

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 839

Short Title: Garner Occupancy Tax.

(Local)

Sponsors: Representatives Wiser; Fussell and Stamey.

Referred to: Government.

March 23, 1989

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE TOWN OF GARNER TO LEVY AN OCCUPANCY TAX.

The General Assembly of North Carolina enacts:

Section 1. (a) Authorization; Scope. If the Wake County Board of Commissioners has not levied the tax authorized by Section 1 of Chapter 858 of the 1986 Session Laws or has levied the tax at a rate of less than three percent (3%), the Town of Garner Board of Aldermen may, by ordinance, levy a room occupancy tax at a rate that does not exceed three percent (3%) when combined with the Wake County occupancy tax rate, if any. This tax shall apply to the gross receipts derived from the rental in the Town of Garner of any room, lodging, or similar accommodation subject to sales tax under G.S. 105-164.4(3). This tax does not apply to accommodations furnished by nonprofit charitable, educational, benevolent, or religious organizations when furnished in furtherance of their nonprofit purpose. This tax is in addition to any State or local sales tax.

(b) Collection. Every operator of business subject to the tax levied under this section shall, on and after the effective date of the levy 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 on 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 county the necessary forms for filing returns and instructions to ensure the full collection of the tax. An operator of a

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

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

11 (d) Penalties. A person, firm, corporation, or association who fails or refuses to
12 file the return required by this section shall pay a penalty of ten dollars (\$10.00) for
13 each day's omission. In case of failure or refusal to file the return or pay the tax for a
14 period of 30 days after the time required for filing the return or for paying the tax, there
15 shall be an additional tax, as a penalty, of five percent (5%) of the tax due in addition to
16 any other penalty, with an additional tax of five percent (5%) for each additional month
17 or fraction thereof until the tax is paid. Any person who willfully attempts in any
18 manner to evade a tax imposed under this section or who willfully fails to pay the tax or
19 make and file a return shall, in addition to all other penalties provided by law, be guilty
20 of a misdemeanor and shall be punishable by a fine not to exceed one thousand dollars
21 (\$1,000) and imprisonment not to exceed six months.

22 (e) Use and Distribution of Tax Revenue. The Town of Garner shall
23 distribute the net proceeds of the occupancy tax as follows:

- 24 (1) The first fifty percent (50%) of net proceeds from the tax in each fiscal
25 year up to a maximum of one hundred thousand dollars (\$100,000)
26 shall be transferred by the town to the Garner Convention and Visitor
27 Bureau established pursuant to this act for use by the Bureau for
28 activities and programs aiding and encouraging convention and visitor
29 promotion;
- 30 (2) The remaining net proceeds shall be retained by the town and may be
31 used only to acquire, construct, finance, service debt for, maintain, and
32 operate convention, community civic, or performing arts centers,
33 coliseums, auditoriums, and museums; to provide off-street parking
34 facilities for use in conjunction with these facilities; and to fund
35 visitor-related programs and activities, including cultural programs,
36 events, or festivals, and convention and visitor programs and activities
37 of the Garner Convention and Visitor Bureau.

38 The town may contract with a nonprofit organization to undertake or carry
39 out the activities and programs for which the revenue may be expended. All contracts
40 entered into with nonprofit organizations shall require an annual financial audit of any
41 funds expended and a performance audit of contractual obligations. As used in this
42 subsection, "net proceeds" means gross proceeds less the direct cost to the town of
43 administering and collecting the tax, not to exceed three percent (3%) of the amount
44 collected.

1 (f) Bureau Established. When the Town of Garner Board of Aldermen
2 adopts an ordinance levying an occupancy tax, it shall also adopt an ordinance
3 establishing the Garner Convention and Visitor Bureau. The Bureau shall be governed
4 by a Board of Directors consisting of five members appointed by the Garner Board of
5 Aldermen as follows:

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

17 Members shall be appointed by the Board of Aldermen and serve according
18 to the ordinances and regulations of the town concerning service on the board of
19 directors.

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

30 (h) Repeal. A tax levied under this section may be repealed by a resolution
31 adopted by the Town of Garner Board of Aldermen. Repeal of a tax levied under this
32 section shall become effective on the first day of a month and may not become effective
33 until the end of the fiscal year in which the repeal resolution was adopted. Repeal of a
34 tax levied under this section does not affect a liability for a tax that attached before the
35 effective date of the repeal, nor does it affect a right to a refund of a tax that accrued
36 before the effective date of the repeal.

37 Sec. 2. Effect of county tax on previously levied town tax. If the Town of
38 Garner levies an occupancy tax under Section 1 of this act, and the Wake County Board
39 of Commissioners subsequently adopts a resolution levying an occupancy tax in Wake
40 County, the occupancy tax levied by the Town shall be repealed as of the effective date
41 of the county levy if the county levies an occupancy tax at the rate of three percent
42 (3%), and shall be reduced by the amount that the combined county and town
43 occupancy tax rates exceed three percent (3%).

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