2 collected, and repealed as provided in G.S. 160A-215.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 (c) Distribution and use of tax revenue. The Town of St. Pauls shall, on a  
5 quarterly basis, remit the net proceeds of the occupancy tax to the St. Pauls Tourism  
6 Development Authority. The Authority shall use at least two-thirds of the funds remitted  
7 to it under this subsection to promote travel and tourism in St. Pauls and shall use the  
8 remainder for tourism-related expenditures.

9 The following definitions apply in this subsection:

10 (1) Net proceeds. – Gross proceeds less the cost to the town of  
11 administering and collecting the tax, as determined by the finance  
12 officer, not to exceed one percent (1%) of gross receipts collected each  
13 year.

14 (2) Promote travel and tourism. – To advertise or market an area or activity,  
15 publish and distribute pamphlets and other materials, conduct market  
16 research, or engage in similar promotional activities that attract tourists  
17 or business travelers to the area; the term includes administrative  
18 expenses incurred in engaging in the listed activities.

19 (3) Tourism-related expenditures. – Expenditures that, in the judgment of  
20 the Tourism Development Authority are designed to increase the use of  
21 lodging facilities, meeting facilities, or convention facilities in a town or  
22 to attract tourists or business travelers to the town. The term includes  
23 tourism-related capital expenditures.

24 Section 2. St. Pauls Tourism Development Authority. (a) Appointment and  
25 membership. When the board of commissioners of the Town of St. Pauls adopts a  
26 resolution levying a room occupancy tax under this act, it shall also adopt a resolution  
27 creating a town Tourism Development Authority, which shall be a public authority under  
28 the Local Government Budget and Fiscal Control Act. The resolution shall provide for  
29 the membership of the Authority, including the members' terms of office, and for the  
30 filling of vacancies on the Authority. At least one-third of the members must be  
31 individuals who are affiliated with businesses that collect the tax in the town and at least  
32 three-fourths of the members must be individuals who are currently active in the  
33 promotion of travel and tourism in the town. The board of commissioners shall designate  
34 one member of the Authority as chair and shall determine the compensation, if any, to be  
35 paid to members of the Authority.

36 The Authority shall meet at the call of the chair and shall adopt rules of  
37 procedure to govern its meetings. The Finance Officer for the Town of St. Pauls shall be  
38 the ex officio finance officer of the Authority.

39 (b) Duties. The Authority shall expend the net proceeds of the tax levied under  
40 this act for the purposes provided in Section 1 of this act. The Authority shall promote  
41 travel, tourism, and conventions in the town, sponsor tourist-related events and activities  
42 in the town, and finance tourist-related capital projects in the town.

1 (c) Reports. The Authority shall report quarterly and at the close of the fiscal year  
2 to the board of commissioners on its receipts and expenditures for the preceding quarter  
3 and for the year in such detail as the board of commissioners may require.

4 Section 3. Part V of Chapter 570 of the 1985 Session Laws, as amended by  
5 Chapter 930 of the 1985 Session Laws, reads as rewritten:

6 **"PART V. STATESVILLE OCCUPANCY TAX.**

7 Sec. 16. Authorization and Scope. – The city council of the City of Statesville  
8 may, if the Board of Commissioners of Iredell County has adopted a resolution under  
9 Section 15 of this act, ~~by resolution~~ levy a tax on of up to three percent (3%) of the gross  
10 receipts from the rental of accommodations within the corporate limits of the city, not to  
11 exceed three percent (3%). city that are subject to the sales tax imposed by the State under  
12 G.S. 105-164.4(a)(3). This tax applies to the rental of accommodations subject to sales tax  
13 under G.S. 105-164.4(3).

14 Sec. 16.1. Additional Tax. – In addition to the tax authorized by Section 16 of  
15 this Part, the city council of the City of Statesville may levy an additional room  
16 occupancy tax of up to two percent (2%) of the gross receipts derived from the rental of  
17 accommodations taxable under Section 16. The levy, collection, administration, and  
18 repeal of the tax authorized by this section shall be in accordance with the provisions of  
19 this Part. The City of Statesville may not levy a tax under this section unless it also  
20 levies the tax authorized under Section 16 of this Part.

21 Sec. 17. Definition of Collector. – As used in this Part, 'collector' means the  
22 Iredell County Tax Collector if the City of Statesville and Iredell County have so  
23 provided by contract, otherwise it means the city finance officer and/or city clerk, as may  
24 be designated by resolution of the city council.

25 Sec. 18. Collector to Collect Tax. – The collector shall collect and administer  
26 the occupancy tax levied by the city pursuant to this Part. The city council may adopt  
27 rules as needed by the collector to implement this Part.

28 Sec. 19. Administration. – A tax levied under this section shall be levied,  
29 administered, collected, and repealed as provided in G.S. 160A-215. The penalties  
30 provided in G.S. 160A-215 apply to a tax levied under this section. Every owner of a  
31 business subject to the tax levied by this Part shall, on and after the first day of the calendar  
32 month set by the governing body in the resolution levying the tax, collect the occupancy tax  
33 provided by this Part. This tax shall be collected as part of the charge for the furnishing of any  
34 taxable accommodations. The tax shall be stated and charged separately from the sales records,  
35 and shall be paid by the purchaser to the owner of the business as trustee for and on account of  
36 the city. The occupancy tax levied under this Part shall be added to the sales price and shall be  
37 passed on to the purchaser instead of being borne by the owner of the business. The city tax  
38 collector shall design, print, and furnish to all appropriate businesses in the city the necessary  
39 forms for filing returns and instructions to ensure the full collection of the tax. Every person  
40 liable for the tax imposed pursuant to this Part shall, on or before the 15th day of each month,  
41 prepare and submit a return on the prescribed form stating the total gross receipts derived during  
42 the preceding month from rentals upon which the tax is levied. The tax shall be due and payable  
43 to the tax collector on a monthly basis.

1 ~~Any person who fails or refuses to file the return required by this Part shall pay a~~  
2 ~~penalty of ten dollars (\$10.00) for each day's omission. In addition, any person who~~  
3 ~~refuses to file the return or pay the tax for a period of 30 days after the time required for~~  
4 ~~filing the return or for paying the tax shall pay a penalty of five percent (5%) of the tax~~  
5 ~~due. An additional penalty of five percent (5%) shall be imposed for each additional~~  
6 ~~month or fraction thereof in which the occupancy tax is not paid.~~

7 ~~Any person who willfully attempts in any manner to evade the occupancy tax or who~~  
8 ~~willfully fails to pay the tax or make and file the required return, shall, in addition to all~~  
9 ~~other penalties provided by law, be guilty of a misdemeanor and be punishable by a fine~~  
10 ~~not to exceed one thousand dollars (\$1,000), imprisonment not to exceed six months, or~~  
11 ~~both.~~

12 Sec. 20. Use of Proceeds. – The collector shall remit the proceeds of this tax  
13 the taxes levied under this Part to the city on a monthly basis. The city shall allocate the  
14 net proceeds of the three percent (3%) tax levied under Section 16. The funds received by  
15 the city pursuant to this Part shall be allocated to a special fund and used only use them only  
16 for operation–construction, operation, and maintenance of a civic center, for payment of  
17 interest or retiring principal on debt related to a civic center, or for promotion of travel  
18 and tourism. The city shall remit one-half of the net proceeds of the two percent (2%) tax  
19 levied under Section 16.1 to the Statesville Tourism Development Authority to be used to  
20 promote travel and tourism in the City of Statesville. The city shall use the remaining net  
21 proceeds of the two percent (2%) tax levied under Section 16.1 for operation and  
22 maintenance of a civic center and for payment of interest or retiring principal on debt  
23 related to a civic center.

24 The following definitions apply in this section:

- 25 (1) Net proceeds. – Gross proceeds less the cost to the city of administering  
26 and collecting the tax, as determined by the finance officer, not to  
27 exceed three percent (3%) of the first five hundred thousand dollars  
28 (\$500,000) of gross proceeds collected each year and one percent (1%)  
29 of the remaining gross receipts collected each year.
- 30 (2) Promote travel and tourism. – To advertise or market an area or activity,  
31 publish and distribute pamphlets and other materials, conduct market  
32 research, or engage in similar promotional activities that attract tourists  
33 or business travelers to the area; the term includes administrative  
34 expenses incurred in engaging in the listed activities.

35 Sec. 21. Collection Powers. – The collector may collect any unpaid taxes  
36 levied under this Part through the use of attachment and garnishment proceedings as  
37 provided in G.S. 105-368 for collection of property taxes. The collector has the same  
38 enforcement powers concerning the tax imposed under this Part as does the Secretary of  
39 Revenue in enforcing the State sales tax under G.S. 105-164.30.

40 ~~Sec. 22. The city council may by resolution repeal the levy of the occupancy~~  
41 ~~tax authorized by this Part. No liability for any tax levied under this Part that attached~~  
42 ~~prior to the date on which a levy is repealed is discharged by the repeal, and no right to a~~

1 refund of a tax that accrued prior to the effective date on which a levy is repealed shall be  
2 denied as a result of the repeal.

3 ~~Sec. 23. The definitions set forth in G.S. 105-164.3 apply to this Part insofar~~  
4 ~~as those definitions are not inconsistent with this Part.~~

5 Sec. 24. Civic Center Authority. – Before levying a tax under Section 16 of  
6 this Part, the City of Statesville shall either establish a civic center authority, adopt a  
7 resolution that the city intends to pursue and develop goals involving a civic center and  
8 travel and tourism in the City of Statesville, or by resolution provide that a civic center  
9 shall be administered as or by a department of the city. If an authority is established, it  
10 shall have the number of members set forth in the resolution establishing it, which  
11 members shall be appointed by the Mayor. The city council may grant to the Authority  
12 any or all of the powers provided by Section 3 of Chapter 329, Session Laws of 1971.

13 Sec. 24.1. Statesville Tourism Development Authority. – (a) Appointment and  
14 Membership. When the Statesville City Council adopts a resolution levying a room  
15 occupancy tax under Section 16.1 of this Part, it shall also adopt a resolution creating a  
16 city Tourism Development Authority, which shall be a public authority under the Local  
17 Government Budget and Fiscal Control Act. The resolution shall provide for the  
18 membership of the Authority, including the members' terms of office, and for the filling  
19 of vacancies on the Authority. At least one-third of the members must be individuals  
20 who are affiliated with businesses that collect the tax in the city and at least three-fourths  
21 of the members must be individuals who are currently active in the promotion of travel  
22 and tourism in the city. The Statesville City Council shall designate one member of the  
23 Authority as chair and shall determine the compensation, if any, to be paid to members of  
24 the Authority.

25 The Authority shall meet at the call of the chair and shall adopt rules of procedure to  
26 govern its meetings. The Finance Officer for the City of Statesville shall be the ex officio  
27 finance officer of the Authority.

28 (b) Duties. The Authority shall expend the funds remitted to it under this Part for  
29 the purposes provided in Section 20 of this Part. The Authority shall promote travel,  
30 tourism, and conventions in the city and sponsor tourist-related events and activities in  
31 the city.

32 (c) Budget; Reports. The Authority may not expend any funds except pursuant to  
33 a budget that has been approved by the Statesville City Council. The Authority shall  
34 submit its proposed budgets to the Statesville City Council for review and shall report  
35 quarterly and at the close of the fiscal year to the Statesville City Council on its receipts  
36 and expenditures for the preceding quarter and for the year in such detail as the city  
37 council may require."

38 Section 4. City administrative provisions. – Section 3 of S.L. 1997-410, as  
39 amended by Section 2 of S.L. 1997-447, reads as rewritten:

40 "Section 3. Municipal Administrative Provisions. G.S. 160A-215, as enacted by S.L.  
41 1997-361 and S.L. 1997-364, applies to the Cities of Goldsboro, Lumberton, Mount Airy,  
42 and Shelby, and Statesville, to the Town of St. Pauls and to the municipalities in  
43 Brunswick County."

1           Section 5. This act is effective when it becomes law.