

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001**

**SESSION LAW 2001-11  
HOUSE BILL 163**

**AN ACT TO AUTHORIZE THE CITY OF HIGH POINT TO FUND FURNITURE  
MARKET IMPROVEMENTS.**

The General Assembly of North Carolina enacts:

**SECTION 1.** Occupancy tax. (a) Authorization and Scope. The High Point City Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the city that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 1.(b)** Administration. A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 1.(c)** Use of tax revenue. The City of High Point shall use the net proceeds of the occupancy tax only for furniture market promotion and visitor assistance.

The following definitions apply in this subsection:

- (1) Furniture market promotion and visitor assistance. – Activities and expenditures to promote the International Home Furnishings Market in the city and to assist visitors who attend it. The term may include advertising and other promotional activities, transportation and parking, housing facilitation, buyer registration, and administration of these activities.
- (2) Net proceeds. – Gross proceeds less the cost to the city of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross receipts collected each year.

**SECTION 1.(d)** Contracts. The city may contract with a nonprofit agency to carry out the authorized uses of the occupancy tax proceeds.

**SECTION 2.** City administrative provisions. – G.S. 160A-215 reads as rewritten:

**"§ 160A-215. Uniform provisions for room occupancy taxes.**

(a) Scope. – This section applies only to municipalities the General Assembly has authorized to levy room occupancy taxes. For the purpose of this section, the term "city" means a municipality.

(b) Levy. – A room occupancy tax may be levied only by resolution, after not less than 10 days' public notice and after a public hearing held pursuant thereto. A room occupancy tax shall become effective on the date specified in the resolution levying the tax. That date must be the first day of a calendar month, however, and may not be earlier than the first day of the second month after the date the resolution is adopted.

(c) Collection. – Every operator of a business subject to a room occupancy tax shall, on and after the effective date of the levy of the tax, collect the tax. The tax shall

be collected as part of the charge for furnishing a taxable accommodation. The tax shall be stated and charged separately from the sales records and shall be paid by the purchaser to the operator of the business as trustee for and on account of the taxing city. 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 taxing city shall design, print, and furnish to all appropriate businesses and persons in the city the necessary forms for filing returns and instructions to ensure the full collection of the tax. An operator of a business who collects a room occupancy tax may deduct from the amount remitted to the taxing city a discount equal to the discount the State allows the operator for State sales and use tax.

(d) Administration. – The taxing city shall administer a room occupancy tax it levies. A room occupancy tax is due and payable to the city finance officer in monthly installments on or before the fifteenth day of the month following the month in which the tax accrues. Every person, firm, corporation, or association liable for the tax shall, on or before the fifteenth day of each month, prepare and render a return on a form prescribed by the taxing city. The return shall state the total gross receipts derived in the preceding month from rentals upon which the tax is levied. A room occupancy tax return filed with the city finance officer is not a public record and may not be disclosed except in accordance with G.S. 153A-148.1 or G.S. 160A-208.1.

(e) Penalties. – A person, firm, corporation, or association who fails or refuses to file a room occupancy tax return or pay a room occupancy tax as required by law is subject to the civil and criminal penalties set by G.S. 105-236 for failure to pay or file a return for State sales and use taxes. The governing board of the taxing city has the same authority to waive the penalties for a room occupancy tax that the Secretary of Revenue has to waive the penalties for State sales and use taxes.

(f) Repeal or Reduction. – A room occupancy tax levied by a city may be repealed or reduced by a resolution adopted by the governing body of the city. Repeal or reduction of a room occupancy tax shall become effective on the first day of a month and may not become effective until the end of the fiscal year in which the resolution was adopted. Repeal or reduction of a room occupancy tax does not affect a liability for a tax that was attached before the effective date of the repeal or reduction, nor does it affect a right to a refund of a tax that accrued before the effective date of the repeal or reduction.

(g) This section applies only to the Cities of Goldsboro, Greensboro, High Point, Lumberton, Mount Airy, Shelby, and Statesville, to the Towns of Banner Elk, Mooresville, and St. Pauls, and to the municipalities in Brunswick County."

**SECTION 3.** Furniture showroom privilege license tax. (a) Levy. The High Point City Council may, by ordinance, after not less than 10 days' public notice and a public hearing held pursuant thereto, levy a privilege license tax on every person engaged in the business of operating a wholesale home furnishings showroom. A tax levied under this section may become effective no earlier than July 1 following its levy. A person is engaged in the business of operating a wholesale home furnishings showroom if the person does either of the following during the tax year:

- (1) Uses or holds out for use as a wholesale home furnishings showroom, on a permanent or temporary basis, his or her own property.
- (2) Leases or otherwise provides his or her property to another for use as a wholesale home furnishings showroom on a permanent or temporary basis.

**SECTION 3.(b)** Administration. The provisions of G.S. 105-33(b) and (h) apply to a tax levied under this section. As used in those provisions, the term "fiscal year", means the city's fiscal year and the term "person" has the meaning provided in G.S. 105-228.90. The city shall adopt regulations to govern the reporting and administration of the tax. The High Point City Council may appoint a body to hear and decide appeals concerning the application and administration of the tax.

**SECTION 3.(c)** Tax base and rate. The tax authorized by this section is based on the floor surface area of every wholesale home furnishings showroom used or held out for use. In the case of an ongoing business, the tax is based on the floor surface area used or held out for use during the previous fiscal year of the city. In the case of a new business, the tax is based on the floor surface area used or held out for use during the tax year.

A tax levied under this section may not exceed fifteen cents (15¢) per square foot, subject to a minimum tax of two hundred fifty dollars (\$250.00) per location.

**SECTION 3.(d)** Lien and penalties. A tax levied under this section becomes a lien on the real property where the wholesale home furnishings showroom is located. The penalties provided in G.S. 105-236 apply to a tax levied under this section.

**SECTION 3.(e)** Use of tax revenue. The City of High Point shall use the net proceeds of a tax levied under this section only for furniture market promotion and visitor assistance.

**SECTION 3.(f)** Definitions. The following definitions apply in this section:

- (1) Floor surface area. – Gross interior wall space, which may include not only the showroom but also any ancillary areas such as aisles, hallways, stairwells, escalators, elevators, eating and drinking areas, restrooms, and common areas.
- (2) Furnishings merchandise. – Furniture of any kind, including both home and office furniture, furnishings accessories and decorative items of any kind. The term may include lamps, lighting fixtures, pictures, wall coverings, art objects, artificial plants or flowers, rugs, carpets, floor coverings, giftware, kitchenware, and pottery.
- (3) Furniture market promotion and visitor assistance. – Activities and expenditures to promote the International Home Furnishings Market in the city and to assist visitors who attend it. The term may include advertising and other promotional activities, transportation and parking, housing facilitation, buyer registration, and administration of these activities.
- (4) Net proceeds. – Gross proceeds less the cost to the city of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross receipts collected each year.
- (5) Wholesale home furnishings showroom. – Real property used or intended for use for the display of furnishings merchandise for the purpose of sale, or exhibition to solicit orders for sale, to resellers of furnishings.

**SECTION 3.(g)** Contracts. The city may contract with a nonprofit agency to carry out the authorized uses of the furniture showroom privilege license tax proceeds.

**SECTION 4.** This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 3<sup>rd</sup> day of April, 2001.

s/ Beverly E. Perdue  
President of the Senate

s/ James B. Black  
Speaker of the House of Representatives