Article 9.

Taxation.

§ 160A-206. General power to impose taxes.

(a) Authority. – A city shall have power to impose taxes only as specifically authorized by act of the General Assembly. Except when the statute authorizing a tax provides for penalties and interest, the power to impose a tax shall include the power to impose reasonable penalties for failure to declare tax liability, if required, or to impose penalties or interest for failure to pay taxes lawfully due within the time prescribed by law or ordinance. In determining the liability of any taxpayer for a tax, a city may not employ an agent who is compensated in whole or in part by the city for services rendered on a contingent basis or any other basis related to the amount of tax, interest, or penalty assessed against or collected from the taxpayer. The power to impose a tax shall also include the power to provide for its administration in a manner not inconsistent with the statute authorizing the tax.

(b) Prohibition. – A city may not impose a license, franchise, or privilege tax on a person engaged in any of the businesses listed in this subsection. These businesses are subject to sales tax at the combined general rate for which the city receives a share of the tax revenue or they are subject to the local sales tax:

(1) Supplying piped natural gas.
(2) Providing telecommunications service taxed under G.S. 105-164.4(a)(4c).
(3) Providing video programming taxed under G.S. 105-164.4(a)(6).
(4) Providing electricity. (1971, c. 698, s. 1; 2012-152, s. 5; 2012-194, s. 61.5(b); 2015-6, s. 2.18(a); 2015-109, s. 1.)

§ 160A-207. Remedies for collecting taxes.

In addition to any other remedies provided by law, the remedies of levy, garnishment, and attachment shall be available for collecting any city tax under the rules and procedures prescribed by the Machinery Act for the enforcement of tax liability against personal property, except that:

(1) The remedies shall become available on the due date of the tax and not before that time;
(2) Rules dependent on the existence of a lien against real property for the same tax shall not apply; and
(3) The lien acquired by levy, garnishment, or attachment shall be inferior to any prior or simultaneous lien for property taxes acquired under the Machinery Act. (1971, c. 698, s. 1; 1973, c. 426, s. 29.)

§ 160A-208. Continuing taxes.

Except for taxes levied on property under the Machinery Act, a city may impose an authorized tax by a permanent ordinance that shall stand from year to year until amended or repealed, and it shall not be necessary to reimpose the tax in each annual budget ordinance. (1971, c. 698, s. 1; 1973, c. 426, s. 30.)

§ 160A-208.1. Disclosure of certain information prohibited.

(a) Disclosure Prohibited. – Notwithstanding Chapter 132 of the General Statutes or any other law regarding access to public records, local tax records that contain information about a taxpayer's income or receipts are not public records. A current or former officer, employee, or agent of a city who in the course of service to or employment by the city has access to information

about the amount of a taxpayer's income or receipts may not disclose the information to any other person unless the disclosure is made for one of the following purposes:

(1) To comply with a court order or a law.
(2) Review by the Attorney General or a representative of the Attorney General.
(3) To sort, process, or deliver tax information on behalf of the city, as necessary to administer a tax.
(4) To include on a property tax receipt the amount of property taxes due and the amount of property taxes deferred on a residence classified under G.S. 105-277.1B, the property tax homestead circuit breaker.
(5) To disclose to the authorized finance officer of the county in which the municipality is located tax information in the possession of the municipality, as necessary to administer a tax.

(b) Punishment. – A person who violates this section is guilty of a Class 1 misdemeanor. If the person committing the violation is an officer or employee, that person shall be dismissed from public office or public employment and may not hold any public office or public employment in this State for five years after the violation. (1993, c. 485, s. 34; 1994, Ex. Sess., c. 14, s. 67; 2008-35, s. 1.5; 2016-92, s. 3.1(b).)

§ 160A-209. Property taxes.

(a) Pursuant to Article V, Sec. 2(5) of the Constitution of North Carolina, the General Assembly confers upon each city in this State the power to levy, within the limitations set out in this section, taxes on property having a situs within the city under the rules and according to the procedures prescribed in the Machinery Act (Chapter 105, Subchapter II).

(b) Each city may levy property taxes without restriction as to rate or amount for the following purposes:

(1) Debt Service. – To pay the principal of and interest on all general obligation bonds and notes of the city.
(2) Deficits. – To supply an unforeseen deficiency in the revenue (other than revenues of any of the enterprises listed in G.S. 160A-311), when revenues actually collected or received fall below revenue estimates made in good faith in accordance with the Local Government Budget and Fiscal Control Act.
(3) Civil Disorders. – To meet the cost of additional law-enforcement personnel and equipment that may be required to suppress riots or other civil disorders involving an extraordinary breach of law and order within the jurisdiction of the city.

(c) Each city may levy property taxes for one or more of the following purposes subject to the rate limitation set out in subsection (d):

(1) Administration. – To provide for the general administration of the city through the city council, the office of the city manager, the office of the city budget officer, the office of the city finance officer, the office of the city tax collector, the city purchasing agent, the city attorney, and for all other general administrative costs not allocated to a particular board, commission, office, agency, or activity.
(2) Air Pollution. – To maintain and administer air pollution control programs.
(3) Airports. – To establish and maintain airports and related aeronautical facilities.

(4) Ambulance Service. – To provide ambulance services, rescue squads, and other emergency medical services.
(5) Animal Protection and Control. – To provide animal protection and control programs.
(5a) Arts Programs and Museums. – To provide for arts programs and museums as authorized in G.S. 160A-488.
(6) Auditoriums, Coliseums, and Convention Centers. – To provide public auditoriums, coliseums, and convention centers.
(7) Beach Erosion and Natural Disasters. – To provide for shoreline protection, beach erosion control and flood and hurricane protection.
(8) Cemeteries. – To provide for cemeteries.
(9) Civil Defense. – To provide for civil defense programs.
(9a) Community Development. – To provide for community development as authorized by G.S. 160D-1311 and G.S. 160D-1312.
(10) Debts and Judgments. – To pay and discharge any valid debt of the city or any judgment lodged against it, other than debts or judgments evidenced by or based on bonds or notes.
(10a) Defense of Employees and Officers. – To provide for the defense of, and payment of civil judgments against, employees and officers or former employees and officers, as authorized by this Chapter.
(10b) Economic Development. – To provide for economic development as authorized by G.S. 158-7.1.
(10c) Drainage. – To provide for drainage projects or programs in accordance with Chapter 156 of the General Statutes or in accordance with this Chapter.
(11) Elections. – To provide for all city elections and referendums.
(12) Electric Power. – To provide electric power generation, transmission, and distribution services.
(12a) Energy Financing. – To provide financing for renewable energy and energy efficiency in accordance with a program established under G.S. 160D-1320.
(13) Fire Protection. – To provide fire protection services and fire prevention programs.
(14) Gas. – To provide natural gas transmission and distribution services.
(15) Historic Preservation. – To undertake historic preservation programs and projects.
(15a) Housing. – To undertake housing projects as defined in G.S. 157-3, and urban homesteading programs under G.S. 160D-1314.
(16) Human Relations. – To undertake human relations programs.
(17) Hospitals. – To establish, support and maintain public hospitals and clinics, and other related health programs and facilities, and to aid any private, nonprofit hospital, clinic, related facility, or other health program or facility.
(17a) Industrial Development. – To provide for industrial development as authorized by G.S. 158-7.1.
(18) Jails. – To provide for the operation of a jail and other local confinement facilities.

(19) Joint Undertakings. – To cooperate with any other county, city, or political subdivision of the State in providing any of the functions, services, or activities listed in this subsection.
(20) Libraries. – To establish and maintain public libraries.
(22) Off-Street Parking. – To provide off-street lots and garages for the parking and storage of motor vehicles.
(23) Open Space. – To acquire open space land and easements in accordance with Part 1 of Article 13 of Chapter 160D of the General Statutes.
(24) Parks and Recreation. – To establish, support and maintain public parks and programs of supervised recreation.
(25) Planning. – To provide for a program of planning and regulation of development in accordance with Chapter 160D of the General Statutes.
(26) Police. – To provide for law enforcement.
(26a) Ports and Harbors. – To participate in programs with the North Carolina Ports Authority and to provide for harbor masters.
(26b) Public Education. – To supplement funding for elementary and secondary public education.
(27) Public Transportation. – To provide public transportation by rail, motor vehicle, or another means of conveyance other than a ferry, including any facility or equipment needed to provide the public transportation.
(27a) Railroad Corridor Preservation. – To acquire property for railroad corridor preservation.
(27b) Senior Citizens Programs. – To undertake programs for the assistance and care of its senior citizens.
(28) Sewage. – To provide sewage collection and treatment services as defined in G.S. 160A-311(3).
(29) Solid Waste. – To provide solid waste collection and disposal services, and to acquire and operate landfills.
(30) Streets. – To provide for the public streets, sidewalks, and bridges of the city.
(31) Traffic Control and On-Street Parking. – To provide for the regulation of vehicular and pedestrian traffic within the city, and for the parking of motor vehicles on the public streets.
(31a) Urban Redevelopment. – To provide for urban redevelopment.
(32) Water. – To provide water supply and distribution services.
(33) Water Resources. – To participate in federal water resources development projects.
(34) Watershed Improvement. – To undertake watershed improvement projects.

(d) Property taxes may be levied for one or more of the purposes listed in subsection (c) up to a combined rate of one dollar and fifty cents ($1.50) on the one hundred dollars' ($100.00) appraised value of property subject to taxation.

(e) With an approving vote of the people, any city may levy property taxes for any purpose for which the city is authorized by its charter or general law to appropriate money. Any property tax levy approved by a vote of the people shall not be counted for purposes of the rate limitation imposed in subsection (d).

The city council may call a referendum on approval of a property tax levy. The referendum may be held at the same time as any other city referendum or city election, but may not be otherwise

held (i) on the day of any federal, State, district, or county election already validly called or scheduled by law at the time the tax referendum is called, or (ii) within the period of time beginning 30 days before and ending 10 days after the day of any other city referendum or city election already validly called or scheduled by law at the time the tax referendum is called. The referendum shall be conducted by the same board of elections that conducts regular city elections. A notice of referendum shall be published in accordance with G.S. 163-297. The notice shall state the date of the referendum, the purpose for which it is being held, and a statement as to the last day for registration for the referendum under the election laws then in effect.

The proposition submitted to the voters shall be substantially in one of the following forms:

(1) Shall the City/Town of _____ be authorized to levy annually a property tax at a rate not in excess of ___ cents on the one hundred dollars ($100.00) value of property subject to taxation for the purpose of _____?

(2) Shall the City/Town of _____ be authorized to levy annually a property tax at a rate not in excess of that which will produce $_____ for the purpose of _____?

(3) Shall the City/Town of _____ be authorized to levy annually a property tax without restriction as to rate or amount for the purpose of _____?

If a majority of those participating in the referendum approve the proposition, the city council may proceed to levy annually a property tax within the limitations (if any) described in the proposition.

The board of elections shall canvass the referendum and certify the results to the city council. The council shall then certify and declare the result of the referendum and shall publish a statement of the result once, with the following statement appended: "Any action or proceeding challenging the regularity or validity of this tax referendum must be begun within 30 days after (date of publication)." The statement of results shall be filed in the clerk's office and inserted in the minutes of the council.

Any action or proceeding in any court challenging the regularity or validity of a tax referendum must be begun within 30 days after the publication of the results of the referendum. After the expiration of this period of limitation, no right of action or defense based upon the invalidity of or any irregularity in the referendum shall be asserted, nor shall the validity of the referendum be open to question in any court upon any ground whatever, except in an action or proceeding begun within the period of limitation prescribed herein.

Except for tax referendums on functions not included in subsection (c) of this section, any referendum held before July 1, 1973, on the levy of property taxes is not valid for the purposes of this subsection. Cities in which such referendums have been held may support programs formerly supported by voted property taxes within the general rate limitations set out in subsection (d) at any appropriate level and are not subject to the former voted rate limitation.

(f) With an approving vote of the people, any city may increase the property tax rate limitation imposed in subsection (c) and may call a referendum for that purpose. The referendum may be held at the same time as any other city referendum or election, but may not be otherwise held (i) on the day of any federal, State, district, or county election, or (ii) within the period of time beginning 30 days before and ending 30 days after the day of any other city referendum or city election. The election shall be conducted by the same board of elections that conducts regular city elections.

The proposition submitted to the voters shall be substantially in the following form: "Shall the property tax rate limitation applicable to the City/Town of _____ be increased from _____on the

one hundred dollars ($100.00) value of property subject to taxation to ___ on the one hundred dollars ($100.00) value of property subject to taxation?"

If a majority of those participating in the referendum approve the proposition, the rate limitation imposed in subsection (c) shall be increased for the city.

(g) With respect to any of the categories listed in subsections (b) and (c) of this section, the city may provide the necessary personnel, land, buildings, equipment, supplies, and financial support from property tax revenues for the program, function, or service.

(h) This section does not authorize any city to undertake any program, function, joint undertaking, or service not otherwise authorized by law. It is intended only to authorize the levy of property taxes within the limitations set out herein to finance programs, functions, or services authorized by other portions of the General Statutes or by city charters. (1917, c. 138, s. 37; 1919, c. 178, s. 3(37); C.S., s. 2963; 1921, c. 8, s. 1; Ex. Sess. 1921, c. 106, s. 1; 1947, c. 506; 1959, c. 1250, s. 3; 1971, c. 698, s. 1; 1973, c. 426, s. 31; c. 803, s. 2; 1975, c. 664, s. 7; 1977, c. 187, s. 2; c. 834, s. 2; 1979, c. 619, s. 5; 1979, 2nd Sess., c. 1247, s. 21; 1981, c. 66, s. 1; 1983, c. 511, ss. 3, 4; c. 828; 1985, c. 665, ss. 4, 7; 1987, c. 464, s. 6; 1989, c. 600, s. 8; 1989 (Reg. Sess., 1990), c. 1005, ss. 6, 7; 1991 (Reg. Sess., 1992), c. 896, s. 2; 2002-159, s. 50(b); 2002-172, s. 2.4(b); 2003-416, s. 2; 2010-167, s. 4(d); 2017-6, s. 3; 2018-5, s. 38.8(a); 2018-146, ss. 3.1(a), (b), 6.1; 2022-62, s. 47.)

§ 160A-210. Repealed by Session Laws 1979, 2nd Session, c. 1247, s. 22.

§ 160A-211. Repealed by Session Laws 2014-3, s. 12.3(a), effective July 1, 2015.

§ 160A-211.1. Repealed by Session Laws 2014-3, s. 12.3(b), effective July 1, 2015.

§ 160A-212. Animal taxes.

A city shall have power to levy an annual license tax on the privilege of keeping any domestic animal, including dogs and cats, within the city. This section shall not limit the city's authority to enact ordinances under G.S. 160A-186. (R.C., c. 111, s. 13; 1862, c. 51; Code, s. 3800; Rev., s. 2924; C.S., s. 2677; 1949, c. 933; 1971, c. 698, s. 1.)

§ 160A-213. Motor vehicle taxes.

(a) A city may impose an annual license tax on motor vehicles as permitted by G.S. 20-97.

(b) By ordinance a city may provide that the annual license tax imposed under subsection (a) above may be waived for individuals serving as firemen or as members of emergency medical teams. A city may also provide such individuals with tags or decals with distinctive coloring, or other means, to identify the individual as a fireman or a member of an emergency medical team. (1971, c. 698, s. 1; 1979, c. 442.)

§ 160A-214: Repealed by Session Laws 2006-151, s. 13, effective January 1, 2007.

§ 160A-214.1. Uniform provisions for local meals taxes.

(a) Scope. – This section applies to every city authorized by the General Assembly to levy a meals tax. To the extent this section conflicts with any provision of a local act, this section supersedes that provision.

(b) Collection. – A retailer who is required to remit to the Department of Revenue the State and local sales and use tax is required to remit the local meals tax on prepared food and beverages to the taxing city on and after the effective date of the levy of the local meals tax.

(c) Penalties. – The civil and criminal penalties that apply to State sales and use taxes under Chapter 105 of the General Statutes apply to local meals taxes. The governing board of a taxing city has the same authority to waive the penalties for a meals tax that the Secretary of Revenue has to waive the penalties for State sales and use taxes.

(d) Definitions. – The following definitions apply in this section:

(1) City. – A municipality.

(2) Meals tax. – A tax on prepared food and beverages.

(3) Prepared food and beverages. – The term means both of the following:

a. Prepared food, as defined in G.S. 105-164.3.

b. An alcoholic beverage, as defined in G.S. 18B-101, that meets at least one of the conditions of prepared food under G.S. 105-164.3. (2001-264, s. 2; 2020-58, s. 3.5(b).)

§ 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. – G.S. 105-164.4(a)(3) on accommodations is required to remit a room occupancy tax to the taxing city on and after the effective date of the levy of the room occupancy tax. The room occupancy tax applies to the same gross receipts as the State sales tax on accommodations and is calculated in the same manner as that tax. An accommodation facilitator, as defined in G.S. 105-164.3, has the same responsibility and liability under the room occupancy tax as the accommodation facilitator has under the State sales tax on accommodations. A retailer who is required to remit to the Department of Revenue the State sales tax imposed by G.S. 105-164.4(a)(3) on accommodations is required to remit a room occupancy tax to the taxing city on and after the effective date of the levy of the room occupancy tax. The room occupancy tax applies to the same gross receipts as the State sales tax on accommodations and is calculated in the same manner as that tax. An accommodation facilitator, as defined in G.S. 105-164.3, has the same responsibility and liability under the room occupancy tax as the accommodation facilitator has under the State sales tax on accommodations. If a taxable accommodation is furnished as part of a package, the bundled transaction provisions in G.S. 105-164.4D apply in determining the sales price of the taxable accommodation. If those provisions do not address the type of package offered, the person offering the package may determine an allocated price for each item in the package based on a reasonable allocation of revenue that is supported by the person's business records kept in the ordinary course of business and calculate tax on the allocated price of the taxable accommodation. A retailer must separately state the room occupancy tax. Room occupancy taxes paid to a retailer are held in trust for and on account of the taxing city. The taxing city shall design 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 retailer for State sales and use tax.

If a taxable accommodation is furnished as part of a package, the bundled transaction provisions in G.S. 105-164.4D apply in determining the sales price of the taxable accommodation. If those provisions do not address the type of package offered, the person offering the package may determine an allocated price for each item in the package based on a reasonable allocation of revenue that is supported by the person's business records kept in the ordinary course of business and calculate tax on the allocated price of the taxable accommodation.

A retailer must separately state the room occupancy tax. Room occupancy taxes paid to a retailer are held in trust for and on account of the taxing city.

The taxing city shall design 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 retailer 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 20th 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 20th 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.

(f1) Use. – The proceeds of a room occupancy tax shall not be used as follows:

(1) For development or construction of a hotel or another transient lodging facility.

(2) For the proceeds of a room occupancy tax that may be used for tourism-related expenditures, for services ordinarily provided by a city for its residents, or for purposes that are designed for or primarily benefit residents of the city unless explicitly authorized by local act, including all of the following:

a. Solid waste collection or disposal.

b. Water supply, distribution, or treatment.

c. Fire protection.

d. Law enforcement, public safety services, or emergency services.
e. Affordable housing.
f. Education.

(g) Applicability. – Subsection (c) of this section applies to all cities that levy an occupancy tax. To the extent subsection (c) conflicts with any provision of a local act, subsection (c) supersedes that provision. Subdivision (2) of subsection (f1) of this section applies to all cities that levy an occupancy tax. The remainder of this section applies only to Beech Mountain District W, to the Cities of Belmont, Burlington, Conover, Eden, Elizabeth City, Gastonia, Goldsboro, Graham, Greensboro, Hickory, High Point, Indian Trail, Jacksonville, Kings Mountain, Lake Santeetlah, Lenoir, Lexington, Lincolnton, Lowell, Lumberton, Mebane, Monroe, Mount Airy, Mount Holly, Reidsville, Roanoke Rapids, Salisbury, Sanford, Shelby, Statesville, Washington, and Wilmington, to the Towns of Ahoskie, Beech Mountain, Benson, Bermuda Run, Blowing Rock, Boiling Springs, Boone, Burgaw, Carolina Beach, Carrboro, Cooleemee, Cramerton, Dallas, Dobson, Elkin, Elon, Fontana Dam, Four Oaks, Franklin, Grover, Hillsborough, Jefferson, Jonesville, Kenly, Kure Beach, Lansing, Leland, McAdenville, Mocksville, Mooresville, Murfreesboro, North Topsail Beach, Pembroke, Pilot Mountain, Ranlo, Robbinsville, Selma, Smithfield, St. James, St. Pauls, Swansboro, Troutman, Tryon, West Jefferson, Wrightsville Beach, Yadkinville, Yanceyville, to the municipalities in Avery and Brunswick Counties, to Clayton District C, Rocky Mount District R, Saluda District D, and Stallings District S. (1997-361, s. 4; 1997-364, s. 5; 1997-410, s. 3; 1997-447, s. 2; 1998-112, s. 4; 1999-258, s. 3; 1999-302, s. 2; 2000-103, s. 9; 2001-11, s. 2; 2001-365, s. 3; 2001-434, s. 9; 2001-439, s. 18.1; 2002-94, s. 4; 2002-95, s. 3; 2002-138, s. 2; 2002-139, s. 2; 2002-159, s. 62; 2003-281, s. 14; 2004-105, s. 3; 2004-170, ss. 36(b), 42(b); 2004-199, s. 60(b); 2005-16, s. 3; 2005-46, s. 2.3; 2005-49, s. 3; 2005-220, s. 5; 2005-233, s. 6.2; 2005-435, s. 45; 2006-118, s. 4; 2006-120, ss. 8.2, 10.2; 2006-148, s. 3; 2006-162, s. 20(b); 2006-164, s. 3; 2006-167, s. 3; 2006-264, ss. 19, 81(a); 2007-224, s. 6; 2007-317, s. 3; 2007-340, s. 10; 2007-484, s. 43; 2007-527, s. 42; 2008-64, s. 2; 2008-134, s. 12(c); 2009-169, s. 8; 2009-291, s. 2; 2009-428, s. 4; 2009-429, s. 8; 2010-31, s. 31.6(e), (f); 2010-78, s. 11; 2010-123, s. 10.2; 2011-69, s. 2; 2011-170, s. 6; 2012-107, s. 2; 2013-351, s. 1.3; 2015-102, s. 2; 2017-202, s. 9.1(a); 2018-5, s. 38.10(f); 2019-246, s. 4(f); 2023-144, s. 27.2; 2026-15, s. 1; 2026-35, s. 1.6.)

§ 160A-215.1. Gross receipts tax on short-term leases or rentals.

(a) As a substitute for and in replacement of the ad valorem tax, which is excluded by G.S. 105-275(42), a city may levy a gross receipts tax on the gross receipts from the short-term lease or rental of vehicles at retail to the general public. The tax rate shall not exceed one and one-half percent (1.5%) of the gross receipts from such short-term leases or rentals.

(b) If a city enacts the substitute and replacement gross receipts tax pursuant to this section, any entity required to collect the tax shall include a provision in each retail short-term lease or rental agreement noting that the percentage amount enacted by the city of the total lease or rental price, excluding highway use tax, is being charged as a tax on gross receipts. For purposes of this section, the transaction giving rise to the tax shall be deemed to have occurred at the location of the entity from which the customer takes delivery of the vehicle. The tax shall be collected at the time of lease or rental and placed in a segregated account until remitted to the city.

(c) The collection and use of taxes under this section are not subject to highway use tax and are not included in the gross receipts of the entity. The proceeds collected under this section belong to the city and are not subject to creditor liens against the entity.

(d) A tax levied under this section shall be collected by the city but otherwise administered in the same manner as the tax levied under G.S. 105-164.4(a)(2).

(e) The following definitions apply in this section:

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

(2) Vehicle. – Any of the following:

a. A motor vehicle of the passenger type, including a passenger van, minivan, or sport utility vehicle.

b. A motor vehicle of the cargo type, including cargo van, pickup truck, or truck with a gross vehicle weight rating of 26,000 pounds or less used predominantly in the transportation of property for other than commercial freight and that does not require the operator to posses a commercial drivers license.

c. A trailer or semitrailer with a gross vehicle weight of 6,000 pounds or less.

(f) The penalties and remedies that apply to local sales and use taxes levied under Subchapter VIII of Chapter 105 of the General Statutes apply to a tax levied under this section. The governing body of the city may exercise any power the Secretary of Revenue may exercise in collecting local sales and use taxes. (2000-2, s. 3; 2000-140, s. 75(c); 2001-414, s. 51; 2014-3, s. 12.3(d).)

§ 160A-215.2. Heavy equipment gross receipts tax in lieu of property tax.

(a) Definitions. – The following definitions apply in this section:

(1) Heavy equipment. – Defined in G.S. 153A-156.1.

(2) Short-term lease or rental. – Defined in G.S. 105-187.1.

(b) Tax Authorized. – A city may, by ordinance, impose a tax at the rate of eight tenths percent (0.8%) on the gross receipts from the short-term lease or rental of heavy equipment by a person whose principal business is the short-term lease or rental of heavy equipment at retail. The heavy equipment subject to this tax is exempt from property tax under G.S. 105-275, and this tax provides an alternative to a property tax on the equipment. A person is not considered to be in the short-term lease or rental business if the majority of the person's lease and rental gross receipts are derived from leases and rentals to a person who is a related person under G.S. 105-163.010.

The tax authorized by this section applies to gross receipts that are subject to tax under G.S. 105-164.4(a)(2). Gross receipts from the short-term lease or rental of heavy equipment are subject to a tax imposed by a city under this section if the place of business from which the heavy equipment is delivered is located in the city.

(c) Payment. – A person whose principal business is the short-term lease or rental of heavy equipment is required to remit a tax imposed by this section to the city. The tax is payable quarterly and is due by the last day of the month following the end of the quarter. The tax is intended to be added to the amount charged for the short-term lease or rental of heavy equipment and paid to the heavy equipment business by the person to whom the heavy equipment is leased or rented.

(d) Enforcement. – The penalties and collection remedies that apply to the payment of sales and use taxes under Article 5 of Chapter 105 of the General Statutes apply to a tax imposed under this section. The city finance officer has the same authority as the Secretary of Revenue in imposing these penalties and remedies.

(e) Effective Date. – A tax imposed under this section becomes effective on the date set in the ordinance imposing the tax. The date must be the first day of a calendar quarter and may not be

sooner than the first day of the calendar quarter that begins at least two months after the date the ordinance is adopted.

(f) Repeal. – A city may, by ordinance, repeal a tax imposed under this section. The repeal is effective on the date set in the ordinance. The date must be the first day of a calendar quarter and may not be sooner than the first day of the calendar quarter that begins at least two months after the date the ordinance is adopted. (2008-144, s. 3; 2009-445, s. 27(a).)