

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 1007

Short Title: Transit Authority Vehicle Rental Tax.

(Public)

Sponsors: Senators Gulley; Carrington, Kinnaird, Lucas, Miller, and Reeves.

Referred to: Finance.

April 21, 1997

A BILL TO BE ENTITLED

AN ACT AUTHORIZING REGIONAL TRANSPORTATION AUTHORITIES TO
LEVY A TAX ON GROSS RECEIPTS DERIVED FROM THE SHORT-TERM
LEASE OR RENTAL OF PASSENGER MOTOR VEHICLES.

The General Assembly of North Carolina enacts:

Section 1. Chapter 105 of the General Statutes is amended by adding a new
Subchapter to read:

"SUBCHAPTER IX. MULTICOUNTY TAXES.

"§ 105-550. Definitions.

The definitions in G.S. 160A-601 and G.S. 105-164.3 and the following definitions
apply to this Article:

(1) Long-term lease or rental. – Defined in G.S. 105-187.1.

(2) Motorcycle. – Defined in G.S. 20-4.01.

(3) Private passenger vehicle. – Defined in G.S. 20-4.01.

(4) Short-term lease or rental. – A lease or rental that is not a long-term
lease or rental.

"§ 105-551. Tax on gross receipts authorized.

(a) Tax. – The Board of Trustees of an Authority may impose a privilege tax on a
retailer who is engaged in the business of leasing or renting private passenger vehicles or
motorcycles based on the gross receipts derived by the retailer from the short-term lease

1 or rental of these vehicles. The tax rate must be a percentage and may not exceed five
2 percent (5%). A tax imposed under this section applies to short-term leases or rentals
3 made by a retailer whose place of business or inventory is located within the territorial
4 jurisdiction of the Authority. This tax is in addition to all other taxes.

5 (b) Restrictions. – The Board of Trustees of an Authority may not impose a tax
6 under this section or increase the tax rate of a tax imposed under this section until all of
7 the following requirements have been met:

8 (1) The Board of Trustees has held a public hearing on the tax or the
9 increase in the tax rate after giving at least 10 days' notice of the
10 hearing.

11 (2) The special tax board of the Authority has adopted a resolution
12 approving the imposition of the tax or the increase in the tax rate.

13 (3) The board of commissioners of each county included in the territorial
14 jurisdiction of the Authority has adopted a resolution approving the
15 imposition of the tax or the increase in the tax rate.

16 **"§ 105-552. Collection and administration of gross receipts tax.**

17 (a) Effective Date. – A tax or a tax increase imposed under this Subchapter
18 becomes effective on the date set by the Board of Trustees in the resolution imposing the
19 tax or the tax increase. The effective date must be the first day of a month and may not
20 be earlier than the first day of the second month after the Board of Trustees adopts the
21 resolution.

22 (b) Collection. – A tax imposed by an Authority under this Subchapter shall be
23 collected by the Authority but shall otherwise be administered in the same manner as the
24 optional gross receipts tax imposed by G.S. 105-187.5. Like the optional gross receipts
25 tax, a tax imposed under this Subchapter is to be added to the lease or rental price of a
26 private passenger vehicle or motorcycle and thereby be paid by the person to whom it is
27 leased or rented.

28 A tax imposed under this Subchapter applies regardless of whether the retailer who
29 leases or rents the private passenger vehicle or motorcycle has elected to pay the optional
30 gross receipts tax on the lease or rental receipts from the vehicle. A tax imposed under
31 this Subchapter must be paid to the Authority that imposed the tax by the date an optional
32 gross receipts tax would be payable to the Secretary of Revenue under G.S. 105-187.5 if
33 the retailer who leases or rents the private passenger vehicle or motorcycle had elected to
34 pay the optional gross receipts tax.

35 (c) Penalties and Remedies. – The penalties and remedies that apply to local sales
36 and use taxes imposed under Subchapter VIII of this Chapter apply to a tax imposed
37 under this Subchapter. The Board of Trustees of an Authority may exercise any power
38 the Secretary of Revenue or a board of county commissioners may exercise in collecting
39 local sales and use taxes.

40 **"§ 105-553. Exemptions and refunds.**

41 No exemptions are allowed from a tax imposed under this Subchapter. No refunds
42 are allowed for a tax lawfully imposed under this Subchapter.

43 **"§ 105-554. Use of tax proceeds.**

1 An Authority that imposes a tax under this Subchapter may use the proceeds of the
2 tax for any purpose for which the Authority is authorized to use funds. Authorized
3 purposes for which an Authority may use funds include the following:

4 (1) Pledging funds in connection with the financing of a public
5 transportation system or any part of a public transportation system.

6 (2) Paying a note, bond, or other obligation entered into by the Authority
7 pursuant to Article 26 of Chapter 160A.

8 **"§ 105-555. Repeal of tax or decrease in tax rate.**

9 The Board of Trustees of an Authority may repeal a tax imposed under this
10 Subchapter or decrease the tax rate of a tax imposed under this Subchapter. The same
11 restrictions that apply to the imposition of a tax or an increase in a tax rate under this
12 Subchapter apply to the repeal of the tax or a decrease in the tax rate.

13 A tax repeal or a tax decrease becomes effective on the date set by the Board of
14 Trustees in the resolution repealing or decreasing the tax. The effective date must be on
15 the first day of a month and may not be earlier than the first day of the second month
16 after the Board of Trustees adopts the resolution. Repeal or decrease of a tax imposed
17 under this Subchapter does not affect the rights or liabilities of an Authority, a taxpayer,
18 or another person arising before the repeal or decrease."

19 Section 2. This act is effective when it becomes law.