

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

H.B. 1019
May 2, 2024
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH30440-NIxf-176

Short Title: McDowell County Occupancy Tax Modifications. (Local)

Sponsors: Representative Greene.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE MCDOWELL COUNTY TO LEVY AN ADDITIONAL ONE
3 PERCENT OCCUPANCY TAX AND TO MAKE OTHER ADMINISTRATIVE
4 CHANGES.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** Chapter 892 of the 1985 Session Laws, as amended by S.L. 2007-315,
7 reads as rewritten:

8 "Section 1. Occupancy Tax. – (a) Authorization and Scope. – The McDowell County Board
9 of Commissioners may levy a room occupancy tax of three percent (3%) of the gross receipts
10 derived from the rental of ~~any room, lodging, or similar accommodation furnished by a hotel,~~
11 ~~motel, inn, or similar place within an accommodation within~~ the county that is subject to sales
12 tax 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 the nonprofit purpose.~~

15 (a1) Authorization of Additional Two Percent Occupancy Tax. – In addition to the tax
16 authorized by subsection (a) of this section, the McDowell County Board of Commissioners may
17 levy an additional room occupancy tax of two percent (2%) of the gross receipts derived from
18 the rental of accommodations taxable under subsection (a) of this section. The levy, collection,
19 administration, and repeal of the tax authorized by this subsection shall be in accordance with
20 the provisions of this act. McDowell County may not levy a tax under this subsection unless it
21 also levies the tax authorized under subsection (a) of this section.

22 (a2) Authorization of Additional One Percent Occupancy Tax. – In addition to the tax
23 authorized by subsections (a) and (a1) of this section, the McDowell County Board of
24 Commissioners may levy an additional room occupancy tax of one percent (1%) of the gross
25 receipts derived from the rental of accommodations taxable under subsections (a) and (a1) of this
26 section. The levy, collection, administration, and repeal of the tax authorized by this subsection
27 shall be in accordance with the provisions of this act. McDowell County may not levy a tax under
28 this subsection unless it also levies the tax authorized under subsections (a) and (a1) of this
29 section.

30 (c) Administration. – A tax levied under this act shall be levied, administered, collected,
31 and repealed as provided in G.S. 153A-155. The penalties provided in G.S. 153A-155 apply to a
32 tax levied under this act.

33 (e) Distribution and Use of Tax Revenue. – McDowell County shall, on a quarterly basis,
34 remit the net proceeds of the occupancy tax to the McDowell Tourism Development Authority.
35 The Authority shall use at least two-thirds of the funds remitted to it under this subsection to



1 promote travel and tourism in McDowell County and shall use the remainder for tourism-related
2 expenditures.

3 The following definitions apply in this subsection:

- 4 (1) Net proceeds. – Gross proceeds less the cost to the county of administering
5 and collecting the tax, as determined by the finance officer, not to exceed three
6 percent (3%) of the first five hundred thousand dollars (\$500,000) of gross
7 proceeds collected each year and one percent (1%) of the remaining gross
8 receipts collected each year.
- 9 (2) Promote travel and tourism. – To advertise or market an area or activity,
10 publish and distribute pamphlets and other materials, conduct market research,
11 or engage in similar promotional activities that attract tourists or business
12 travelers to the area. The term includes administrative expenses incurred in
13 engaging in the listed activities.
- 14 (3) Tourism-related expenditures. – Expenditures that, in the judgment of the
15 Tourism Development Authority, are designed to increase the use of lodging
16 facilities, meeting facilities, or convention facilities in a county or to attract
17 tourists or business travelers to the county. The term includes tourism-related
18 capital expenditures. Tourism-related capital expenditures may include
19 expenditures to purchase, renovate, maintain, or operate heritage tourism sites,
20 such as the McDowell House, the Carson House, Fort Davidson, or Heritage
21 Trails.

22 "Sec. 2. Tourism Development Authority. (a) Appointment and Membership. – When the
23 board of commissioners adopts a resolution levying a room occupancy tax under this act, it shall
24 also adopt a resolution creating a county Tourism Development Authority, which shall be a
25 public authority under the Local Government Budget and Fiscal Control Act. The resolution shall
26 provide for the membership of the Authority, including the members' terms of office, and for the
27 filling of vacancies on the Authority. At least one-half of the members shall be individuals who
28 are affiliated with businesses that collect the tax in the county, and at least one-third of the
29 members shall be individuals who are currently active in the promotion of travel and tourism in
30 the county. The Authority must be comprised of the following seven voting members and two
31 nonvoting, ex officio members:

- 32 (1) The Executive Director of the McDowell Chamber of Commerce, who shall
33 serve as an ex officio, nonvoting member.
- 34 (2) A county commissioner appointed by the McDowell County Board of
35 Commissioners, who shall serve as an ex officio, nonvoting member.
- 36 (3) Four owners or operators of hotels, motels, or other taxable accommodations,
37 two of whom shall be appointed by the McDowell County Board of
38 Commissioners, and two of whom shall be appointed by the McDowell
39 Chamber of Commerce. Two of these appointees shall own or operate hotels,
40 motels, or other accommodations with more than 50 rental units, and two shall
41 own or operate hotels, motels, or other accommodations with 50 or fewer
42 rental units.
- 43 (4) Three individuals who are currently active in the promotion of travel and
44 tourism in the county, appointed as follows: two by the McDowell Chamber
45 of Commerce and one by the McDowell County Board of Commissioners.

46 All members of the Authority shall serve without compensation. Vacancies in the Authority
47 shall be filled by the appointing authority of the member creating the vacancy. Members
48 appointed to fill vacancies shall serve for the remainder of the unexpired term which they are
49 appointed to fill. Members shall serve three-year terms. The members shall elect a chairman from
50 the membership of the Authority, who shall serve for a term of two years. The Authority shall

1 meet at the call of the chairman and shall adopt rules of procedure to govern its meetings. The
2 Finance Officer for McDowell County shall be the ex officio finance officer of the Authority.

3 (c) Duties. – The Authority shall expend the net proceeds of the tax levied under this act
4 for ~~the purposes provided in this act. The Authority shall promote travel, tourism, and~~
5 ~~conventions in McDowell County, sponsor tourist related events and activities in the county, and~~
6 ~~finance tourist related capital projects in the county. In performing its duties, the Authority may~~
7 ~~contract with any person, firm, or agency to advise and assist it and may recommend to the board~~
8 ~~of county commissioners that county staff be employed for this advice and assistance. Any~~
9 ~~county staff employed upon a recommendation made by the Authority shall be hired and~~
10 ~~supervised by the Authority, which shall pay the salaries and expenses of this staff.~~
11 promoting travel and tourism and for tourism-related expenditures as provided in this act.

12 (d) Reports. – The Authority shall report quarterly and at the close of the fiscal year to
13 the board of county commissioners on its receipts and expenditures for the preceding quarter and
14 for the year in such detail as the board may require.

15 "Sec. 4. This act is effective upon ratification."

16 **SECTION 2.** This act becomes effective July 1, 2024, and applies to the distribution
17 and use of occupancy tax proceeds on or after that date.