

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 1052

Short Title: Transit Authority Vehicle Rental Tax.

(Public)

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Sponsors: Senator Sherron.

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Referred to: Finance

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May 4, 1995

A BILL TO BE ENTITLED

1 AN ACT AUTHORIZING REGIONAL TRANSPORTATION AUTHORITIES TO  
2 LEVY A TAX ON GROSS RECEIPTS DERIVED FROM THE SHORT-TERM  
3 LEASE OR RENTAL OF PASSENGER MOTOR VEHICLES IN LIEU OF A  
4 VEHICLE REGISTRATION TAX.  
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6 The General Assembly of North Carolina enacts:

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

9 **"SUBCHAPTER IX. MULTICOUNTY TAXES.**

10 **"§ 105-550. Definitions.**

11 The definitions in G.S. 160A-601 and the following definitions apply to this  
12 Subchapter:

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

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

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.**

1       (a) Tax. – The Board of Trustees of an Authority may impose a privilege tax on a  
2 person who leases or rents private passenger vehicles or motorcycles based on the gross  
3 receipts derived by the person from the short-term lease or rental of these vehicles. The  
4 tax rate must be a percentage and may not exceed ten percent (10%). A tax imposed  
5 under this section applies to short-term leases or rentals made by a person whose place of  
6 business or inventory is located within the territorial jurisdiction of the Authority. This  
7 tax is in addition to all other taxes.

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

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

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

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

19 **"§ 105-552. Collection and administration of gross receipts tax.**

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

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

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

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

43 **"§ 105-553. Exemptions and refunds.**

1 No exemptions are allowed from a tax imposed under this Subchapter. No refunds  
2 are allowed for a tax lawfully imposed under this Subchapter.

3 **"§ 105-554. Use of tax proceeds.**

4 An Authority that imposes a tax under this Subchapter may use the proceeds of the  
5 tax for any purpose for which the Authority is authorized to use funds. Authorized  
6 purposes for which an Authority may use funds include the following:

7 (1) Pledging funds in connection with the financing of a public  
8 transportation system or any part of a public transportation system.

9 (2) Paying a note, bond, or other obligation entered into by the Authority  
10 pursuant to Article 26 of Chapter 160A of the General Statutes.

11 **"§ 105-555. Repeal of tax or decrease in tax rate.**

12 The Board of Trustees of an Authority may repeal a tax imposed under this  
13 Subchapter or decrease the tax rate of a tax imposed under this Subchapter. The same  
14 restrictions that apply to the imposition of a tax or an increase in a tax rate under this  
15 Subchapter apply to the repeal of the tax or a decrease in the tax rate.

16 A tax repeal or a tax decrease becomes effective on the date set by the Board of  
17 Trustees in the resolution repealing or decreasing the tax. The effective date must be on  
18 the first day of a month and may not be earlier than the first day of the second month  
19 after the Board of Trustees adopts the resolution. Repeal or decrease of a tax imposed  
20 under this Subchapter does not affect the rights or liabilities of an Authority, a taxpayer,  
21 or another person arising before the repeal or decrease."

22 Sec. 2. G.S. 160A-613(b) is repealed.

23 Sec. 3. G.S. 160A-623(a) reads as rewritten:

24 "(a) Tax Authorized. — In accordance with this section, an Authority organized  
25 under this Article may levy an annual license tax upon any motor vehicle with a tax situs  
26 within its territorial jurisdiction as defined by G.S. 160A-602. An Authority's levy of a  
27 vehicle rental tax under Subchapter IX of Chapter 105 of the General Statutes repeals its  
28 authority to levy a tax under this section, effective on the effective date of the levy of the  
29 vehicle rental tax. Repeal of the vehicle rental tax does not revive an Authority's  
30 authority to levy the tax authorized in this section."

31 Sec. 4. This act is effective upon ratification.