

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1989**

**H**

**2**

HOUSE BILL 2075  
Second Edition Engrossed 6/11/90

Short Title: Cary Occupancy Tax.

(Local)

---

Sponsors: Representatives Stamey, Stam, and Wisner.

---

Referred to: Finance.

---

May 24, 1990

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE THE TOWN OF CARY TO LEVY AN OCCUPANCY  
2 TAX.  
3

4 The General Assembly of North Carolina enacts:

5 Section 1. (a) Authorization; Scope. If the Wake County Board of  
6 Commissioners has not levied the tax authorized by Section 1 of Chapter 850 of the  
7 1985 Session Laws (1986 Session) or has levied the tax at a rate of less than three  
8 percent (3%), the Cary Town Council may, by ordinance, levy a room occupancy tax at  
9 a rate that does not exceed three percent (3%) when combined with the Wake County  
10 occupancy tax rate, if any. Before adopting an ordinance to levy a room occupancy tax,  
11 the Cary Town Council must hold a public hearing on the proposed tax and must give at  
12 least 10 days' public notice of the hearing. This tax shall apply to the gross receipts  
13 derived from the rental in the Town of Cary of any room, lodging, or similar  
14 accommodation subject to sales tax under G.S. 105-164.4(a)(3). This tax does not apply  
15 to accommodations furnished by nonprofit charitable, educational, benevolent, or  
16 religious organizations when furnished in furtherance of their nonprofit purpose. This  
17 tax is in addition to any State or local sales tax.

18 (b) Collection. Every operator of a business subject to the tax levied under this  
19 act shall, on and after the effective date of the levy of the tax, collect the tax. This tax  
20 shall be collected as part of the charge for furnishing a taxable accommodation. The tax  
21 shall be stated and charged separately on the sales records, and shall be paid by the  
22 purchaser to the operator of the business as trustee for and on account of the town. The  
23 tax shall be added to the sales price and shall be passed on to the purchaser instead of

1 being borne by the operator of the business. The town shall design, print, and furnish to  
2 all appropriate businesses and persons in the town the necessary forms for filing returns  
3 and instructions to ensure the full collection of the tax. An operator of a business who  
4 collects the occupancy tax levied under this act may deduct from the amount remitted  
5 by him to the town a discount of one percent (1%) of the amount collected as  
6 reimbursement for the expenses incurred in collecting the tax.

7 (c) Administration. The town shall administer a tax levied under this act. A tax  
8 levied under this act is due and payable to the town in monthly installments on or before  
9 the 15th day of the month following the month in which the tax accrues. Every person,  
10 firm, corporation, or association liable for the tax shall, on or before the 15th day of  
11 each month, prepare and render a return on a form prescribed by the town. The return  
12 shall state the total gross receipts derived in the preceding month from rentals and sales  
13 upon which the tax is levied. A return filed with the tax collector under this act is not a  
14 public record as defined by G.S. 132-1 and may not be disclosed except as required by  
15 law.

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

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

29 (e) Use and Distribution of Tax Proceeds. The Town of Cary shall distribute  
30 the net proceeds of the occupancy tax as follows:

31 (1) The first fifty percent (50%) of net proceeds from the tax in each fiscal  
32 year up to a maximum of one hundred thousand dollars (\$100,000)  
33 shall be transferred by the town to the Cary Convention and Visitor  
34 Commission established pursuant to this act for use by the  
35 Commission for activities and programs aiding and encouraging  
36 convention and visitor promotion;

37 (2) The remaining net proceeds shall be retained by the town and may be  
38 used only to fund visitor-related programs and activities, including  
39 cultural programs, events, or festivals, and convention and visitor  
40 programs and activities of the Cary Convention and Visitor  
41 Commission.

42 The town may contract with a nonprofit organization to undertake or carry  
43 out the activities and programs for which the proceeds may be expended. All contracts  
44 entered into with nonprofit organizations shall require an annual financial audit of any

1 funds expended and a performance audit of contractual obligations. As used in this  
2 subsection, "net proceeds" means gross proceeds less the direct cost to the town of  
3 administering and collecting the tax, not to exceed three percent (3%) of the amount  
4 collected.

5 (f) Commission Established. When the Cary Town Council adopts an  
6 ordinance levying an occupancy tax, it shall also adopt an ordinance establishing the  
7 Cary Convention and Visitor Commission. The Commission shall be governed by a  
8 Board of Directors consisting of five members appointed by the Cary Town Council as  
9 follows:

- 10 (1) At least one owner or operator of hotels, motels, or other taxable  
11 accommodations;
- 12 (2) At least one person directly involved in a tourist-or convention-related  
13 business who does not own or operate a hotel, motel, or other taxable  
14 accommodation;
- 15 (3) At least one resident of Cary who is not directly involved in a tourist  
16 or convention-related business and who does not own or operate a  
17 hotel, motel, or other taxable accommodations; and
- 18 (4) At least one individual who is a member of the Cary Chamber of  
19 Commerce, selected by the Chairman of the Board of Directors of the  
20 Cary Chamber of Commerce.

21 Members shall be appointed by the town council and shall serve according to  
22 the ordinances and regulations of the town concerning service on the board of directors.

23 (g) Powers and Duties of Commission. The Cary Convention and Visitor  
24 Commission may contract with any person, firm, or agency to advise and assist it in the  
25 promotion of travel, tourism, and conventions. The Commission shall prepare an  
26 annual budget based on anticipated revenues and shall submit the budget to the Cary  
27 Town Manager for processing and approval through the regular budget procedure of the  
28 town. The Commission shall make quarterly reports to the town detailing its revenues,  
29 expenditures, and activities. The town may audit the Commission's financial records  
30 upon reasonable notice to the Commission. At the end of each fiscal year, any funds of  
31 the Commission not expended, and not obligated or reserved as approved by the town  
32 council, shall be remitted to the Town of Cary for use in accordance with subdivision  
33 (e)(2).

34 (h) Effective Date of Levy. A tax levied under this act shall become  
35 effective on the date specified in the resolution levying the tax. That date must be the  
36 first day of a calendar month, however, and may not be earlier than the first day of the  
37 second month after the date the resolution is adopted.

38 (i) Repeal. A tax levied under this act may be repealed by a resolution  
39 adopted by the Cary Town Council. Repeal of a tax levied under this act shall become  
40 effective on the first day of a month and may not become effective until the end of the  
41 fiscal year in which the repeal resolution was adopted. Repeal of a tax levied under this  
42 act does not affect a liability for a tax that attached before the effective date of the  
43 repeal, nor does it affect a right to a refund of a tax that accrued before the effective date  
44 of the repeal.

1           Sec. 2. Effect of County Tax on Previously Levied Town Tax. If the Town  
2 of Cary levies an occupancy tax under Section 1 of this act, and the Wake County Board  
3 of Commissioners subsequently adopts a resolution levying an occupancy tax in Wake  
4 County, the occupancy tax levied by the town shall be repealed as of the effective date  
5 of the county levy if the county levies an occupancy tax at the rate of three percent  
6 (3%), and shall otherwise be reduced by the amount that the combined county and town  
7 occupancy tax rates exceed three percent (3%) if the county rate is less than three  
8 percent (3%).

9           Sec. 3. This act is effective upon ratification.