

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 136  
Committee Substitute Favorable 2/26/97  
Committee Substitute #2 Favorable 3/11/97  
Fourth Edition Engrossed 3/17/97

Short Title: Late Video Return/Sales Tax.

(Public)

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Sponsors:

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Referred to:

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February 13, 1997

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE THAT CERTAIN LATE CHARGES FOR THE LATE  
3 RETURN OF RENTED PROPERTY ARE SUBJECT TO SALES TAX AND TO  
4 PROVIDE FOR TREBLE DAMAGES IN A CIVIL ACTION TO ENFORCE  
5 PAYMENT OF CERTAIN LATE CHARGES FOR THE LATE RETURN OF A  
6 RENTED VIDEOCASSETTE TAPE.

7 The General Assembly of North Carolina enacts:

8 Section 1. G.S. 105-164.3(16) is amended by adding a new sub-subdivision to  
9 read:

10 "(16) g. The term 'sales price' includes a late charge for the late  
11 return of leased or rented personal property, except that the  
12 term does not include the excess of the late charge for the late  
13 period over the rental charge for an equivalent period if the  
14 following conditions are met:

15 1. The late charge is imposed only if the lessee violates the  
16 terms of the lease or rental agreement by failing to return  
17 the property on time.

1                   2.     The late charge is charged and accounted for separately  
2                   from the charge for leasing or renting the property."

3                   Section 2. Article 13 of Chapter 66 of the General Statutes is amended by  
4 adding a new section to read:

5 **"§ 66-67.4. Remedies for failure to pay extra-day charges for late return of video.**

6     (a)     The following definitions apply in this section:

7             (1)     Extra-day charge. – A charge for the late return of a rented videocassette  
8             at a rate that does not exceed the daily rental charge rate or the regular  
9             per-day rental charge rate.

10            (2)     Member of record. – A person in whose name a video rental store  
11            membership is held and on whose membership a videocassette is rented.

12            (3)     Videocassette. – The term includes video cartridges.

13            (4)     Video rental store. – An entity that rents videocassette tapes for  
14            noncommercial use.

15     (b)     A member of record who fails to pay the extra-day charges assessed for the late  
16     return of a videocassette within 30 days after written demand for payment of such  
17     charges is liable to the video rental store for a minimum amount of fifty dollars (\$50.00)  
18     or three times the amount of the extra-day charges, whichever is greater, subject to a  
19     maximum amount of one hundred dollars (\$100.00) per tape.

20     (c)     The written demand shall be mailed by certified mail to the member of record's  
21     last known address.

22     (d)     The damages provided for in this section do not apply unless, at the time of the  
23     rental of the videocassette tape, the video rental store conspicuously displayed in the  
24     vicinity of the checkout counter a sign that displays the following warnings in block  
25     letters not less than one inch in height:

26             'STATE LAW PROVIDES THAT FAILURE TO PAY THE LATE  
27             RETURN, EXTRA-DAY CHARGES DUE ON ANY RENTED  
28             VIDEOCASSETTE TAPE MAY RESULT IN DAMAGES OF TRIPLE  
29             THE AMOUNT OF THE LATE CHARGES, WITH A MINIMUM OF  
30             \$50.00 AND A MAXIMUM OF \$100.00 PER TAPE. (G.S. 66-67.4).'

31     (e)     Any recovery of these damages must be recovered by a civil action.

32     (f)     Nothing contained in this section shall prohibit recovery upon any other theory  
33     of law."

34             Section 3. This act becomes effective October 1, 1997, and applies to rentals  
35 occurring on or after that date.