

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 80*
Committee Substitute Favorable 5/1/91

Short Title: Transit Authority Vehicle Rental Tax.

(Public)

Sponsors:

Referred to:

February 18, 1991

1 A BILL TO BE ENTITLED
2 AN ACT AUTHORIZING REGIONAL TRANSPORTATION AUTHORITIES TO
3 LEVY A TAX ON GROSS RECEIPTS DERIVED FROM THE SHORT-TERM
4 LEASE OR RENTAL OF PASSENGER MOTOR VEHICLES.

5 The General Assembly of North Carolina enacts:

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

8 **"SUBCHAPTER IX. MULTICOUNTY TAXES.**

9 **"§ 105-550. Definitions.**

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

11 (1) Lease or rental. – Defined in G.S. 105-164.3.

12 (2) Long-term lease or rental. – A lease or rental made under a written
13 agreement to lease or rent property to the same person for a period of
14 at least 365 continuous days.

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

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

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

19 **"§ 105-551. Tax on gross receipts authorized.**

20 (a) Tax. – The Board of Trustees of an Authority may impose a privilege tax on a
21 person who leases or rents private passenger vehicles or motorcycles based on the gross
22 receipts derived by the person from the short-term lease or rental of these vehicles. The
23 tax rate must be a percentage and may not exceed five percent (5%). A tax imposed

1 under this section applies to short-term leases or rentals made by a person whose place
2 of business or inventory is located within the territorial jurisdiction of the Authority.
3 This tax is in addition to all other taxes.

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

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

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

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

15 **"§ 105-552. Collection and administration of gross receipts tax.**

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

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

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

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

39 **"§ 105-553. Exemptions and refunds.**

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

42 **"§ 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 Sec. 2. G.S. 105-164.3(7a) reads as rewritten:

20 "(7a) 'Lease or rental' means ~~the leasing or renting of tangible personal~~
21 ~~property and the possession or use thereof by the lessee or renter for a~~
22 ~~consideration without transfer of the title of such property. a transfer,~~
23 for consideration, of the use but not the ownership of property to
24 another for a period of time."

25 Sec. 3. This act is effective upon ratification.