

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001**

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**SENATE BILL 92**

Short Title: Gastonia Occupancy Tax.

(Local)

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Sponsors: Senator Hoyle.

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Referred to: Finance.

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February 7, 2001

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE CITY OF GASTONIA TO LEVY A ROOM  
OCCUPANCY AND TOURISM DEVELOPMENT TAX.

The General Assembly of North Carolina enacts:

**SECTION 1.** Occupancy tax. (a) Authorization and Scope. The Gastonia 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 A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215.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)** Distribution and use of tax revenue. Gastonia shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Gastonia Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Gastonia and shall use the remainder for tourism-related expenditures.

The following definitions apply in this subsection:

- (1) 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.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct

1 market research, or engage in similar promotional activities that attract  
2 tourists or business travelers to the area; the term includes  
3 administrative expenses incurred in engaging in the listed activities.

- 4 (3) Tourism-related expenditures. – Expenditures that, in the judgment of  
5 Tourism Development Authority, are designed to increase the use of  
6 lodging facilities, meeting facilities, or convention facilities in a city or  
7 to attract tourists or business travelers to the city. The term includes  
8 tourism-related capital expenditures.

9 **SECTION 2.** Gastonia Tourism Development Authority. (a) Appointment  
10 and Membership. When the Gastonia City Council adopts a resolution levying a room  
11 occupancy tax under this act, it shall also adopt a resolution creating a city Tourism  
12 Development Authority, which shall be a public authority under the Local Government  
13 Budget and Fiscal Control Act. The resolution shall provide for the membership of the  
14 Authority, including the members' terms of office, and for the filling of vacancies on the  
15 Authority. At least one-third of the members must be individuals who are affiliated  
16 with businesses that collect the tax in the city and at least three-fourths of the members  
17 must be individuals who are currently active in the promotion of travel and tourism in  
18 the city. The city council shall designate one member of the Authority as chair and  
19 shall determine the compensation, if any, to be paid to members of the Authority.

20 The Authority shall meet at the call of the chair and shall adopt rules of  
21 procedure to govern its meetings. The Finance Officer for Gastonia shall be the ex  
22 officio finance officer of the Authority.

23 **SECTION 2.(b)** Duties. The Authority shall expend the net proceeds of the  
24 tax levied under this act for the purposes provided in Section 1 of this act. The  
25 Authority shall promote travel, tourism, and conventions in the city, sponsor  
26 tourist-related events and activities in the city, and finance tourist-related capital  
27 projects in the city.

28 **SECTION 2.(c)** Reports. The Authority shall report quarterly and at the  
29 close of the fiscal year to the Gastonia City Council on its receipts and expenditures for  
30 the preceding quarter and for the year in such detail as the city council may require.

31 **SECTION 3.** City administrative provisions. – G.S. 160A-215 reads as  
32 rewritten:

33 **"§ 160A-215. Uniform provisions for room occupancy taxes.**

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

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

42 (c) Collection. – Every operator of a business subject to a room occupancy tax  
43 shall, on and after the effective date of the levy of the tax, collect the tax. The tax shall  
44 be collected as part of the charge for furnishing a taxable accommodation. The tax shall

1 be stated and charged separately from the sales records and shall be paid by the  
2 purchaser to the operator of the business as trustee for and on account of the taxing city.  
3 The tax shall be added to the sales price and shall be passed on to the purchaser instead  
4 of being borne by the operator of the business. The taxing city shall design, print, and  
5 furnish to all appropriate businesses and persons in the city the necessary forms for  
6 filing returns and instructions to ensure the full collection of the tax. An operator of a  
7 business who collects a room occupancy tax may deduct from the amount remitted to  
8 the taxing city a discount equal to the discount the State allows the operator for State  
9 sales and use tax.

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

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

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

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

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