

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2017

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D

HOUSE BILL 143

PROPOSED COMMITTEE SUBSTITUTE H143-PCS10310-SVxr-12

Short Title: Sanford and Harnett Occupancy Tax.

(Local)

Sponsors:

Referred to:

February 22, 2017

1 A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE THE CITY OF SANFORD TO LEVY AN OCCUPANCY TAX  
3 AND TO CREATE A SPECIAL TAXING DISTRICT MADE UP OF ALL AREAS IN  
4 HARNETT COUNTY EXCLUSIVE OF THE AVERASBORO TOWNSHIP AND TO  
5 AUTHORIZE THAT SPECIAL TAXING DISTRICT TO LEVY A SIX PERCENT  
6 ROOM OCCUPANCY TAX.

7 The General Assembly of North Carolina enacts:

9 PART I. SANFORD OCCUPANCY TAX

10 SECTION 1. Occupancy tax. – (a) Authorization and Scope. – The City Council of  
11 the City of Sanford may levy a room occupancy tax of up to three percent (3%) of the gross  
12 receipts derived from the rental of an accommodation within the city that is subject to sales tax  
13 imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local  
14 sales tax.

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16 administered, collected, and repealed as provided in G.S. 160A-215.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

18 SECTION 1.(c) Distribution and Use of Tax Revenue. – The City of Sanford shall,  
19 on a quarterly basis, remit the net proceeds of the occupancy tax to the Sanford Tourism  
20 Development Authority. The Authority shall use the funds remitted to it under this subsection  
21 to promote travel and tourism in the City of Sanford.

22 The following definitions apply in this section:

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

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

33 SECTION 1.(d) Tourism Development Authority. – Appointment and  
34 Membership. – When the City Council adopts a resolution levying a room occupancy tax under  
35 this section, it shall also adopt a resolution creating the Sanford Tourism Development  
36 Authority, which shall be a public authority under the Local Government Budget and Fiscal



1 Control Act. The resolution shall provide for the membership of the Authority, including the  
2 members' terms of office, and for the filling of vacancies on the Authority. At least one-third of  
3 the members shall be individuals who are affiliated with businesses that collect the tax in the  
4 city and at least one-half of the members shall be individuals who are currently active in the  
5 promotion of travel and tourism in the city. The City Council shall designate one member of  
6 the Authority as chair and shall determine the compensation, if any, to be paid to members of  
7 the Authority.

8 The Authority shall meet at the call of the chair and shall adopt rules of procedure to  
9 govern its meetings. The finance officer for the City of Sanford shall be the ex officio finance  
10 officer of the Authority.

11 **SECTION 1.(e) Duties.** – The Authority shall expend the net proceeds of the tax  
12 levied under this section for the purpose provided in subsection (c) of this section. The  
13 Authority shall promote travel, tourism, and conventions in the city and sponsor tourist-related  
14 events and activities in the city.

15 **SECTION 1.(f) Reports.** – The Authority shall report quarterly and at the close of  
16 the fiscal year to the Sanford City Council on its receipts and expenditures for the preceding  
17 quarter and for the year in such detail as the City Council may require.

## 18 **PART II. HARNETT COUNTY OCCUPANCY TAX**

19 **SECTION 2.1.(a) District H Created.** – Harnett County District H is created as a  
20 taxing district. Its jurisdiction consists of all of Harnett County exclusive of the Averagesboro  
21 Township. Harnett County District H is a body politic and corporate and has the power to carry  
22 out the provisions of this section. The Harnett County Board of Commissioners shall serve ex  
23 officio as the governing body of the district and the officers of the board of commissioners shall  
24 serve as the officers of the governing body of the district. A simple majority of the governing  
25 body constitutes a quorum and approval by a majority of those present is sufficient to  
26 determine any matter before the governing body, if a quorum is present.

27 **SECTION 2.1.(b) Authorization and Scope.** – The governing body of Harnett  
28 County District H may levy a room occupancy tax of up to six percent (6%) of the gross  
29 receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel,  
30 motel, inn, tourist camp, or similar place within the district that is subject to sales tax imposed  
31 by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales or  
32 room occupancy tax.

33 **SECTION 2.1.(c) Administration.** – A tax levied under this section shall be levied,  
34 administered, collected, and repealed as provided in G.S. 153A-155 as if Harnett County  
35 District H were a county. The penalties provided in G.S. 153A-155 apply to a tax levied under  
36 this section.

37 **SECTION 2.1.(d) Distribution and Use of Tax Revenue.** – Harnett County District  
38 H shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Harnett County  
39 District H Tourism Development Authority. The Harnett County District H Tourism  
40 Development Authority shall use at least two-thirds of the proceeds to promote travel and  
41 tourism and shall use the remainder for tourism-related expenditures in the district. In  
42 accordance with the North Carolina Constitution and the United States Constitution, the tax  
43 proceeds may be used only for the direct benefit of the jurisdiction of Harnett County District  
44 H.

45 The following definitions apply in this subsection:

- 46 (1) **Net proceeds.** – Gross proceeds less the cost to the county of administering  
47 and collecting the tax, as determined by the finance officer, not to exceed  
48 three percent (3%) of the first five hundred thousand dollars (\$500,000) of  
49 gross proceeds collected each year and one percent (1%) of the remaining  
50 gross receipts collected each year.  
51

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 Tourism Development Authority, are designed to increase the use of lodging  
8 facilities, meeting facilities, or convention facilities in the county or to  
9 attract tourists or business travelers to the district. The term includes  
10 tourism-related capital expenditures.

11 **SECTION 2.2.** Harnett County District H Tourism Development Authority. – (a)  
12 Appointment and Membership. – When the governing body of Harnett County District H  
13 adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution  
14 creating the Harnett County District H Tourism Development Authority, which shall be a  
15 public authority under the Local Government Budget and Fiscal Control Act. The resolution  
16 shall provide for the membership of the Authority, including the members' terms of office, and  
17 for the filling of vacancies on the Authority. At least one-third of the members must be  
18 individuals who are affiliated with businesses that collect the tax in the district and at least  
19 one-half of the members must be individuals who are currently active in the promotion of travel  
20 and tourism in the district. The governing body shall designate one member of the Authority as  
21 chair and shall determine the compensation, if any, to be paid to members of the Authority.

22 The Authority shall meet at the call of the chair and shall adopt rules of procedure to  
23 govern its meetings. The Finance Officer for Harnett County shall be the ex officio finance  
24 officer of the Authority.

25 **SECTION 2.2.(b)** Duties. – The Authority shall expend the net proceeds of the tax  
26 levied under this act for the purposes provided in this act. The Authority shall promote travel  
27 and tourism in the district and make tourism-related expenditures in the district.

28 **SECTION 2.2.(c)** Reports. – The Authority shall report quarterly and at the close  
29 of the fiscal year to the Harnett County Board of Commissioners on its receipts and  
30 expenditures for the preceding quarter and for the year in such detail as the board may require.

### 31 32 **PART III. ADMINISTRATIVE PROVISIONS**

33 **SECTION 3.(a)** G.S. 160A-215(g) reads as rewritten:

34 "(g) Applicability. – Subsection (c) of this section applies to all cities that levy an  
35 occupancy tax. To the extent subsection (c) conflicts with any provision of a local act,  
36 subsection (c) supersedes that provision. The remainder of this section applies only to Beech  
37 Mountain District W, to the Cities of Belmont, Conover, Eden, Elizabeth City, Gastonia,  
38 Goldsboro, Greensboro, Hickory, High Point, Jacksonville, Kings Mountain, Lenoir,  
39 Lexington, Lincolnton, Lowell, Lumberton, Monroe, Mount Airy, Mount Holly, Reidsville,  
40 Roanoke Rapids, Salisbury, Sanford, Shelby, Statesville, Washington, and Wilmington, to the  
41 Towns of Ahoskie, Beech Mountain, Benson, Bermuda Run, Blowing Rock, Boiling Springs,  
42 Boone, Burgaw, Carolina Beach, Carrboro, Cooleemee, Cramerton, Dallas, Dobson, Elkin,  
43 Fontana Dam, Franklin, Grover, Hillsborough, Jonesville, Kenly, Kure Beach, Leland,  
44 McAdenville, Mocksville, Mooresville, Murfreesboro, North Topsail Beach, Pembroke, Pilot  
45 Mountain, Ranlo, Robbinsville, Selma, Smithfield, St. Pauls, Swansboro, Troutman, Tryon,  
46 West Jefferson, Wilkesboro, Wrightsville Beach, Yadkinville, and Yanceyville, and to the  
47 municipalities in Avery and Brunswick Counties."

48 **SECTION 3.(b)** G.S. 153A-155(g) reads as rewritten:

49 "(g) Applicability. – Subsection (c) of this section applies to all counties and county  
50 districts that levy an occupancy tax. To the extent subsection (c) conflicts with any provision of  
51 a local act, subsection (c) supersedes that provision. The remainder of this section applies only

1 to Alleghany, Anson, Brunswick, Buncombe, Burke, Cabarrus, Camden, Carteret, Caswell,  
2 Chatham, Cherokee, Chowan, Clay, Craven, Cumberland, Currituck, Dare, Davie, Duplin,  
3 Durham, Edgecombe, Forsyth, Franklin, Graham, Granville, Halifax, Haywood, Henderson,  
4 Jackson, Madison, Martin, McDowell, Montgomery, Moore, Nash, New Hanover,  
5 Northampton, Pasquotank, Pender, Perquimans, Person, Randolph, Richmond, Rockingham,  
6 Rowan, Rutherford, Sampson, Scotland, Stanly, Swain, Transylvania, Tyrrell, Vance,  
7 Washington, Wayne, and Wilson Counties, to Harnett County District H, ~~to~~New Hanover  
8 County District U, ~~to~~Surry County District S, ~~to~~Watauga County District U, ~~to~~Wilkes County  
9 District K, ~~to~~Yadkin County District Y, and ~~to~~the Township of Averasboro in Harnett County  
10 and the Ocracoke Township Taxing District."

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12 **PART IV. EFFECTIVE DATE**

13 **SECTION 4.** This act is effective when it becomes law.