

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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SENATE BILL 523

Rules and Operations of the Senate Committee Substitute Adopted 6/8/99

House Committee Substitute Favorable 7/8/99

Short Title: Modify Greensboro Room Tax Use.

(Local)

Sponsors:

Referred to:

March 25, 1999

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE PURPOSES FOR WHICH THE GREENSBORO ROOM OCCUPANCY TAX MAY BE USED.

The General Assembly of North Carolina enacts:

Section 1. Chapter 22 of the 1991 Session Laws, as amended by Chapter 380 of the 1995 Session Laws, reads as rewritten:

"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, may~~ 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,

1 lodging, or similar accommodation furnished by any hotel, motel, inn, tourism camp, or  
2 other similar place within the City of Greensboro which is subject to the three percent  
3 (3%) sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to  
4 any State or local sales or occupancy tax.

5 "Sec. 3. Exemptions.

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

- 8 (1) Religious organizations;
- 9 (2) A business that offers to rent fewer than five units;
- 10 (3) Educational organizations;
- 11 (4) Summer camps; and
- 12 (5) Charitable, benevolent, and other nonprofit organizations.

13 "Sec. 4. Administration of Tax.

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

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

29 ~~(c) Any person who willfully attempts in any manner to evade the occupancy tax~~  
30 ~~imposed by this act or to make a return and who willfully fails to pay the tax or make and~~  
31 ~~file a return shall, in addition to all other penalties provided by law, be guilty of a~~  
32 ~~misdemeanor and shall be punishable by a fine not to exceed one thousand dollars~~  
33 ~~(\$1,000), imprisonment not to exceed six months, or both. A tax levied under this section~~  
34 ~~shall be levied, administered, and collected as provided in G.S. 160A-215. The penalties~~  
35 ~~provided in G.S. 160A-215 apply to a tax levied under this act. The provisions for repeal~~  
36 ~~of the tax as provided in G.S. 160A-215 do not apply to a tax levied under this act.~~

37 ~~"Sec. 5. Collection of Tax.~~

38 ~~Every operator of a business subject to the tax levied under this act shall, on and after~~  
39 ~~the effective date of the levy of the tax, collect the tax. This tax shall be collected as part~~  
40 ~~of the charge for furnishing a taxable accommodation. The tax shall be stated and~~  
41 ~~charged separately from the sales records, and shall be paid by the purchaser to the~~  
42 ~~operator of the business as trustee for and on account of the city. The tax shall be added~~  
43 ~~to the sales price and shall be passed on to the purchaser instead of being borne by the~~

1 operator of the business. The city or the county shall design, print, and furnish to all  
2 appropriate businesses in the city the necessary forms for filing returns and instructions to  
3 ensure the full collection of the tax.

4 "Sec. 6. Disposition of Taxes Collected.

5 (a) Until retirement of the debt to finance renovation and expansion of the  
6 Greensboro War Memorial Coliseum arena, the proceeds of the occupancy tax shall be  
7 used as provided in this subsection.

8 (1) Promotion funds. – The city or the county shall remit twenty percent  
9 (20%) of the net proceeds of the tax to the Greensboro/Guilford County  
10 Tourism Development Authority. ~~'Net proceeds' means gross proceeds less~~  
11 ~~the cost to the city or the county of administering and collecting the tax, not to~~  
12 ~~exceed five percent (5%) of the gross proceeds of the tax.~~ The authority  
13 shall use the funds remitted to it under this subsection only ~~for activities~~  
14 ~~and programs promoting and encouraging travel and tourism.~~ to promote  
15 travel and tourism and for tourism-related expenditures.

16 (2) Rent subsidy funds. – The city may remit up to two hundred thousand  
17 dollars (\$200,000) of the remaining net proceeds each fiscal year to the  
18 Greensboro/Guilford County Tourism Development Authority for a  
19 marketing fund. The marketing fund may be used only for coliseum  
20 rent subsidies to attract large groups that commit to fill at least 5,000  
21 room nights for the event. Any part of the marketing fund that has not  
22 been spent or committed at the end of each fiscal year for this purpose  
23 shall be credited to the City of Greensboro for use in accordance with  
24 subdivision (3) of this subsection.

25 (3) Complex funds. – The City of Greensboro shall receive the balance of  
26 the net proceeds and shall use these funds only (i) to finance the  
27 renovation and expansion of the Greensboro War Memorial Coliseum  
28 arena, (ii) to finance the renovation and expansion of the remainder of  
29 the Greensboro War Memorial Complex and acquisition of property in  
30 the vicinity of the Complex, and (iii) for maintenance of the Complex.  
31 In the event that the funds exceed the amount required for these  
32 purposes, the excess shall be retained in a special reserve fund and used  
33 (i) to make debt payments where additional funds are needed in any  
34 payment period or (ii) to call a portion of the debt.

35 (b) Upon retirement of the full debt to finance the renovation and expansion of the  
36 Greensboro War Memorial Coliseum arena, the proceeds of the occupancy tax shall be  
37 used as provided in this subsection.

38 (1) Promotion funds. – The city or the county shall remit twenty-five  
39 percent (25%) of the net proceeds of the tax to the Greensboro/Guilford  
40 County Tourism Development Authority. The authority shall use the  
41 funds remitted to it under this subsection only ~~for activities and programs~~  
42 ~~promoting and encouraging travel and tourism.~~ to promote travel and  
43 tourism and for tourism-related expenditures.

- 1           (2)   Rent subsidy funds. – The city may remit up to two hundred thousand  
2           dollars (\$200,000) of the remaining net proceeds each fiscal year to the  
3           Greensboro/Guilford County Tourism Development Authority for a  
4           marketing fund. The marketing fund may be used only for coliseum  
5           rent subsidies to attract large groups that commit to fill at least 5,000  
6           room nights for the event. Any part of the marketing fund that has not  
7           been spent or committed at the end of each fiscal year for this purpose  
8           shall be credited to the City of Greensboro for use in accordance with  
9           subdivision (3) of this subsection.
- 10          (3)   Promotion and facilities funds. – The city shall receive the balance of  
11          the net proceeds and shall use these funds only (i) for specific tourist-  
12          related events, programs, and activities, such as arts, recreational, or  
13          cultural events, or (ii) for promoting, improving, constructing,  
14          financing, or acquiring facilities or attractions that enhance the  
15          development of tourism. Before expending the proceeds for any of the  
16          purposes listed in this subsection, the city shall submit each project to  
17          the Greensboro/Guilford County Tourism Development Authority. The  
18          board of directors of that authority shall make recommendations to the  
19          city with respect to the projects within 60 days after submission by the  
20          city.
- 21          (c)   The following definitions apply in this section:
- 22               (1)   Net proceeds. – Gross proceeds less the cost to the city or county 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 activity,  
28               publish and distribute pamphlets and other materials, conduct market  
29               research, or engage in similar promotional activities that attract tourists  
30               or business travelers to the area; the term includes administrative  
31               expenses incurred in engaging in the listed activities.
- 32               (3)   Tourism-related expenditures. – Expenditures that, in the judgment of  
33               the Authority, are designed to increase the use of lodging facilities,  
34               meeting facilities, or convention facilities in a town or to attract tourists  
35               or business travelers to the town. The term includes tourism-related  
36               capital expenditures.

37          "Sec. 7. Contracts Authorized.

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

43          "Sec. 8. Reports.

1 The Greensboro/Guilford County Tourism Development Authority and the City of  
2 Greensboro shall report quarterly and at the close of the fiscal year to the city council on  
3 their receipts and expenditures for the preceding quarter and for the year in such detail as  
4 the council may require. The Greensboro/Guilford County Tourism Development  
5 Authority shall submit its annual budget for the funds provided in this act to the  
6 Greensboro City Council for approval prior to adoption by the authority. This action  
7 does not, however, incorporate the authority's budget into the annual operating budget of  
8 the City of Greensboro. The authority shall furnish its annual audit to the Greensboro  
9 City Council.

10 "Sec. 9. Repeal of Levy.

11 The Greensboro City Council may, by resolution, repeal the tax levied under this act,  
12 but the repeal may not become effective until the debt for the renovation and expansion  
13 of the Greensboro War Memorial Coliseum arena has been retired. In addition, the repeal  
14 may not become effective until the end of the fiscal year in which the repeal resolution  
15 was adopted. Repeal of a tax levied under this section does not affect a liability for tax  
16 that was attached before the effective date of the repeal, nor does it affect a right to a  
17 refund of a tax that accrued before the effective date of the repeal."

18 Section 2. City administrative provisions. – Section 3 of S.L. 1997-410, as  
19 amended by Section 2 of S.L. 1997-447 and Section 4 of S.L. 1998-112, reads as  
20 rewritten:

21 "Section 3. Municipal Administrative Provisions. G.S. 160A-215, as enacted by S.L.  
22 1997-361 and S.L. 1997-364, applies to the Cities of Goldsboro, Greensboro, Lumberton,  
23 Mount Airy, Shelby, and Statesville, to the Town of St. Pauls and to the municipalities in  
24 Brunswick County."

25 Section 3. This act is effective when it becomes law.