

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 417
Committee Substitute Favorable 4/3/89

Short Title: Modify Security Deposit Tax.

(Public)

Sponsors:

Referred to:

March 2, 1989

1 A BILL TO BE ENTITLED
2 AN ACT TO CLARIFY TAX ON SECURITY DEPOSITS CHARGED TO
3 TRANSIENTS.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 105-164.4(3) reads as rewritten:

6 "(3) Operators of hotels, motels, tourist homes, tourist camps, and similar type
7 businesses and persons who rent private residences and cottages to transients are
8 considered retailers under this Article. There is levied upon every such retailer a tax of
9 three percent (3%) of the gross receipts derived from the rental of any room or rooms,
10 lodgings, or accommodations furnished to transients for a consideration. This tax does
11 not apply to any private residence or cottage that is rented for less than 15 days in a
12 calendar year or to any room, lodging, or accommodation supplied to the same person
13 for a period of 90 or more continuous days. This tax does not apply to (i) security
14 deposits received in advance of a rental period while held in a trust account or (ii)
15 disbursements from such a trust account which are used to compensate for damages to
16 the premises or cleaning services performed as a result of the transient occupancy.

17 As used in this subdivision, the term 'persons who rent to transients' means (i)
18 owners of private residences and cottages who rent to transients and (ii) rental
19 agents, including 'real estate brokers' as defined in G.S. 93A-2, who rent private
20 residences and cottages to transients on behalf of the owners. If a rental agent is liable
21 for the tax imposed by this subdivision, the owner is not liable."

22 Sec. 2. This act shall become effective July 1, 1989, and applies to payments
23 for security deposits made on or after that date.