

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE DRS55580-MC_x-234 (5/7)

Short Title: Burgaw Meals Tax.

(Local)

Sponsors: Senator Soles.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE TOWN OF BURGAW TO LEVY A PREPARED
FOOD AND BEVERAGES TAX.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Authority. – The Burgaw Board of Commissioners may, by resolution and after not less than 10 days' public notice and a public hearing, levy a prepared food and beverages tax of up to one percent (1%) of the sales price of prepared food and beverages sold within the Town of Burgaw at retail for consumption on or off the premises by a retailer subject to sales tax under G.S. 105-164.4(a)(1). This tax is in addition to State and local sales tax.

SECTION 1.(b) Definitions. – The definitions in G.S. 105-164.3 apply to this section to the extent they are not inconsistent with the provisions of this section. In addition, the following definitions apply in this act:

- (1) Net proceeds. – Gross proceeds less the cost to the town of administering and collecting the tax.
- (2) Prepared food and beverages. – The term includes the following:
 - a. Prepared food, as defined in G.S. 105-164.3.
 - b. An alcoholic beverage, as defined in G.S. 18B-101, that meets at least one of the conditions of prepared food under G.S. 105-164.3.

SECTION 1.(c) Exemptions. – The prepared food and beverages tax does not apply to the following sales of prepared food and beverages:

- (1) Prepared food and beverages served to residents in boardinghouses and sold together on a periodic basis with rental of a sleeping room or lodging.
- (2) Retail sales exempt from taxation under G.S. 105-164.13.
- (3) Retail sales through or by means of vending machines.

- 1 (4) Prepared food and beverages served by a retailer subject to the local
2 occupancy tax if the charge for the prepared food and beverages is
3 included in a single, nonitemized sales price together with the charge
4 for rental of a room, lodging, or accommodation furnished by the
5 retailer.
- 6 (5) Prepared food and beverages furnished without charge by an employer
7 to an employee.
- 8 (6) Retail sales by grocers or by grocery sections of supermarkets or other
9 diversified retail establishments, other than sales of prepared food and
10 beverages in the delicatessen or similar department of the grocer or
11 grocery section.
- 12 (7) Prepared food and beverages served on a federal military reservation.

13 **SECTION 1.(d)** Collection. – Every retailer subject to the tax levied under
14 this section shall, on and after the effective date of the levy of the tax, collect the tax.
15 This tax shall be collected as part of the charge for furnishing prepared food and
16 beverages. The tax shall be stated separately on the sale document and shall be paid by
17 the purchaser to the retailer as trustee for and on account of the town. The tax shall be
18 added to the sales price and shall be passed on to the purchaser instead of being borne
19 by the retailer. The town shall design, print, and furnish to all appropriate businesses
20 and persons in the town the necessary forms for filing returns and instructions to ensure
21 the full collection of the tax.

22 **SECTION 1.(e)** Administration. – The town shall administer a tax levied
23 under this section. A tax levied under this section is due and payable to the town's
24 director of finance and administration in monthly installments on or before the 15th day
25 of the month following the month in which the tax accrues. Every retailer liable for the
26 tax shall, on or before the 15th day of each month, prepare and render a return on a form
27 prescribed by the town. The return shall show the total gross receipts derived in the
28 preceding month from sales to which the tax applies.

29 A return filed with the town's director of finance and administration under
30 this section is not a public record and may not be disclosed except in accordance with
31 G.S. 160A-208.1.

32 The provisions of Article 5 and Article 9 of Chapter 105 of the General
33 Statutes apply to this section to the extent they are not inconsistent with the provisions
34 of this section. The uniform meals tax penalty provisions of G.S. 160A-214.1 apply to a
35 tax levied under this section.

36 **SECTION 1.(f)** Refunds. – The town shall refund to a nonprofit or
37 governmental entity the prepared food and beverages tax paid by the entity on eligible
38 purchases of prepared food and beverages. A nonprofit or governmental entity's
39 purchase of prepared food and beverages is eligible for a refund under this subsection if
40 the entity is entitled to a refund under G.S. 105-164.14(b) or (c) of local sales and use
41 tax paid on the purchase or if the sale is exempt under G.S. 105-164.13. The time
42 limitations, application requirements, penalties, and restrictions provided in
43 G.S. 105-164.14(b), (d), and (d1) apply to refunds to nonprofit entities; the time,
44 limitations, application requirements, penalties, and restrictions provided in

1 G.S. 105-164.14(c), (d), (d1), and (e) apply to refunds to governmental entities. When
2 an entity applies for a refund of the prepared food and beverages tax paid by it on
3 purchases, it shall attach to its application a copy of the application submitted to the
4 Department of Revenue under G.S. 105-164.14 for a refund of the sales and use tax on
5 the same purchases or a written statement that the purchases were exempt from the tax.
6 An applicant for a refund under this subsection shall provide any information required
7 by the town to substantiate the claim.

8 **SECTION 1.(g)** Use of Proceeds. – The Town of Burgaw may use the
9 proceeds of a tax levied under this section to promote travel and tourism and for
10 tourism-related expenditures, including capital expenditures.

11 **SECTION 1.(h)** Effective Date of Levy. – A tax levied under this section
12 shall become effective on the date specified in the resolution levying the tax. The date
13 shall be the first day of a calendar month and may not be before the first day of the
14 fourth month after the date the resolution is adopted.

15 **SECTION 1.(i)** Repeal. – A tax levied under this section may be repealed by
16 a resolution adopted by the Burgaw Board of Commissioners. Any repeal shall become
17 effective on the first day of a month and may not become effective until the end of the
18 fiscal year in which the repeal resolution is adopted. Repeal of a tax levied under this
19 section does not affect a liability for a tax that attached before the effective date of the
20 repeal, nor does it affect a right to a refund of a tax that accrued before the effective date
21 of the repeal.

22 **SECTION 2.** This act is effective when it becomes law.