

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 622
Second Edition Engrossed 5/7/91

Short Title: Orange Tax Increases.

(Local)

Sponsors: Senators Lee; and Walker.

Referred to: Finance.

April 15, 1991

A BILL TO BE ENTITLED

1 AN ACT AUTHORIZING ORANGE COUNTY TO LEVY AN OCCUPANCY TAX
2 AND CHAPEL HILL AND CARRBORO TO INCREASE THEIR MOTOR
3 VEHICLE TAXES.
4

5 The General Assembly of North Carolina enacts:

6 Section 1. Occupancy Tax. (a) Authorization and scope. The Orange County
7 Board of Commissioners may, by resolution, levy a room occupancy tax of up to three
8 percent (3%) on the gross receipts derived from the rental of any room, lodging, or
9 similar accommodation in the county subject to sales tax under G.S. 105-164.4(a)(3).

10 This tax does not apply to accommodations furnished by nonprofit charitable,
11 educational, benevolent, or religious organizations when furnished in furtherance of
12 their nonprofit purpose. This tax is in addition to any State or local sales or occupancy
13 tax.

14 (b) Collection. Every operator of a business subject to the tax levied under this
15 section shall, on and after the effective date of the levy of the tax, collect the tax. This
16 tax shall be collected as part of the charge for furnishing a taxable accommodation. The
17 tax shall be stated and charged separately on the sales records, and shall be paid by the
18 purchaser to the operator of the business as trustee for and on account of the county.
19 The tax shall be added to the sales price and shall be passed on to the purchaser instead
20 of being borne by the operator of the business. The county shall design, print, and
21 furnish to all appropriate businesses and persons in the county the necessary forms for
22 filing returns and instructions to ensure the full collection of the tax.

1 An operator of a business who collects the occupancy tax levied under this
2 section may deduct from the amount remitted to the county a discount of one percent
3 (1%) of the amount collected as reimbursement for the expenses incurred in collecting
4 the tax.

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

12 (d) Penalties. A person, firm, corporation, or association who fails or refuses to
13 file the return required by this section shall pay a penalty of ten dollars (\$10.00) for
14 each day's omission. In case of failure or refusal to file the return or pay the tax for a
15 period of 30 days after the time required for filing the return or for paying the tax, there
16 shall be an additional tax, as a penalty, of five percent (5%) of the tax due in addition to
17 any other penalty, with an additional tax of five percent (5%) for each additional month
18 or fraction thereof until the tax is paid. The county may, for good cause shown, forgive
19 the civil penalties provided in this subsection.

20 Any person who willfully attempts in any manner to evade a tax imposed
21 under this section or who willfully fails to pay the tax or make and file a return shall, in
22 addition to all other penalties provided by law, be guilty of a misdemeanor and shall be
23 punishable by a fine not to exceed one thousand dollars (\$1,000) and imprisonment not
24 to exceed 30 days.

25 (e) Use and Distribution of Tax Revenue. The Orange County Board of
26 Commissioners shall decide on the allocation of the revenues collected from this tax
27 annually during its budgeting process. At least ten percent (10%) of the annual
28 revenues shall be used to provide funding for visitor information services and to support
29 cultural events.

30 The county may contract with nonprofit organizations to undertake or carry
31 out the activities and programs for which the revenue may be expended. All contracts
32 entered into with nonprofit organizations shall require an annual financial audit of any
33 funds expended and a performance audit of contractual obligations.

34 (f) Repeal. A tax levied under this section may be repealed by resolution
35 adopted by the Orange County Board of Commissioners. Repeal of a tax levied under
36 this section shall become effective on the first day of a month and may not become
37 effective until the end of the fiscal year in which the repeal resolution was adopted.
38 Repeal of a tax levied under this section does not affect a liability for a tax that attached
39 before the effective date of the repeal, nor does it affect a right to a refund of a tax that
40 accrued before the effective date of the repeal.

41 Sec. 2. Chapel Hill Motor Vehicle Tax. (a) G.S. 20-97(a) reads as rewritten:

42 "(a) All taxes levied under the provisions of this Article are intended as
43 compensatory taxes for the use and privileges of the public highways of this State, and
44 shall be paid by the Commissioner to the State Treasurer, to be credited by him to the

1 State Highway Fund; and no county or municipality shall levy any license or privilege
2 tax upon any motor vehicle licensed by the State of North Carolina, except that cities
3 and towns other than the City of Durham may levy not more than ~~five dollars (\$5.00)~~ ten
4 dollars (\$10.00) per year upon any vehicle resident therein, and except that the City of
5 Durham may levy not more than one dollar (\$1.00) per year upon any vehicle resident
6 therein. Provided, further, that cities and towns may levy, in addition to the amounts
7 hereinabove provided for, a sum not to exceed fifteen dollars (\$15.00) per year upon
8 each vehicle operated in such city or town as a taxicab."

9 (b) This section applies only to the Town of Chapel Hill.

10 Sec. 3. Carrboro Motor Vehicle Tax. (a) G.S. 20-97(a) reads as rewritten:

11 "(a) All taxes levied under the provisions of this Article are intended as
12 compensatory taxes for the use and privileges of the public highways of this State, and
13 shall be paid by the Commissioner to the State Treasurer, to be credited by him to the
14 State Highway Fund; and no county or municipality shall levy any license or privilege
15 tax upon any motor vehicle licensed by the State of North Carolina, except that cities
16 and towns other than the City of Durham may levy not more than ~~five dollars (\$5.00)~~ ten
17 dollars (\$10.00) per year upon any vehicle resident therein, and except that the City of
18 Durham may levy not more than one dollar (\$1.00) per year upon any vehicle resident
19 therein. Provided, further, that cities and towns may levy, in addition to the amounts
20 hereinabove provided for, a sum not to exceed fifteen dollars (\$15.00) per year upon
21 each vehicle operated in such city or town as a taxicab."

22 (b) This section applies only to the Town of Carrboro.

23 Sec. 4. This act is effective upon ratification.