

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009**

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**SENATE BILL 40
Finance Committee Substitute Adopted 4/2/09
PROPOSED COMMITTEE SUBSTITUTE S40-PCS85200-MCx-4**

Short Title: Murfreesboro Occupancy Tax.

(Local)

Sponsors:

Referred to:

February 4, 2009

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE THE TOWN OF MURFREESBORO TO LEVY A ROOM
2 OCCUPANCY TAX, TO MAINTAIN THE CURRENT DISTRIBUTION AND USE OF
3 THE ROOM AND OCCUPANCY TAX LEVIED BY THE TOWN OF BANNER ELK,
4 AND TO AUTHORIZE THE TOWN OF SALISBURY TO LEVY A ROOM
5 OCCUPANCY TAX.
6

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** Occupancy tax. – (a) Authorization and Scope. – The Town Council
9 of the Town of Murfreesboro may levy a room occupancy tax of up to three percent (3%) of the
10 gross receipts derived from the rental of any room, lodging, or accommodation furnished by a
11 hotel, motel, inn, tourist camp, or similar place within the town that is subject to sales tax
12 imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local
13 sales tax. This tax does not apply to accommodations furnished by nonprofit charitable,
14 educational, or religious organizations when furnished in furtherance of their nonprofit
15 purpose.

16 **SECTION 1.(b)** Administration. – A tax levied under this section shall be levied,
17 administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in
18 G.S. 160A-215 apply to a tax levied under this section.

19 **SECTION 1.(c)** Distribution and Use of Tax Revenue. – The Town of
20 Murfreesboro shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the
21 Murfreesboro Tourism Development Authority. The Authority shall use at least two-thirds of
22 the funds remitted to it under this subsection to promote travel and tourism in the Town of
23 Murfreesboro and shall use the remainder for tourism-related expenditures.

24 The following definitions apply in this subsection:

25 (1) Net proceeds. – Gross proceeds less the cost to the town of administering
26 and collecting the tax, as determined by the finance officer, not to exceed
27 three percent (3%) of the first five hundred thousand dollars (\$500,000) of
28 gross proceeds collected each year and one percent (1%) of the remaining
29 gross proceeds collected each year.

30 (2) Promote travel and tourism. – To advertise or market an area or activity,
31 publish and distribute pamphlets and other materials, conduct market
32 research, or engage in similar promotional activities that attract tourists or



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1 business travelers to the area; the term includes administrative expenses
2 incurred in engaging in the listed activities.

- 3 (3) Tourism-related expenditures. – Expenditures that, in the judgment of the
4 Murfreesboro Tourism Development Authority, are designed to increase the
5 use of lodging facilities, meeting facilities, or convention facilities in the
6 town or to attract tourists or business travelers to the town. The term
7 includes tourism-related capital expenditures.

8 **SECTION 2.** Tourism Development Authority. – (a) Appointment and
9 Membership. – When the Town Council adopts a resolution levying a room occupancy tax
10 under this act, it shall also adopt a resolution creating the Murfreesboro Tourism Development
11 Authority, which shall be a public authority under the Local Government Budget and Fiscal
12 Control Act. The resolution shall provide for the membership of the Authority, including the
13 members' terms of office, and for the filling of vacancies on the Authority. At least one-third of
14 the members shall be individuals who are affiliated with businesses that collect the tax in the
15 town, and at least one-half of the members shall be individuals who are currently active in the
16 promotion of travel and tourism in the town. The Town Council shall designate one member of
17 the Authority as chair and shall determine the compensation, if any, to be paid to members of
18 the Authority.

19 The Authority shall meet at the call of the chair and shall adopt rules of procedure to
20 govern its meetings. The finance officer for the Town of Murfreesboro shall be the ex officio
21 finance officer of the Authority.

22 **SECTION 2.(b)** Duties. – The Authority shall expend the net proceeds of the tax
23 levied under Section 1 of this act for the purposes provided that section. The Authority shall
24 promote travel, tourism, and conventions in the town, sponsor tourist-related events and
25 activities in the town, and finance tourist-related capital projects in the town.

26 **SECTION 2.(c)** Reports. – The Authority shall report quarterly and at the close of
27 the fiscal year to the Murfreesboro Town Council on its receipts and expenditures for the
28 preceding quarter and for the year in such detail as the Town Council may require.

29 **SECTION 3.** Section 8 of S.L. 2000-103 is repealed.

30 **SECTION 4.** Occupancy tax. – (a) Authorization and Scope. – The City Council of
31 the City of Salisbury may levy a room occupancy tax of up to three percent (3%) of the gross
32 receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel,
33 motel, inn, tourist camp, or similar place within the city that is subject to sales tax imposed by
34 the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This
35 tax does not apply to accommodations furnished by nonprofit charitable, educational, or
36 religious organizations when furnished in furtherance of their nonprofit purpose.

37 **SECTION 4.(b)** Administration. – A tax levied under this section shall be levied,
38 administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in
39 G.S. 160A-215 apply to a tax levied under this section.

40 **SECTION 4.(c)** Distribution and Use of Tax Revenue. – The City of Salisbury
41 shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Salisbury Tourism
42 Development Authority. The Authority shall use at least two-thirds of the funds remitted to it
43 under this subsection to promote travel and tourism in the City of Salisbury and shall use the
44 remainder for tourism-related expenditures.

45 The following definitions apply in this subsection:

- 46 (1) Net proceeds. – Gross proceeds less the cost to the city of administering and
47 collecting the tax, as determined by the finance officer, not to exceed three
48 percent (3%) of the first five hundred thousand dollars (\$500,000) of gross
49 proceeds collected each year and one percent (1%) of the remaining gross
50 proceeds collected each year.

1 (2) Promote travel and tourism. – To advertise or market an area or activity,
2 publish and distribute pamphlets and other materials, conduct market
3 research, or engage in similar promotional activities that attract tourists or
4 business travelers to the area; the term includes administrative expenses
5 incurred in engaging in the listed activities.

6 (3) Tourism-related expenditures. – Expenditures that, in the judgment of the
7 Salisbury Tourism Development Authority, are designed to increase the use
8 of lodging facilities, meeting facilities, or convention facilities in the city or
9 to attract tourists or business travelers to the city. The term includes
10 tourism-related capital expenditures.

11 **SECTION 5.** Tourism Development Authority. – (a) Appointment and
12 Membership. – When the City Council adopts a resolution levying a room occupancy tax under
13 this act, it shall also adopt a resolution creating the Salisbury Tourism Development Authority,
14 which shall be a public authority under the Local Government Budget and Fiscal Control Act.
15 The resolution shall provide for the membership of the Authority, including the members' terms
16 of office, and for the filling of vacancies on the Authority. At least one-third of the members
17 shall be individuals who are affiliated with businesses that collect the tax in the city, and at
18 least one-half of the members shall be individuals who are currently active in the promotion of
19 travel and tourism in the city. The City Council shall designate one member of the Authority as
20 chair and shall determine the compensation, if any, to be paid to members of the Authority.

21 The Authority shall meet at the call of the chair and shall adopt rules of procedure to
22 govern its meetings. The finance officer for the City of Salisbury shall be the ex officio finance
23 officer of the Authority.

24 **SECTION 5.(b)** Duties. – The Authority shall expend the net proceeds of the tax
25 levied under Section 4 of this act for the purposes provided in that section. The Authority shall
26 promote travel, tourism, and conventions in the city, sponsor tourist-related events and
27 activities in the city, and finance tourist-related capital projects in the city.

28 **SECTION 5.(c)** Reports. – The Authority shall report quarterly and at the close of
29 the fiscal year to the Salisbury City Council on its receipts and expenditures for the preceding
30 quarter and for the year in such detail as the City Council may require.

31 **SECTION 6.** This act is effective when it becomes law.