

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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**HOUSE BILL 1620
Committee Substitute Favorable 7/23/02**

Short Title: Jonesville Occupancy Tax.

(Local)

Sponsors:

Referred to:

June 12, 2002

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE THE TOWN OF JONESVILLE TO LEVY A ROOM
2 OCCUPANCY AND TOURISM DEVELOPMENT TAX.
3

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Jonesville occupancy tax. – (a) Authorization and Scope. –
6 The Jonesville Town Council may levy a room occupancy tax of up to three percent
7 (3%) of the gross receipts derived from the rental of any room, lodging, or
8 accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within
9 the town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3).
10 This tax is in addition to any State or local sales tax. This tax does not apply to
11 accommodations furnished by nonprofit charitable, educational, or religious
12 organizations when furnished in furtherance of their nonprofit purpose.

13 **SECTION 1.(b)** Administration. – A tax levied under this section shall be
14 levied, administered, collected, and repealed as provided in G.S. 160A-215. The
15 penalties provided in G.S. 160A-215 apply to a tax levied under this section.

16 **SECTION 1.(c)** Distribution and Use of Tax Revenue. – The Town of
17 Jonesville shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the
18 Jonesville Tourism Development Authority. The Authority shall use at least two-thirds
19 of the funds remitted to it under this subsection to promote travel and tourism in the
20 town and shall use the remainder for tourism-related expenditures.

21 The following definitions apply in this subsection:

- 22 (1) Net proceeds. – Gross proceeds less the cost to the town of
23 administering and collecting the tax, as determined by the finance
24 officer, not to exceed three percent (3%) of the first five hundred
25 thousand dollars (\$500,000) of gross proceeds collected each year and
26 one percent (1%) of the remaining gross receipts collected each year.
- 27 (2) Promote travel and tourism. – To advertise or market an area or
28 activity, publish and distribute pamphlets and other materials, conduct
29 market research, or engage in similar promotional activities that attract

1 tourists or business travelers to the area; the term includes
2 administrative expenses incurred in engaging in the listed activities.

- 3 (3) Tourism-related expenditures. – Expenditures that, in the judgment of
4 the tourism development authority, are designed to increase the use of
5 lodging facilities, meeting facilities, or convention facilities in a town
6 or to attract tourists or business travelers to the town. The term
7 includes tourism-related capital expenditures.

8 **SECTION 2.** Jonesville Tourism Development Authority. – (a)
9 Appointment and Membership. – When the Jonesville Town Council adopts a resolution
10 levying a room occupancy tax under this act, it shall also adopt a resolution creating a
11 town Tourism Development Authority, which shall be a public authority under the
12 Local Government Budget and Fiscal Control Act. The resolution shall provide for the
13 membership of the Authority, including the members' terms of office, and for the filling
14 of vacancies on the Authority. At least one-third of the members must be individuals
15 who are affiliated with businesses that collect the tax in the town and at least
16 three-fourths of the members must be individuals who are currently active in the
17 promotion of travel and tourism in the town. The town council shall designate one
18 member of the Authority as chair and shall determine the compensation, if any, to be
19 paid to members of the Authority.

20 The Authority shall meet at the call of the chair and shall adopt rules of
21 procedure to govern its meetings. The Finance Officer for Jonesville shall be the ex
22 officio finance officer of the Authority.

23 **SECTION 2.(b) Duties.** – The Authority shall expend the net proceeds of the
24 tax levied under this act for the purposes provided in Section 1 of this act. The
25 Authority shall promote travel, tourism, and conventions in the town, sponsor
26 tourist-related events and activities in the town, and finance tourist-related capital
27 projects in the town.

28 **SECTION 2.(c) Reports.** – The Authority shall report quarterly and at the
29 close of the fiscal year to the Jonesville Town Council on its receipts and expenditures
30 for the preceding quarter and for the year in such detail as the town council may require.

31 **SECTION 3.** Town administrative provisions. – G.S. 160A-215 reads as
32 rewritten:

33 **"§ 160A-215. Uniform provisions for room occupancy taxes.**

34 (a) Scope. – This section applies only to municipalities the General Assembly
35 has authorized to levy room occupancy taxes. For the purpose of this section, the term
36 "city" means a municipality.

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

42 (c) Collection. – Every operator of a business subject to a room occupancy tax
43 shall, on and after the effective date of the levy of the tax, collect the tax. The tax shall
44 be collected as part of the charge for furnishing a taxable accommodation. The tax shall

1 be stated and charged separately from the sales records and shall be paid by the
2 purchaser to the operator of the business as trustee for and on account of the taxing city.
3 The tax shall be added to the sales price and shall be passed on to the purchaser instead
4 of being borne by the operator of the business. The taxing city shall design, print, and
5 furnish to all appropriate businesses and persons in the city the necessary forms for
6 filing returns and instructions to ensure the full collection of the tax. An operator of a
7 business who collects a room occupancy tax may deduct from the amount remitted to
8 the taxing city a discount equal to the discount the State allows the operator for State
9 sales and use tax.

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

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

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

33 (g) This section applies only to Beech Mountain District W, to the Cities of
34 Gastonia, Goldsboro, Greensboro, High Point, Kings Mountain, Lexington, Lincolnton,
35 Lumberton, Monroe, Mount Airy, Shelby, Statesville, and Washington, to the Towns of
36 Beech Mountain, Carrboro, Jonesville, Mooresville, North Topsail Beach, Selma,
37 Smithfield, St. Pauls, and Wilkesboro, and to the municipalities in Avery and
38 Brunswick Counties."

39 **SECTION 4.** This act is effective when it becomes law.