

GENERAL ASSEMBLY OF NORTH CAROLINA
1993 SESSION

CHAPTER 695
HOUSE BILL 1981

AN ACT TO AUTHORIZE THE TOWN OF ORIENTAL TO LEVY A ROOM
OCCUPANCY AND TOURISM DEVELOPMENT TAX.

The General Assembly of North Carolina enacts:

Section 1. Occupancy Tax.

(a) Authorization and Scope.

The Board of Commissioners of the Town of Oriental may by resolution, after not less than 10 days' public notice and after a public hearing held pursuant thereto, levy a room occupancy tax of not more than three percent (3%) of the gross receipts derived from the rental of any room, lodging, or similar accommodation furnished by a hotel, motel, inn, or similar place within the town 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. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations. If Pamlico County is authorized to levy a room occupancy tax, the combined room occupancy tax rates for Pamlico County and any city or town located in that county may not exceed six percent (6%).

(b) Collection.

Every operator of a business subject to the tax levied under this section shall, on and after the effective date of the tax, collect the tax. This tax shall be collected as part of the charge for furnishing a taxable accommodation. The tax shall be stated and charged separately from the sales records, and shall be paid by the purchaser to the operator of the business as trustee for and on account of the town. The tax shall be added to the sales price and shall be passed on to the purchaser instead of being borne by the operator of the business. The town shall design, print, and furnish to all appropriate businesses and persons in the town the necessary forms for filing returns and instructions to ensure the full collection of the tax. An operator of a business who collects the occupancy tax levied under this act may deduct from the amount remitted to the town a discount equal to the discount the State allows the operator for State sales and use tax.

(c) Administration.

The town shall administer a tax levied under this section. A tax levied under this section is due and payable to the town in monthly installments on or before the fifteenth day of the month following the month in which the tax accrues. Every person, firm, corporation, or association liable for the tax shall, on or before the fifteenth day of each month, prepare and render a return on a form prescribed by the town. The return

shall state the total gross receipts derived in the preceding month from rentals upon which the tax is levied.

A return filed with the town under this section is not a public record as defined by G.S. 132-1 and may not be disclosed except as required by law.

(d) Penalties.

A person, firm, corporation, or association who fails or refuses to file the return required by this section is subject to the civil and criminal penalties set by G.S. 105-236 for failure to pay or file a return for State sales and use taxes. The Board of Commissioners of the Town of Oriental has the same authority to waive the penalties for a room occupancy tax that the Secretary of Revenue has to waive the penalties for State sales and use taxes.

(e) Use of Tax Revenue.

At least one-fourth of the proceeds of a tax levied under this section shall be used only to promote travel and tourism in the town. The remaining proceeds of the tax shall be used only for tourism-related expenditures.

The term "promote travel and tourism" means to advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, host and conduct tours for travel industry representatives and travel writers, or engage in similar promotional activities that attract tourists or business travelers to the town; the term includes administrative expenses of the town incurred in engaging in the listed activities. The term "tourism-related expenditures" means expenditures that are designed to increase the use of lodging facilities in the town or attract tourists or business travelers to the town and the costs of administering and collecting the tax; the term includes expenditures to construct, maintain, or repair a visitors' center, a convention facility, a museum, an historic attraction, or a publicly owned waterfront structure, but does not include other capital expenditures.

(f) Effective Date of Levy.

A tax levied under this section shall become effective on the date specified in the resolution levying the tax. That date must be the first day of a calendar month, however, and may not be earlier than the first day of the second month after the date the resolution is adopted.

(g) Repeal.

A tax levied under this section may be repealed by a resolution adopted by the Board of Commissioners of the Town of Oriental. Repeal of a tax levied under this section shall become effective on the first day of a month and may not become effective until the end of the fiscal year in which the repeal resolution was adopted. Repeal of a tax levied under this section does not affect a liability for a tax that was attached before the effective date of the repeal, nor does it affect a right to a refund of a tax that accrued before the effective date of the repeal.

Sec. 2. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 6th day of July, 1994.

Dennis A. Wicker
President of the Senate

Daniel Blue, Jr.
Speaker of the House of Representatives