

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 56

Short Title: Greensboro Occupancy Tax.

(Local)

Sponsors: Senators Seymour; Martin of Guilford and Shaw.

Referred to: Finance.

February 12, 1991

A BILL TO BE ENTITLED

**AN ACT TO AUTHORIZE THE CITY OF GREENSBORO TO LEVY A ROOM
OCCUPANCY AND TOURISM DEVELOPMENT TAX.**

The General Assembly of North Carolina enacts:

Section 1. Levy of Tax.

(a) The Greensboro City Council may, by resolution, after not less than 10 days' public notice and after a public hearing held pursuant thereto, levy a city-wide room occupancy and tourism development tax in addition to any other occupancy tax authorized for Guilford County.

(b) Collection of the tax, and liability therefor, shall begin and continue only on and after the first day of a calendar month set by the city council in the resolution levying the tax which may in no case be earlier than the first day of the second succeeding calendar month after the date of adoption of the resolution.

Sec. 2. Occupancy Tax.

The city room occupancy and tourism development tax that may be levied under this act shall be three percent (3%) of the gross receipts derived from the rental of any room, lodging, or similar accommodation furnished by any hotel, motel, inn, tourism camp, or other similar place within the City of Greensboro which is subject to the three percent (3%) 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 or occupancy tax.

Sec. 3. Exemptions.

The tax authorized by this act does not apply to gross receipts derived by the following entities from accommodations furnished by them:

- (1) Religious organizations;

- 1 (2) A business that offers to rent fewer than five units;
2 (3) Education organizations;
3 (4) Summer camps; and
4 (5) Charitable, benevolent, and other nonprofit organizations.

5 Sec. 4. Administration of Tax.

6 (a) The City of Greensboro may contract with Guilford County to collect and
7 administer a tax levied under this act. The tax is due and payable to the city in monthly
8 installments on or before the fifteenth day of the month following the month in which
9 the tax accrues. Every person, firm, corporation, or association liable for the tax shall,
10 on or before the fifteenth day of each month, prepare and render a return on a form
11 prescribed by the city. The return shall state the total gross receipts derived in the
12 preceding month from rentals upon which the tax is levied.

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

21 (c) Any person who willfully attempts in any manner to evade the occupancy tax
22 imposed by this act or to make a return and who willfully fails to pay the tax or make
23 and file a return shall, in addition to all other penalties provided by law, be guilty of a
24 misdemeanor and shall be punishable by a fine not to exceed one thousand dollars
25 (\$1,000), imprisonment not to exceed six months, or both.

26 Sec. 5. Collection of Tax.

27 Every operator of a business subject to the tax levied under this act shall, on
28 and after the effective date of the levy of the tax, collect the tax. This tax shall be
29 collected as part of the charge for furnishing a taxable accommodation. The tax shall be
30 stated and charged separately from the sales records, and shall be paid by the purchaser
31 to the operator of the business as trustee for and on account of the city. The tax shall be
32 added to the sales price and shall be passed on to the purchaser instead of being borne
33 by the operator of the business. The city or the county shall design, print, and furnish to
34 all appropriate businesses in the city the necessary forms for filing returns and
35 instructions to ensure the full collection of the tax.

36 Sec. 6. Disposition of Taxes Collected.

37 (a) Until retirement of the debt to finance renovation and expansion of the
38 Greensboro War Memorial Coliseum arena, the proceeds of the occupancy tax shall be
39 used as provided in this subsection. The city or the county shall remit twenty percent
40 (20%) of the net proceeds of the tax to the Greensboro/Guilford County Tourism
41 Development Authority. "Net proceeds" means gross proceeds less the cost to the city
42 or the county of administering and collecting the tax, not to exceed five percent (5%) of
43 the gross proceeds of the tax. The authority shall use the funds remitted to it under this

1 subsection only for activities and programs promoting and encouraging travel and
2 tourism.

3 The City of Greensboro shall receive the balance of the net proceeds and shall
4 use these funds only to finance the renovation and expansion of the Greensboro War
5 Memorial Coliseum arena. In the event that these funds exceed the amount required for
6 debt payments, the excess shall be retained in a special reserve fund and used (i) to
7 make debt payments where additional funds are needed in any payment period, (ii) to
8 call a portion of the debt, or (iii) to pay for maintenance to the arena.

9 (b) Upon retirement of the full debt to finance the renovation and expansion of
10 the Greensboro War Memorial Coliseum arena, the proceeds of the occupancy tax shall
11 be used as provided in this subsection. The city or the county shall remit twenty-five
12 percent (25%) of the net proceeds of the tax to the Greensboro/Guilford County
13 Tourism Development Authority. The authority shall use the funds remitted to it under
14 this subsection only for activities and programs promoting and encouraging travel and
15 tourism.

16 The city shall receive the balance of the net proceeds and shall use these
17 funds only (i) for specific tourist-related events, programs, and activities, such as arts,
18 recreational, or cultural events, or (ii) for promoting, improving, constructing, financing,
19 or acquiring facilities or attractions that enhance the development of tourism. Before
20 expending the proceeds for any of the purposes listed in this subsection, the city shall
21 submit each project to the Greensboro/Guilford County Tourism Development
22 Authority. The board of directors of that authority shall make recommendations to the
23 city with respect to the projects within 60 days after submission by the city.

24 Sec. 7. Contracts Authorized.

25 The City of Greensboro may contract with any nonprofit organization to
26 assist it in carrying out the purposes for which the tax proceeds levied by this act may
27 be expended. The Greensboro/Guilford County Tourism Development Authority may
28 contract with any person, firm, or agency to assist it in carrying out the purposes for
29 which the tax proceeds levied by this act may be expended.

30 Sec. 8. Reports.

31 The Greensboro/Guilford County Tourism Development Authority and the
32 City of Greensboro shall report quarterly and at the close of the fiscal year to the city
33 council on their receipts and expenditures for the preceding quarter and for the year in
34 such detail as the council may require. The Greensboro/Guilford County Tourism
35 Development Authority shall submit its annual budget for the funds provided in this act
36 to the Greensboro City Council for approval prior to adoption by the authority. This
37 action does not, however, incorporate the authority's budget into the annual operating
38 budget of the City of Greensboro. The authority shall furnish its annual audit to the
39 Greensboro City Council.

40 Sec. 9. Repeal of Levy.

41 The Greensboro City Council may, by resolution, repeal the tax levied under
42 this act, but the repeal may not become effective until the debt for the renovation and
43 expansion of the Greensboro War Memorial Coliseum arena has been retired. In
44 addition, the repeal may not become effective until the end of the fiscal year in which

1 the repeal resolution was adopted. Repeal of a tax levied under this section does not
2 affect a liability for tax that was attached before the effective date of the repeal, nor
3 does it affect a right to a refund of a tax that accrued before the effective date of the
4 repeal.

5 Sec. 10. This act is effective upon ratification.