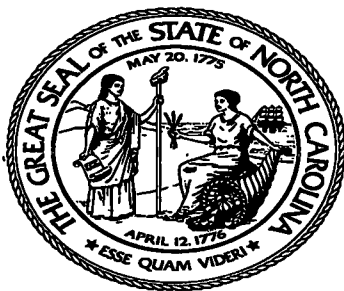


**2009-2010**

**HOUSE  
FINANCE –  
OCCUPANCY TAX**

**MINUTES**



# **NORTH CAROLINA GENERAL ASSEMBLY**

## **HOUSE FINANCE SUBCOMMITTEE ON OCCUPANCY TAX**

**2009-2010 SESSION**

**REPRESENTATIVE LARRY WOMBLE, CHAIR**

## GUIDELINES FOR OCCUPANCY TAX LEGISLATION

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Since 1983, the General Assembly has authorized many units of local government to levy a room occupancy tax. In several instances, the General Assembly has authorized both a county and a city within that county to impose an occupancy tax. The rate of tax, the use of the tax proceeds, the administration of the tax, and the body with the authority to determine how the tax proceeds will be spent vary considerably.

Over the past several years, there has been a greater effort to make the occupancy taxes uniform. In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax legislation – G.S. 153A-155 and G.S. 160A-215. These provisions provide uniformity in the areas of levy, administration, collection, repeal, and penalties.

The North Carolina Travel and Tourism Coalition has a policy statement for legislation authorizing local occupancy taxes. Many of the principles contained in its statement are similar to the ones established by the House Finance subcommittee in 1993. Based upon this work, the House Finance Committee looks for the inclusion of the following uniform provisions in the occupancy tax bills it considers:

- ◆ **Rate** – The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.
- ◆ **Use** – At least two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism related purposes.
- ◆ **Definitions** The terms “net proceeds”, “promote travel and tourism”, and “tourism-related expenditures” are defined terms:
  - **Net proceeds** – Gross proceeds less the costs to the city/county of administering and collecting the tax, as determined by the finance officer, not to exceed 3% of the first \$500,000 of gross proceeds collected each year and 1% of the remaining gross receipts collected each year.
  - **Promote travel and tourism** – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area; the term includes administrative expenses incurred in engaging in these activities.
  - **Tourism-related expenditures** – Expenditures that, in the judgment of the Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, and convention facilities in a city/county by attracting tourists or business travelers to the city/county. The term includes tourism-related capital expenditures.
- ◆ **Administration** – The net revenues must be administered by a local tourism promotion agency, typically referred to as a “Tourism Development Authority,” that has the authority to determine how the tax proceeds will be used, is created by a local ordinance, and at least ½ of the members must be currently active in the promotion of travel and tourism in the taxing district and 1/3 of the members must be affiliated with organizations that collect the tax.<sup>1</sup>

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<sup>1</sup> In March 2005, the House Finance chairs decided to change the percentage of members that must be currently active in the promotion of travel and tourism from ¾ to ½. The House Finance chairs in 2005-06 were: Representatives Alexander, Gibson, Howard, Luebke, McComas, and Wainwright.

- ◆ **Costs of Collection** – The taxing authority may retain from the revenues its actual costs of collection, not to exceed 3% of the first \$500,000 collected each year plus 1% of the remainder collected each year.
- ◆ **Beach Nourishment<sup>2</sup>** – The placement of sand, from other sand sources, on a beach or dune by mechanical means and other associated activities that are in conformity with the North Carolina Coastal Management Program along the North Carolina shorelines and connecting inlets for the purpose of widening the beach to benefit public recreational use and mitigating damage and erosion from storms to inland property. The term includes expenditures for the following:
  - a. Costs directly associated with qualifying for projects either contracted through the U.S. Army Corps of Engineers or otherwise permitted by all appropriate federal and State agencies;
  - b. The nonfederal share of the cost required to construct these projects;
  - c. The costs associated with providing enhanced public beach access; and
  - d. The costs of associated nonhardening activities such as the planting of vegetation, the building of dunes, and the placement of sand fences.

Research Division  
NC General Assembly  
*Revised 9/10/07*

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<sup>2</sup> During the 2001 Regular Session, the Occupancy Tax Subcommittee of the House Finance Committee considered several bills authorizing the use occupancy tax proceeds for beach nourishment. Although "beach nourishment" was not among the uses contained in the uniform guidelines, the subcommittee nevertheless concluded that beach nourishment was an acceptable expansion of the occupancy tax use provisions. In doing so, the subcommittee drafted this uniform definition of beach nourishment for use in occupancy tax legislation.

**§ 153A-155. Uniform provisions for room occupancy taxes.**

(a) **Scope.** – This section applies only to counties the General Assembly has authorized to levy room occupancy taxes.

(b) **Levy.** – A room occupancy tax may be levied only by resolution, after not less than 10 days' public notice and after a public hearing held pursuant thereto. A room occupancy tax shall become effective on the date specified in the resolution levying the tax. That date must be the first day of a calendar month, however, and may not be earlier than the first day of the second month after the date the resolution is adopted.

(c) **Collection.** – Every operator of a business subject to a room occupancy tax shall, on and after the effective date of the levy of the tax, collect the tax. The tax shall be collected as part of the charge for furnishing a taxable accommodation. If a taxable accommodation is furnished as part of a package, the bundled transaction provisions in G.S. 105-164.4D apply in determining the sales price of the taxable accommodation. If those provisions do not address the type of package offered, the operator may determine an allocated price for each item in the package based on a reasonable allocation of revenue that is supported by the operator's business records kept in the ordinary course of business and collect tax on the allocated price of the taxable accommodation.

The tax shall be stated and charged separately from the sales records and shall be paid by the purchaser to the operator of the business as trustee for and on account of the taxing county. The tax shall be added to the sales price and shall be passed on to the purchaser instead of being borne by the operator of the business.

The taxing county shall design, print, and furnish to all appropriate businesses and persons in the county the necessary forms for filing returns and instructions to ensure the full collection of the tax. An operator of a business who collects a room occupancy tax may deduct from the amount remitted to the taxing county a discount equal to the discount the State allows the operator for State sales and use tax.

(d) **Administration.** – The taxing county shall administer a room occupancy tax it levies. A room occupancy tax is due and payable to the county finance officer in monthly installments on or before the 20th day of the month following the month in which the tax accrues. Every person, firm, corporation, or association liable for the tax shall, on or before the 20th day of each month, prepare and render a return on a form prescribed by the taxing county. The return shall state the total gross receipts derived in the preceding month from rentals upon which the tax is levied. A room occupancy tax return filed with the county finance officer is not a public record and may not be disclosed except in accordance with G.S. 153A-148.1 or G.S. 160A-208.1.

(e) **Penalties.** – A person, firm, corporation, or association who fails or refuses to file a room occupancy tax return or pay a room occupancy tax as required by law is subject to the civil and criminal penalties set by G.S. 105-236 for failure to pay or file a return for State sales and use taxes. The governing board of the taxing county has the same authority to waive the penalties for a room occupancy tax that the Secretary of Revenue has to waive the penalties for State sales and use taxes.

(f) **Repeal or Reduction.** – A room occupancy tax levied by a county may be repealed or reduced by a resolution adopted by the governing body of the county. Repeal or reduction of a room occupancy tax shall become effective on the first day of a

month and may not become effective until the end of the fiscal year in which the resolution was adopted. Repeal or reduction of a room occupancy tax does not affect a liability for a tax that was attached before the effective date of the repeal or reduction, nor does it affect a right to a refund of a tax that accrued before the effective date of the repeal or reduction.

(f1) Use. – The proceeds of a room occupancy tax shall not be used for development or construction of a hotel or another transient lodging facility.

(g) This section applies only to Alleghany, Anson, Brunswick, Buncombe, Burke, Cabarrus, Camden, Carteret, Caswell, Chatham, Cherokee, Chowan, Clay, Craven, Cumberland, Currituck, Dare, Davie, Duplin, Durham, Franklin, Granville, Halifax, Haywood, Madison, Martin, McDowell, Montgomery, Nash, New Hanover, New Hanover County District U, Northampton, Pasquotank, Pender, Perquimans, Person, Randolph, Richmond, Rockingham, Rowan, Sampson, Scotland, Stanly, Swain, Transylvania, Tyrrell, Vance, and Washington Counties, to Watauga County District U, to Yadkin County District Y, and to the Township of Averasboro in Harnett County and the Ocracoke Township Taxing District. (1997-102, s. 3; 1997-255, s. 2; 1997-342, s. 2; 1997-364, s. 3; 1997-410, s. 6; 1998-14, s. 2; 1999-155, s. 2; 1999-205, s. 2; 1999-286, s. 2; 2000-103, s. 5; 2001-162, s. 2; 2001-305, s. 2; 2001-321, s. 3; 2001-381, s. 10; 2001-434, s. 1; 2001-439, s. 18.2; 2001-468, s. 3; 2001-480, s. 14; 2001-484, s. 2; 2002-138, s. 5; 2004-106, s. 2; 2004-120, s. 3; 2004-170, ss. 36(a), 42(a); 2004-199, s. 60(a); 2005-16, s. 2; 2005-46, s. 1.2; 2005-53, s. 2; 2005-197, s. 6; 2005-233, s. 6.1; 2006-120, s. 8.1; 2006-127, s. 2; 2006-128, s. 6; 2006-129, s. 2; 2006-162, s. 20(a); 2006-167, s. 7(e); 2006-264, s. 81(a); 2007-19, s. 3; 2007-63, s. 3; 2007-223, s. 3; 2007-224, s. 5; 2007-265, s. 2; 2007-315, s. 2; 2007-318, s. 2; 2007-337, s. 3; 2007-340, s. 9; 2007-527, ss. 23, 43; 2008-33, s. 2; 2008-134, s. 12(b); 2008-187, s. 31.)

**MEMBERSHIP LIST 2009-2010**  
**OCCUPANCY TAX SUBCOMMITTEE ON FINANCE**

<b><u>MEMBERS</u></b>	<b><u>ASSISTANTS</u></b>	<b><u>PHONE</u></b>	<b><u>OFFICE</u></b>	<b><u>SEAT</u></b>
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**REPRESENTATIVES**

**Chair**

<b>Larry Womble</b>	<b>Dorothy McLean</b>	<b>733-5777</b>	<b>534</b>	<b>56</b>
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**Members**

<b>Becky Carney</b>	<b>Tazra Mitchell</b>	<b>733-5827</b>	<b>1221</b>	<b>54</b>
<b>Tricia Cotham</b>	<b>Rosa Kelly</b>	<b>715-0706</b>	<b>418C</b>	<b>93</b>
<b>Edgar Starnes</b>	<b>Pattie Fleming</b>	<b>733-5931</b>	<b>602</b>	<b>14</b>

**Research**

<b>Trina Griffin, Attorney</b>	<b>733-2578</b>	<b>513C</b>
<b>Rodney Bizzell, Fiscal Analyst</b>	<b>733-4910</b>	<b>619</b>
<b>Brian Slivka, Research Assistant</b>	<b>733-4910</b>	<b>619</b>
<b>Judy Collier, Research</b>	<b>733-2578</b>	<b>545</b>
<b>Marjorie Rutherford, Fiscal Research</b>	<b>733-4910</b>	<b>619</b>

**NORTH CAROLINA GENERAL ASSEMBLY  
OCCUPANCY TAX SUBCOMMITTEE ON FINANCE  
2009-2010 SESSION**



**REP. LARRY WOMBLE**  
Chair



**REP. BECKY CARNEY**  
MEMBER



**REP. TRICIA COTHAM**  
MEMBER



**REP. EDGAR STARNES**  
MEMBER



**OCCUPANCY TAX SUBCOMMITTEE ON FINANCE**

## ATTENDANCE 2009

[illegible]

# VISITOR REGISTRATION SHEET

# OCCUPANCY TAX Subcommittee

Name of Committee

5/07/09

**Date**

**VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK**

**NAME****FIRM OR AGENCY AND ADDRESS**

TS HOBBS

HANC

B:11/M6

Legislator

PAUL STANE

NCR LA

Amy Schilder

MWC

Amy McConbee

Smith Anderson

House Pages

occupancy TAX

Name of Committee: Sub Committee Date: 5/7/09

1. Name: DeAndrea Newsome

County: Cumberland

Sponsor: Elmer Floyd

2. Name: \_\_\_\_\_

County: \_\_\_\_\_

Sponsor: \_\_\_\_\_

3. Name: \_\_\_\_\_

County: \_\_\_\_\_

Sponsor: \_\_\_\_\_

4. Name: \_\_\_\_\_

County: 1

Sponsor: \_\_\_\_\_

5. Name: \_\_\_\_\_

County: \_\_\_\_\_

Sponsor: \_\_\_\_\_

Sgt-At-Arms

1. Name: Trey Raley

2. Name: Judy Turner

3. Name: \_\_\_\_\_

4. Name: \_\_\_\_\_

# VISITOR REGISTRATION SHEET

FINANCE Subcommittee on Occupancy Tax

Name of Committee

7-28-09

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Dave Treme	city of Salisbury
SUSAN KLUTTZ	Mayor, Salisbury
Joe Morris	City of Salisbury
DOUG PARIS	CIL of Selishy
Sammy Phillips	Mayor - Jacksonville
Reva Sullivan	Council Member City of Jacksonville
Michael Lazzara	MAYOR PRO TEM City of Jacksonville
Ashleigh Martin	City of Mount Holly
ERIC DAVIS	city of Mount Holly
Amy Hobbs	MWC
Amy McConkey	Smith Anderson

# VISITOR REGISTRATION SHEET

FINANCE Subcommittee on Occupancy Tax      7-28-09  
 Name of Committee      Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Mona Padrich	Jacksonville onslow Chamber of Commerce Jacksonville
Joseph L Houle	Jacksonville
J.P. McCann	Sturgeon City of Jacksonville NC Inc.
Glenn Hargett	CITY OF JACKSONVILLE
Frank Gray	NORLA
Paul Stone	NORLA
Patrick Byff	UMMS

HOUSE PAGES

NAME OF COMMITTEE Subcomm  
Occupancy Tax DATE 7/28/09

1. Name: \_\_\_\_\_

County: \_\_\_\_\_

Sponsor: \_\_\_\_\_

2. Name: \_\_\_\_\_

County: \_\_\_\_\_

Sponsor: \_\_\_\_\_

3. Name: \_\_\_\_\_

County: \_\_\_\_\_

Sponsor: \_\_\_\_\_

4. Name: \_\_\_\_\_

County: \_\_\_\_\_

Sponsor: \_\_\_\_\_

5. Name: \_\_\_\_\_

County: \_\_\_\_\_

Sponsor: \_\_\_\_\_

SGT-AT-ARM

1. Name: Feiger, Rob

2. Name: Gaddison, Martha

3. Name: \_\_\_\_\_

4. Name: \_\_\_\_\_

**House Finance/ Occupancy Tax Subcommittee**  
**Meeting Minutes**

**Thursday May 7, 2009**  
**Room 425 LOB**  
**9 a.m.**

**Representative Larry Womble, Chair**

The House Committee on Finance/Occupancy Tax Subcommittee met on Thursday May 8, 2009 at 9 a.m. in Room 425 of the Legislative Office Building.

Representative Womble, Committee Chair, called the meeting to order at 9:00 a.m. The Committee Members and visitors were welcomed. The House Pages and Sergeants-at-Arms were acknowledged.

The following Committee Members were present: CHAIR: Representative Womble; MEMBERS: Representative Edgar Starnes and Tricia Cotham; \*Representative Becky Carney was acknowledged but was absent due to illness.

The Committee discussed the following House Bills 395, 401, 533, 564, and 854 as outlined below.

**HB 395 –SURRY COUNTY OCCUPANCY TAX.** Primary Sponsors: Representatives Stevens, McCormick.

Chair Representative Womble recognized the primary sponsors and Representatives Stevens and McCormick presented House Bill 395 as outlined above.

Representative T. Cotham was recognized for the motion and the Committee voted a favorable report to go directly to the full Finance Committee.

**Motion Passed**

**HB 401—BOONE OCCUPANCY TAX.** Primary Sponsors: Representative Tarleton

Chair Representative Womble recognized Representative Tarleton to present House Bill 401 as outlined above.

Representative T. Cotham was recognized for the motion and the Committee voted a favorable report to go directly to the full Finance Committee.

**Motion Passed**

HB 533—MODIFY HICKORY AND CONOVER OCCUPANCY TAX. Primary  
Sponsors: Representatives R. Warren (present) and Setzer.

Chair Representative Womble recognized Representative R. Warren to present House Bill 533 as outlined above.

Representative Starnes was recognized for the motion and the Committee voted a favorable report to go directly to the full Finance Committee with the exception that bonds issued for parking deck be for 10 years rather than 20 years.

HB 564—WILSON COUNTY OCCUPANCY TAX MODIFICATION. Primary  
Sponsors: Representatives Tolson and F. Butterfield (present)

Chair Representative Womble recognized Representative F. Butterfield to present House Bill 564 as outlined above.

Representative Cotham was recognized for the motion and the Committee voted a favorable report to go directly to the full Finance Committee.

Motion Passed

HB 854—FORSYTH COUNTY OCCUPANCY TAX MODIFICATIONS. Primary  
Sponsors: Representative McGee


Chair Representative Womble recognized Representative McGee to present House Bill 854 as outlined above.

Representative Starnes was recognized for the motion and the Committee voted a favorable report to go directly to the full Finance Committee.

The Committee meeting adjourned at 9:55 a.m.

Respectfully submitted by:

  
Representative Larry Womble, Chair

  
Dorothy McLean  
Committee Assistant



**NORTH CAROLINA HOUSE OF REPRESENTATIVES  
COMMITTEE MEETING AGENDA  
AND  
BILL SPONSOR NOTIFICATION  
2009-2010 SESSION**

**AGENDA**

You are hereby notified that the Occupancy Tax Subcommittee on Finance will meet as follows:

**DAY & DATE:** Thursday, May 7, 2009

**TIME:** 9:00 am

**LOCATION:** 425 LOB

The following bills will be considered:

<b>BILL NO.</b>	<b>SHORT TITLE</b>	<b>SPONSOR</b>
HB 395	Surry County Occupancy Tax.	Representative Stevens Representative McCormick Representative Tarleton
HB 401	Boone Occupancy Tax.	
<del>HB 528</del>	<del>Omnibus Gaston County Occupancy Tax.</del>	<del>Representative Neumann</del>
HB 533	Modify Hickory and Conover Occupancy Tax.	Representative R. Warren Representative Setzer
HB 564	Wilson County Occupancy Tax Modification.	Representative Tolson Representative F. Butterfield
HB 854	Forsyth County Occupancy Tax Modifications.	Representative McGee

**Dorothy McLean** (Committee Assistant)

**From:** Dorothy McLean (Rep. Womble)

**Sent:** Tuesday, May 05, 2009 06:19 PM

**To:** Rep. Becky Carney; Rep. Tricia Cotham; Rep. Edgar Starnes; Rep. Sarah Stevens; Rep. Darrell G. McCormick; Rep. Cullie M. Tarleton; Rep. Will Neumann; Rep. Ray Warren; Rep. Mitchell Setzer; Rep. Joe Tolson; Rep. Jean Farmer-Butterfield; Rep. William C. McGee

**Cc:** Tazra Mitchell (Rep. Carney); Rosa Kelley (Rep. Cotham); Pattie Fleming (Rep. Starnes); Barbara Stevens (Rep. Stevens); Anne Murtha (Rep. McCormick); Susan Whitehead (Rep. Tarleton); Brenda Olls (Rep. Neumann); Theresa Lopez (Rep. Ray Warren); Margaret Herring (Rep. Setzer); Shirley Phillips (Rep. Tolson); Ruth Merkle (Rep. Farmer-Butterfield); Jayne Nelson (Rep. McGee)

**Subject:** Meeting notice - Occupancy Tax Subcommittee on Finance May 7, 2009

## **REVISED NOTICE "HB 528 IS REMOVED"**

### **NORTH CAROLINA HOUSE OF REPRESENTATIVES COMMITTEE MEETING NOTICE AND BILL SPONSOR NOTIFICATION 2009-2010 SESSION**

You are hereby notified that the Occupancy Tax Subcommittee on Finance will meet as follows:

**DAY & DATE:** Thursday, May 7, 2009

**TIME:** 9:00 am

**LOCATION:** 425 LOB

The following bills will be considered:

<b>BILL NO.</b>	<b>SHORT TITLE</b>	<b>SPONSOR</b>
HB 395	Surry County Occupancy Tax.	Representative Stevens
HB 401	Boone Occupancy Tax.	Representative McCormick Representative Tarleton
<del>HB 528</del>	<del>Omnibus Gaston County Occupancy Tax.</del>	<del>Representative Neumann</del>
HB 533	Modify Hickory and Conover Occupancy Tax.	Representative R. Warren Representative Setzer
HB 564	Wilson County Occupancy Tax Modification.	Representative Tolson Representative F. Butterfield
HB 854	Forsyth County Occupancy Tax Modifications.	Representative McGee

**Dorothy McLean (Committee Assistant)**



## HOUSE BILL 395: Surry County Occupancy Tax

2009-2010 General Assembly

<b>Committee:</b>	Occupancy Tax Subcommittee of the House Finance Committee	<b>Date:</b>	May 7, 2009
<b>Introduced by:</b>	Reps. Stevens, McCormick	<b>Prepared by:</b>	Trina Griffin
<b>Analysis of:</b>	Second Edition		Committee Counsel

**SUMMARY:** *House Bill 395 creates Surry County District S and authorizes the district to levy a 6% room occupancy and tourism development tax. The district consists of all areas in the county that are not within an incorporated area. At least two-thirds of the proceeds would be used to promote travel and tourism and the remainder would be used for tourism-related expenditures. The bill conforms to the occupancy tax guidelines adopted by the North Carolina Travel & Tourism Coalition and the House Finance Committee.*

**CURRENT LAW:** Surry County does not have authority to levy a room occupancy tax. The four municipalities in Surry County (Dobson, Elkin, Mount Airy, and Pilot Mountain) have authority to levy up to a 6% room occupancy tax. The county tax authorized by this bill would not increase the total room occupancy tax rate in these municipalities.

**BILL ANALYSIS:** House Bill 395 creates Surry County District S and authorizes the district to levy a 6% room occupancy tax. The district consists of all areas in the county not within an incorporated area. The proceeds must be remitted to a District S Tourism Development Authority (TDA), which must use at least two-thirds of the proceeds to promote travel and tourism and the remainder for tourism-related expenditures, all within District S. These administrative and use provisions conform to the uniform guidelines followed by the House Finance Committee.

UNIFORM OCCUPANCY TAX PROVISIONS	HB 395
<b>Rate</b> – The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.	Conforms
<b>Use</b> – Two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism related expenditures.	Conforms
<b>Definitions</b> The term “net proceeds”, “promote travel and tourism”, and “tourism related expenditures” are defined terms.	Conforms
<b>Administration</b> – The net revenues must be administered by a local tourism development authority that has the authority to determine how the tax proceeds will be used, is created by a local ordinance, and at least 1/2 of the members must be currently active in the promotion of travel and tourism in the county and 1/3 of the members must be affiliated with organizations that collect the tax.	Conforms
<b>Costs of Collection</b> – The taxing authority may retain from the revenues its actual costs of collection, not to exceed 3% of the first \$500,000 collected each year plus 1% of the remainder collected each year.	Conforms

**EFFECTIVE DATE:** The act is effective when it becomes law.

# House Bill 395

Page 2

**BACKGROUND:** Since 1983, the General Assembly has authorized many units of local government to levy a room occupancy tax. In several instances, the General Assembly has authorized both a county and a city within that county to impose an occupancy tax. The rate of tax, the use of the tax proceeds, the administration of the tax, and the body with the authority to determine how the tax proceeds will be spent vary considerably. Over the past several years, there has been a greater effort to make the occupancy taxes uniform. In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax legislation – G.S. 153A-155 and G.S. 160A-215. These provisions provide uniformity in the areas of levy, administration, collection, repeal, and penalties.

*Steven Rose, counsel to House Local Government II, substantially contributed to this summary.*

*H395-SMSV-32(e2) v2*

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2009**

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**HOUSE BILL 395**  
**Committee Substitute Favorable 3/19/09**

Short Title: Surry County Occupancy Tax.

(Local)

Sponsors:

Referred to:

March 5, 2009

1 A BILL TO BE ENTITLED  
2 AN ACT TO CREATE A SPECIAL TAXING DISTRICT MADE UP OF THE  
3 UNINCORPORATED AREAS OF SURRY COUNTY AND TO AUTHORIZE THE  
4 SPECIAL TAXING DISTRICT IN SURRY COUNTY TO LEVY A SIX PERCENT  
5 ROOM OCCUPANCY TAX.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** Surry County District S created. – Surry County District S is created  
8 as a taxing district. Its jurisdiction consists of that part of Surry County that is located outside  
9 of incorporated areas within the County. Surry County District S is a body politic and corporate  
10 and has the power to carry out the provisions of this act. The Surry County Board of  
11 Commissioners shall serve ex officio as the governing body of the district, and the officers of  
12 the County shall serve as the officers of the governing body of the district. A simple majority of  
13 the governing body constitutes a quorum, and approval by a majority of those present is  
14 sufficient to determine any matter before the governing body, if a quorum is present.

15 **SECTION 2.** Occupancy tax. – (a) Authorization and Scope. – The governing body  
16 of Surry County District S may levy a room occupancy tax of up to six percent (6%) of the  
17 gross receipts derived from the rental of any room, lodging, or accommodation furnished by a  
18 hotel, motel, inn, tourist camp, or similar place within the district that is subject to sales tax  
19 imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local  
20 sales tax. This tax does not apply to accommodations furnished by nonprofit charitable,  
21 educational, or religious organizations when furnished in furtherance of their nonprofit  
22 purpose.

23 **SECTION 2.(b)** Administration. – A tax levied under this section shall be levied,  
24 administered, collected, and repealed as provided in G.S. 153A-155 as if Surry County District  
25 S were a county. The penalties provided in G.S. 153A-155 apply to a tax levied under this act.

26 **SECTION 2.(c)** Definitions. – The following definitions apply in this act:

- 27 (1) Net proceeds. – Gross proceeds less the cost to the district of administering  
28 and collecting the tax, as determined by the finance officer, not to exceed  
29 three percent (3%) of the first five hundred thousand dollars (\$500,000) of  
30 gross proceeds collected each year and one percent (1%) of the remaining  
31 gross receipts collected each year.
- 32 (2) Promote travel and tourism. – To advertise or market an area or activity,  
33 publish and distribute pamphlets and other materials, conduct market  
34 research, or engage in similar promotional activities that attract tourists or  
35 business travelers to the area. The term includes administrative expenses  
36 incurred in engaging in the listed activities.



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

6           **SECTION 2.(d)** Distribution and use of tax revenue. – Surry County District S  
7           shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Surry County  
8           District S Tourism Development Authority. The Authority shall use at least two-thirds of the  
9           proceeds remitted to it to promote travel and tourism in Surry County District S and shall use  
10          the remainder for tourism-related expenditures. In accordance with the North Carolina  
11          Constitution and the United States Constitution, the tax proceeds may be used only for the  
12          direct benefit of the jurisdiction of Surry County District S. None of the proceeds may be used  
13          to promote travel or tourism in areas within Surry County that are outside of the district or for  
14          tourism-related expenditures in the county that are outside of the district.

15          **SECTION 3.** Surry County District S Tourism Development Authority. – (a)  
16          Appointment and Membership. – When the governing body of the district adopts a resolution  
17          levying a room occupancy tax under this act, it shall also adopt a resolution creating the Surry  
18          County District S Tourism Development Authority, which shall be a public authority under the  
19          Local Government Budget and Fiscal Control Act. The resolution shall provide for the  
20          membership of the Authority, including the members' terms of office, and for the filling of  
21          vacancies on the Authority. At least one-third of the members must be individuals affiliated  
22          with businesses that collect the tax in the district, and at least one-half of the members must be  
23          individuals currently active in the promotion of travel and tourism in the district. The board of  
24          commissioners shall designate one member of the Authority as chair and shall determine the  
25          compensation, if any, to be paid to members of the Authority.

26          The Authority shall meet at the call of the chair and shall adopt rules of procedure to  
27          govern its meetings. The Finance Officer for Surry County shall be the ex officio finance  
28          officer of the Authority.

29          **SECTION 3.(b)** Duties. – The Authority shall expend the net proceeds of the tax  
30          levied under this act for the purposes provided in Section 2 of this act. The Authority shall  
31          promote travel, tourism, and conventions in the district, sponsor tourist-related events and  
32          activities in the district, and finance tourist-related capital projects in the district.

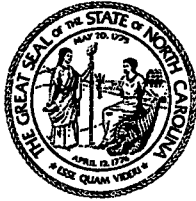
33          **SECTION 3.(c)** Reports. – The Authority shall report quarterly and at the close of  
34          the fiscal year to the governing body of the district on its receipts and expenditures for the  
35          preceding quarter and for the year in such detail as the governing body of the district may  
36          require.

37          **SECTION 4.** G.S. 153A-155(g) reads as rewritten:

38          "**§ 153A-155. Uniform provisions for room occupancy taxes.**

39          (g) This section applies only to Alleghany, Anson, Brunswick, Buncombe, Burke,  
40          Cabarrus, Camden, Carteret, Caswell, Chowan, Clay, Craven, Cumberland, Currituck, Dare,  
41          Davie, Duplin, Durham, Franklin, Granville, Halifax, Haywood, Madison, Martin, McDowell,  
42          Montgomery, Nash, New Hanover, New Hanover County District U, Northampton,  
43          Pasquotank, Pender, Perquimans, Person, Randolph, Richmond, Rockingham, Rowan,  
44          Sampson, Scotland, Stanly, Swain, Transylvania, Tyrrell, Vance, and Washington Counties, to  
45          Surry County District S, to Watauga County District U, to Yadkin County District Y, and to the  
46          Township of Averagesboro in Harnett County and the Ocracoke Township Taxing District."

47          **SECTION 5.** This act is effective when it becomes law.



# HOUSE BILL 401: Boone Occupancy Tax

2009-2010 General Assembly

<b>Committee:</b>	Occupancy Tax Subcommittee of the House Finance Committee	<b>Date:</b>	May 7, 2009
<b>Introduced by:</b>	Rep. Tarleton	<b>Prepared by:</b>	Trina Griffin Committee Counsel
<b>Analysis of:</b>	Second Edition		

**SUMMARY:** House Bill 401 authorizes the Town of Boone to levy an additional 3% room occupancy and tourism development tax and makes other changes to its original legislation so that it conforms to the uniform administrative provisions for occupancy tax and the guidelines adopted by the North Carolina Travel & Tourism Coalition and the House Finance Committee. At least two-thirds of the total proceeds would be used to promote travel and tourism and the remainder would be used for tourism-related expenditures that are recommended by the Boone Town Council and approved by the Tourism Development Authority (TDA).

[As introduced, this bill was identical to S434, as introduced by Sen. Goss, which is currently in Senate Finance.]

**CURRENT LAW:** In 1987, the General Assembly authorized the Town of Boone to levy a 3% room occupancy tax, with 60% of the tax going to the town TDA to be used to promote travel, tourism and conventions and the remainder going to the town's general fund to be used for any lawful purpose.

**BILL ANALYSIS:** House Bill 401 authorizes the Town of Boone to levy an additional room occupancy tax of up to 3%, for a total rate of 6%. Under the bill, the proceeds of the additional tax and the existing 3% tax must be remitted to the town (TDA), which must use at least two-thirds of the proceeds to promote travel and tourism and the remainder for tourism-related expenditures. The tourism-related expenditures must be recommended by the Boone Town Council prior to approval by the TDA. This language is not standard language within the guidelines, but was requested by the Town. If enacted, no portion of the proceeds would be remitted to the town's general fund.

Except for the deviation mentioned above, the administrative and use provisions are rewritten to contemporary standards and conform to the uniform guidelines followed by the House Finance Committee.

UNIFORM OCCUPANCY TAX PROVISIONS	HB 401
<b>Rate</b> – The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.	Conforms
<b>Use</b> – Two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism related expenditures.	Conforms
<b>Definitions</b> The term “net proceeds”, “promote travel and tourism”, and “tourism related expenditures” are defined terms.	Conforms
<b>Administration</b> – The net revenues must be administered by a local tourism development authority that has the authority to determine how the tax proceeds will be used, is created by a local ordinance, and at least 1/2 of the members must be currently active in the promotion of travel and tourism in the county and 1/3 of the members must be affiliated with organizations that collect the tax.	Conforms
<b>Costs of Collection</b> – The taxing authority may retain from the revenues its actual costs of collection, not to exceed 3% of the first \$500,000 collected each year plus 1% of the remainder collected each year.	Conforms

\* The language requiring the Boone Town Council to recommend tourism-related expenditures prior to approval by the TDA is not required by the guidelines.

# House Bill 401

Page 2

**EFFECTIVE DATE:** The act is effective when it becomes law.

**BACKGROUND:** Since 1983, the General Assembly has authorized many units of local government to levy a room occupancy tax. In several instances, the General Assembly has authorized both a county and a city within that county to impose an occupancy tax. The rate of tax, the use of the tax proceeds, the administration of the tax, and the body with the authority to determine how the tax proceeds will be spent vary considerably. Over the past several years, there has been a greater effort to make the occupancy taxes uniform. In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax legislation – G.S. 153A-155 and G.S. 160A-215. These provisions provide uniformity in the areas of levy, administration, collection, repeal, and penalties.

*Steven Rose, counsel to House Local Government II, substantially contributed to this summary.*

*H401-SMSV-33(e2) v2*

*Research Division*

*O. Walker Reagan, Director*

*(919) 733-2578*



GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

H

2

HOUSE BILL 401  
Committee Substitute Favorable 3/19/09

Short Title: Boone Occupancy Tax.

(Local)

Sponsors:

Referred to:

March 5, 2009

1 A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE THE TOWN OF BOONE TO LEVY AN ADDITIONAL THREE  
3 PERCENT ROOM OCCUPANCY AND TOURISM DEVELOPMENT TAX AND TO  
4 MAKE OTHER ADMINISTRATIVE CHANGES.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. Chapter 170 of the 1987 Session Laws, as amended by S.L. 1998-35  
7 and Section 21(o) of S.L. 2007-527, reads as rewritten:

8 "Section 1. Occupancy tax. (a) Authorization and ~~scope.~~ scope. - The Boone Town Council  
9 may ~~by resolution, after not less than 10 days' public notice and after a public hearing held~~  
10 ~~pursuant thereto,~~ levy a room occupancy tax of three percent (3%) of the gross receipts derived  
11 from the rental of any room, lodging, or similar accommodation furnished by a hotel, motel,  
12 inn, or similar place within the corporate limits of the town that is subject to sales tax imposed  
13 by the State under G.S. ~~105-164.4(3).~~ 105-164.4(a)(3). This tax is in addition to any State or  
14 local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable,  
15 educational, or religious ~~organizations.~~ organizations when furnished in furtherance of their  
16 nonprofit purpose.

17 (a1) Additional Tax. - In addition to the tax authorized by subsection (a) of this section,  
18 the Boone Town Council may levy a room occupancy and tourism development tax of up to  
19 three percent (3%) of the gross receipts derived from the rental of accommodations taxable  
20 under subsection (a) of this section. The levy, collection, administration, and repeal of the tax  
21 authorized by this subsection shall be in accordance with this section. The Town of Boone may  
22 not levy a tax under this subsection unless it also levies a tax under subsection (a) of this  
23 section.

24 (b) Administration. - A tax levied under this section shall be levied, administered,  
25 collected, and repealed as provided in G.S. 160A-215. The penalties provided in  
26 G.S. 160A-215 apply to a tax levied under this section. ~~Collection. Every operator of a business~~  
27 ~~subject to the tax levied under this section shall, on and after the effective date of the levy of~~  
28 ~~the tax, collect the tax. This tax shall be collected as part of the charge for furnishing a taxable~~  
29 ~~accommodation. The tax shall be stated and charged separately from the sales records, and shall~~  
30 ~~be paid by the purchaser to the operator of the business as trustee for and on account of the~~  
31 ~~town. The tax shall be added to the sales price and shall be passed on to the purchaser instead~~  
32 ~~of being borne by the operator of the business. The town shall design, print, and furnish to all~~  
33 ~~appropriate businesses and persons in the town the necessary forms for filing returns and~~  
34 ~~instructions to ensure the full collection of the tax. An operator of a business who collects the~~  
35 ~~occupancy tax levied under this section may deduct from the amount remitted to the town a~~  
36 ~~discount of three percent (3%) of the amount collected.~~

37 (b1) Definitions. - The following definitions apply in this section:



1 first day of a month and may not become effective until the end of the fiscal year in which the  
2 repeal resolution was adopted. Repeal of a tax levied under this section does not affect a  
3 liability for a tax that was attached before the effective date of the repeal, nor does it affect a  
4 right to a refund of a tax that accrued before the effective date of the repeal.

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

15 The Authority shall be composed of nine voting members appointed by the Boone Town  
16 Council as follows:

- 17 (1) ~~Three individuals who are owners or operators of taxable tourist~~  
18 ~~accommodations in Boone, one of whom resides in Boone and two of whom~~  
19 ~~reside in Watauga County.~~
- 20 (2) ~~One resident of Watauga County who owns or operates a restaurant in~~  
21 ~~Boone.~~
- 22 (3) ~~Two residents of Boone who are members of the Boone Area Chamber of~~  
23 ~~Commerce.~~
- 24 (4) ~~One member of the Boone Town Council.~~
- 25 (5) ~~Two residents of the Town of Boone.~~

26 The Authority shall meet at the call of the chair and shall adopt rules of procedure to govern  
27 its meetings. The Finance Officer for the Town of Boone shall be the ex officio finance officer  
28 of the Authority but shall not be a member of the authority.

29 The members of the Authority shall serve without compensation and shall serve for a term  
30 of three years, except that the town council shall designate three of the initial appointees to  
31 serve two-year terms. Vacancies shall be filled in the same manner as original appointments  
32 and members appointed to fill vacancies shall serve for the remainder of the unexpired term.  
33 The Authority shall elect from its membership a chair; the Authority shall meet at the call of  
34 the chair and shall adopt rules of procedure to govern its meetings.

35 (b) Powers and duties. Duties. – The Authority may contract with any person, legal  
36 entity, firm, or organization to advise it and assist it in carrying out its duty to promote travel,  
37 tourism, and conventions for the Town of Boone. The Authority shall expend the net proceeds  
38 of the tax levied under this act for the purposes provided in this act. The Authority shall  
39 promote travel, tourism, and conventions in the town, sponsor tourist-related events and  
40 activities in the town, and finance tourist-related capital projects in the town.

41 (c) Reports. – The Authority shall report quarterly and at the close of the fiscal year to  
42 the town council on its receipts and expenditures for the preceding quarter and for the year in  
43 such detail as the Council may require.

44 Sec. 3. This act is effective upon ratification."

45 SECTION 2. G.S. 160A-215(g) reads as rewritten:

46 "(g) This section applies only to Beech Mountain District W, to the Cities of Belmont,  
47 Elizabeth City, Eden, Gastonia, Goldsboro, Greensboro, High Point, Kings Mountain,  
48 Lexington, Lincolnton, Lumberton, Monroe, Mount Airy, Reidsville, Roanoke Rapids, Shelby,  
49 Statesville, Washington, and Wilmington, to the Towns of Ahoskie, Beech Mountain, Benson,  
50 Blowing Rock, Boiling Springs, Boone, Burgaw, Carolina Beach, Carrboro, Dallas, Dobson,  
51 Elkin, Franklin, Jonesville, Kenly, Kure Beach, Leland, Mooresville, North Topsail Beach,



## HOUSE BILL 533: Modify Hickory and Conover Occupancy Tax

2009-2010 General Assembly

<b>Committee:</b>	Occupancy Tax Subcommittee of the House Finance Committee	<b>Date:</b>	May 7, 2009
<b>Introduced by:</b>	Reps. R. Warren, Setzer	<b>Prepared by:</b>	Trina Griffin
<b>Analysis of:</b>	Second Edition		Committee Counsel

**SUMMARY:** *House Bill 533 would authorize the cities of Hickory and Conover to levy an additional 1% room occupancy tax. Through 2019, the distribution of the proceeds from the additional 1% and the existing 5% would be reversed from the formula under the guidelines. Two-thirds would be permitted to be used for convention center expenditures, including parking facilities, and the remainder would be used tourism promotion. After 2019, the distribution would revert to the standard formula under the guidelines. The bill does, however, conform the existing legislation to the uniform administrative provisions related to the levy, collection, administration, repeal, and applicable penalties for occupancy tax.*

**CURRENT LAW:** In 1986, the General Assembly authorized the Cities of Hickory and Conover to levy a room occupancy tax of not less than 3% and not more than 5%, with 100% of the proceeds to be remitted to the Hickory-Conover Tourism Development Authority ("TDA"), for its use in funding tourism-related projects, events, and activities, with priority to be given to providing a civic center facility. Both the Cities of Hickory and Conover are currently levying a 5% room occupancy tax. The TDA is currently obligated through the City of Hickory for annual payments of approximately \$800,000 per year for outstanding debt on the convention center.

**BILL ANALYSIS:** House Bill 533 repeals the existing occupancy tax legislation for Hickory and Conover and creates revised authority that is clearer and conforms to the uniform administrative provisions. The provisions for Hickory and Conover are identical.

The bill also authorizes each city to levy an additional 1% room occupancy tax, for a total rate of up to 6%, with net proceeds remitted to the TDA. Through December 31, 2019, the TDA would be able to use up to two-thirds of the remitted funds for the convention center facility, including parking facilities, with the remainder being used to promote travel and tourism. The Town is seeking the additional 1% to be able to construct a parking deck adjacent to the convention center.

After December 31, 2019, the distribution of the tax proceeds would return to the standard formula set out in the guidelines: at least two-thirds for promote travel and tourism and the remainder for tourism-related expenditures.

The bill does not make any changes to the composition of the TDA. Under current law, the Hickory-Conover is a nine-member board consisting of three owners or operators of taxable accommodations, three members who have a demonstrated interest in convention and tourism development who are not hotel owners, and three ex officio members.

**EFFECTIVE DATE:** This bill would become effective when it becomes law.

**BACKGROUND:** Since 1983, the General Assembly has authorized many local government units to levy a room occupancy tax, with wide variation in the rate of tax, administration of the tax, use of the tax proceeds, and the body responsible for deciding how the tax proceeds will be spent. The North Carolina Travel and Tourism Coalition has issued a policy statement for legislation authorizing local

# House Bill 533

*Page 2*

occupancy taxes, which contains many principles similar to those established by the House Finance Subcommittee on Occupancy Taxes in 1993. In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax legislation – G.S. 153A-155 (counties) and G.S. 160A-215 (municipalities) – to provide uniformity in the areas of levy, administration, collection, repeal, and penalties.

*Bill Patterson, counsel to House Local Government II, substantially contributed to this summary.*

*H533-SMSV-34(e2) v3*

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

**H**

**2**

**HOUSE BILL 533  
Committee Substitute Favorable 4/6/09**

**Short Title:**    Modify Hickory and Conover Occupancy Tax.

**(Local)**

**Sponsors:**

**Referred to:**

March 12, 2009

1                                    A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE THE CITIES OF HICKORY AND CONOVER TO LEVY AN  
3 ADDITIONAL ONE PERCENT ROOM OCCUPANCY AND TOURISM  
4 DEVELOPMENT TAX AND TO MAKE OTHER ADMINISTRATIVE CHANGES.

5 The General Assembly of North Carolina enacts:

6            **SECTION 1.** The purpose of this act is to revise and consolidate certain acts that  
7 authorize the Cities of Hickory and Conover to levy a room occupancy and tourism  
8 development tax, to clarify the authority of Hickory and Conover to levy a room occupancy tax  
9 by establishing separate authorizing provisions for each city, and to authorize each city to levy  
10 an additional one percent (1%) room occupancy tax. No provision of this act is intended, nor  
11 shall be construed, to affect in any way the authority of any other municipality authorized under  
12 the acts listed in Section 3 of this act to levy a room occupancy and tourism development tax.

13            **SECTION 2.** Chapter 929 of the 1985 Session Laws, as amended by Chapter 319  
14 of the 1987 Session Laws and Section 21(j) of S.L. 2007-527, is revised and consolidated to  
15 read as follows:

16                                    HICKORY OCCUPANCY TAX

17            "Section 1. Occupancy tax. – (a) Authorization and Scope. – The City of Hickory may, by  
18 joint resolution with the City of Conover, levy a room occupancy and tourism development tax  
19 of not less than three percent (3%) nor more than five percent (5%) of the gross receipts  
20 derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel,  
21 inn, tourist camp, or similar place within the city that is subject to sales tax imposed by the  
22 State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax  
23 does not apply to accommodations furnished by nonprofit charitable, educational, or religious  
24 organizations when furnished in furtherance of their nonprofit purpose.

25            "Section 1.(b) Authorization for Additional Occupancy Tax. – In addition to the tax  
26 authorized by subsection (a) of this section, the City of Hickory may, by joint resolution with  
27 the City of Conover, levy an additional room occupancy tax of one percent (1%) of the gross  
28 receipts derived from the rental of accommodations taxable under subsection (a) of this section.  
29 The levy, collection, administration, and repeal of the tax authorized by this subsection must be  
30 in accordance with the provisions of this section. The City of Hickory may not levy a tax under  
31 this subsection unless it also levies the tax authorized under subsection (a) of this section.

32            "Section 1.(c) Administration. – Except as otherwise provided in this subsection, a tax  
33 levied under this section shall be levied, administered, collected, and repealed as provided in  
34 G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this  
35 section. The City of Hickory may not repeal the levy of the room occupancy tax levied by it if,  
36 before the effective date of the repeal, either Hickory or Conover has outstanding indebtedness  
37 under Article 4, 5, 8, or 9 of Chapter 159 of the General Statutes for the provision of a



1 convention center facility. A repeal of a tax levied under this section must be made by joint  
2 resolution with the City of Conover.

3 "Section 1.(d) Distribution and Use of Tax Revenue. – The City of Hickory shall, on a  
4 quarterly basis, remit the net proceeds of the occupancy tax to the Hickory-Conover Tourism  
5 Development Authority.

6 (1) Through December 31, 2019. – Prior to and through December 31, 2019, the  
7 Authority may use two-thirds of the funds remitted to it under this  
8 subsection for improving, leasing, constructing, financing, operating, or  
9 acquiring facilities and properties as needed to provide for a convention  
10 center facility, including parking facilities for the convention center. The  
11 remainder of the funds must be used to promote travel and tourism.

12 (2) After December 31, 2019. – After December 31, 2019, the Authority must  
13 use at least two-thirds of the funds remitted to it under this subsection to  
14 promote travel and tourism in the area and must use the remainder for  
15 tourism-related expenditures.

16 "Section 1.(e) The following definitions apply in this section:

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

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

27 (3) Tourism-related expenditures. – Expenditures that, in the judgment of the  
28 Hickory-Conover Tourism Development Authority, are designed to increase  
29 the use of lodging facilities, meeting facilities, or convention facilities in the  
30 city or to attract tourists or business travelers to the city. The term includes  
31 tourism-related capital expenditures.

32 "Section 2. Tourism Development Authority. – (a) Appointment and Membership. – If the  
33 City of Hickory levies a tax under Section 1 of this act, being the Hickory Occupancy Tax, and  
34 the City of Conover has created a Tourism Development Authority pursuant to Section 4 of this  
35 act, being the Conover Occupancy Tax, then the proceeds of any tax levied under Section 1 of  
36 this act shall be remitted to that Authority in accordance with Section 1(d) of this act.

37 If the City of Hickory levies a tax under Section 1 of this act, being the Hickory Occupancy  
38 Tax, and the City of Conover has not created a Tourism Development Authority pursuant to  
39 Section 4 of this act, being the Conover Occupancy Tax, then when the City Council of  
40 Hickory adopts a resolution levying a room occupancy tax under this act, it shall also adopt a  
41 resolution creating the Hickory-Conover Tourism Development Authority, which shall be a  
42 public authority under the Local Government Budget and Fiscal Control Act. The membership  
43 of the Hickory-Conover Tourism Development Authority is as follows:

44 (1) Three owners or operators of hotels, motels, or other taxable  
45 accommodations in the Cities of Hickory and Conover, two of whom shall  
46 be appointed by the Hickory City Council and one appointed by the Conover  
47 City Council.

48 (2) Three individuals who have demonstrated an interest in convention and  
49 tourism development and do not own or operate hotels, motels, or other  
50 taxable tourism accommodations, one of whom shall be appointed by the

1                   Catawba County Chamber of Commerce, one appointed by the Hickory City  
2                   Council, and one by the Conover City Council.

- 3           (3)     Three ex officio members shall be the City Managers of Hickory and  
4                   Conover and the Executive Vice President of the Catawba County Chamber  
5                   of Commerce.

6           All members of the Council shall serve without compensation. Vacancies in the Authority  
7           shall be filled by the appointing authority of the member creating the vacancy. Members  
8           appointed to fill vacancies shall serve for the remainder of the unexpired term for which they  
9           are appointed to fill. Members shall serve three-year terms that will be staggered and may serve  
10          no more than two consecutive three-year terms. The members shall elect a chairperson and  
11          treasurer who shall serve for a term of two years.

12          The Authority shall meet at the call of the chair and shall adopt rules of procedure to govern  
13          its meetings. The Finance Officer for the City of Hickory shall be the ex officio finance officer  
14          of the Authority.

15          "Section 2.(b) Duties. – The Authority shall expend the net proceeds of the tax levied under  
16          this act for the purposes provided in Section 1 of this act. The Authority shall promote travel,  
17          tourism, and conventions in the city, sponsor tourist-related events and activities in the city, and  
18          finance tourist-related capital projects in the city.

19          "Section 2.(c) Reports. – The Authority shall report quarterly and at the close of the fiscal  
20          year to the Hickory and Conover City Councils on its receipts and expenditures for the  
21          preceding quarter and for the year in such detail as the City Councils may require."

#### 22                   CONOVER OCCUPANCY TAX

23          "Section 3. Occupancy tax. – (a) Authorization and Scope. – The City of Conover may, by  
24          joint resolution with the City of Hickory, levy a room occupancy and tourism development tax  
25          of not less than three percent (3%) nor more than five percent (5%) of the gross receipts  
26          derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel,  
27          inn, tourist camp, or similar place within the city that is subject to sales tax imposed by the  
28          State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax  
29          does not apply to accommodations furnished by nonprofit charitable, educational, or religious  
30          organizations when furnished in furtherance of their nonprofit purpose.

31          "Section 3.(b) Authorization for Additional Occupancy Tax. – In addition to the tax  
32          authorized by subsection (a) of this section, the City of Conover may, by joint resolution with  
33          the City of Hickory, levy an additional room occupancy tax of one percent (1%) of the gross  
34          receipts derived from the rental of accommodations taxable under subsection (a) of this section.  
35          The levy, collection, administration, and repeal of the tax authorized by this subsection must be  
36          in accordance with the provisions of this section. The City of Conover may not levy a tax under  
37          this subsection unless it also levies the tax authorized under subsection (a) of this section.

38          "Section 3.(c) Administration. – Except as otherwise provided in this subsection, a tax  
39          levied under this section shall be levied, administered, collected, and repealed as provided in  
40          G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this  
41          section. The City of Conover may not repeal the levy of the room occupancy tax levied by it if,  
42          before the effective date of the repeal, either Hickory or Conover has outstanding indebtedness  
43          under Article 4, 5, 8, or 9 of Chapter 159 of the General Statutes for the provision of a  
44          convention center facility. A repeal of a tax levied under this section must be made by joint  
45          resolution with the City of Hickory.

46          "Section 3.(d) Distribution and Use of Tax Revenue. – The City of Conover shall, on a  
47          quarterly basis, remit the net proceeds of the occupancy tax to the Hickory-Conover Tourism  
48          Development Authority.

- 49          (1)     Through December 31, 2019. – Prior to and through December 31, 2019, the  
50                  Authority may use two-thirds of the funds remitted to it under this  
51                  subsection for improving, leasing, constructing, financing, operating, or

1 acquiring facilities and properties as needed to provide for a convention  
2 center facility, including parking facilities for the convention center. The  
3 remainder of the funds must be used to promote travel and tourism.

- 4 (2) After December 31, 2019. – After December 31, 2019, the Authority must  
5 use at least two-thirds of the funds remitted to it under this subsection to  
6 promote travel and tourism in the area and must use the remainder for  
7 tourism-related expenditures.

8 "Section 3.(e) The following definitions apply in this section:

- 9 (1) Net proceeds. – Gross proceeds less the cost to the city of administering and  
10 collecting the tax, as determined by the finance officer, not to exceed three  
11 percent (3%) of the first five hundred thousand dollars (\$500,000) of gross  
12 proceeds collected each year and one percent (1%) of the remaining gross  
13 proceeds collected each year.  
14 (2) Promote travel and tourism. – To advertise or market an area or activity,  
15 publish and distribute pamphlets and other materials, conduct market  
16 research, or engage in similar promotional activities that attract tourists or  
17 business travelers to the area; the term includes administrative expenses  
18 incurred in engaging in the listed activities.  
19 (3) Tourism-related expenditures. – Expenditures that, in the judgment of the  
20 Hickory-Conover Tourism Development Authority, are designed to increase  
21 the use of lodging facilities, meeting facilities, or convention facilities in the  
22 city or to attract tourists or business travelers to the city. The term includes  
23 tourism-related capital expenditures.

24 "Section 4. Tourism Development Authority. – (a) Appointment and Membership. – If the  
25 City of Conover levies a tax under Section 3 of this act, being the Conover Occupancy Tax, and  
26 the City of Hickory has created a Tourism Development Authority pursuant to Section 2 of this  
27 act, being the Hickory Occupancy Tax, then the proceeds of any tax levied under Section 3 of  
28 this act shall be remitted to that Authority in accordance with Section 3(d) of this act.

29 If the City of Conover levies a tax under Section 3 of this act, being the Conover  
30 Occupancy Tax, and the City of Hickory has not created a Tourism Development Authority  
31 pursuant to Section 2 of this act, being the Hickory Occupancy Tax, then when the City  
32 Council of Conover adopts a resolution levying a room occupancy tax under this act, it shall  
33 also adopt a resolution creating the Hickory-Conover Tourism Development Authority, which  
34 shall be a public authority under the Local Government Budget and Fiscal Control Act. The  
35 membership of the Hickory-Conover Tourism Development Authority is as follows:

- 36 (1) Three owners or operators of hotels, motels, or other taxable  
37 accommodations in the Cities of Hickory and Conover, two of whom shall  
38 be appointed by the Hickory City Council and one appointed by the Conover  
39 City Council.  
40 (2) Three individuals who have demonstrated an interest in convention and  
41 tourism development and do not own or operate hotels, motels, or other  
42 taxable tourism accommodations, one of whom shall be appointed by the  
43 Catawba County Chamber of Commerce, one appointed by the Hickory City  
44 Council, and one by the Conover City Council.  
45 (3) Three ex officio members shall be the City Managers of Hickory and  
46 Conover and the Executive Vice President of the Catawba County Chamber  
47 of Commerce.

48 All members of the Council shall serve without compensation. Vacancies in the Authority  
49 shall be filled by the appointing authority of the member creating the vacancy. Members  
50 appointed to fill vacancies shall serve for the remainder of the unexpired term for which they  
51 are appointed to fill. Members shall serve three-year terms that will be staggered and serve no



1 more than two consecutive three-year terms. The members shall elect a chairperson and  
2 treasurer, who shall serve for a term of two years.

3 The Authority shall meet at the call of the chair and shall adopt rules of procedure to govern  
4 its meetings. The Finance Officer for the City of Hickory shall be the ex officio finance officer  
5 of the Authority.

6 "Section 4.(b) Duties. – The Authority shall expend the net proceeds of the tax levied under  
7 this act for the purposes provided in Section 3 of this act. The Authority shall promote travel,  
8 tourism, and conventions in the city, sponsor tourist-related events and activities in the city, and  
9 finance tourist-related capital projects in the city.

10 "Section 4.(c) Reports. – The Authority shall report quarterly and at the close of the fiscal  
11 year to the Hickory and Conover City Councils on its receipts and expenditures for the  
12 preceding quarter and for the year in such detail as the City Councils may require."

13 **SECTION 3.** The following acts, or portions of acts, having been revised and  
14 consolidated into this act, are repealed:

15 (1) Chapter 929 of the 1985 Session Laws, as it relates to the Cities of Hickory  
16 and Conover only.

17 (2) Chapter 319 of the 1987 Session Laws.

18 (3) Section 21(j) of S.L. 2007-527.

19 **SECTION 4.** All existing resolutions of the Cities of Hickory and Conover adopted  
20 pursuant to any of the acts, or portions of acts, listed in Section 3 of this act and that are not  
21 inconsistent with the provisions of this act continue in full force and effect until repealed,  
22 modified, or amended. This act does not affect the rights or liabilities of a levying unit, a  
23 taxpayer, or another person arising under the laws revised and consolidated by this act before  
24 the effective date of this act; nor does it affect the right to any refund or credit of a tax that  
25 accrued under the laws revised and consolidated by this act before the effective date of this act.

26 **SECTION 5.** Administrative provisions. – G.S. 160A-215(g) reads as rewritten:

27 "(g) This section applies only to Beech Mountain District W, to the Cities of Belmont,  
28 ~~Conover, Elizabeth City, Eden, Elizabeth City,~~ Gastonia, Goldsboro, Greensboro, Hickory,  
29 High Point, Kings Mountain, Lexington, Lincolnton, Lumberton, Monroe, Mount Airy,  
30 Reidsville, Roanoke Rapids, Shelby, Statesville, Washington, and Wilmington, to the Towns of  
31 Ahoskie, Beech Mountain, Benson, Blowing Rock, Boiling Springs, Burgaw, Carolina Beach,  
32 Carrboro, Dallas, Dobson, Elkin, Franklin, Jonesville, Kenly, Kure Beach, Leland, Mooresville,  
33 North Topsail Beach, Pilot Mountain, Selma, Smithfield, St. Pauls, Troutman, Tryon, West  
34 Jefferson, Wilkesboro, Wrightsville Beach, Yadkinville, and Yanceyville, and to the  
35 municipalities in Avery and Brunswick Counties."

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



## HOUSE BILL 533: Modify Hickory and Conover Occupancy Tax

2009-2010 General Assembly

<b>Committee:</b>	Occupancy Tax Subcommittee of the House Finance Committee	<b>Date:</b>	May 7, 2009
<b>Introduced by:</b>	Reps. R. Warren, Setzer	<b>Prepared by:</b>	Trina Griffin
<b>Analysis of:</b>	Second Edition		Committee Counsel

**SUMMARY:** *House Bill 533 would authorize the cities of Hickory and Conover to levy an additional 1% room occupancy tax. Through 2019, the distribution of the proceeds from the additional 1% and the existing 5% would be reversed from the formula under the guidelines. Two-thirds would be permitted to be used for convention center expenditures, including parking facilities, and the remainder would be used tourism promotion. After 2019, the distribution would revert to the standard formula under the guidelines. The bill does, however, conform the existing legislation to the uniform administrative provisions related to the levy, collection, administration, repeal, and applicable penalties for occupancy tax.*

**CURRENT LAW:** In 1986, the General Assembly authorized the Cities of Hickory and Conover to levy a room occupancy tax of not less than 3% and not more than 5%, with 100% of the proceeds to be remitted to the Hickory-Conover Tourism Development Authority ("TDA"), for its use in funding tourism-related projects, events, and activities, with priority to be given to providing a civic center facility. Both the Cities of Hickory and Conover are currently levying a 5% room occupancy tax. The TDA is currently obligated through the City of Hickory for annual payments of approximately \$800,000 per year for outstanding debt on the convention center.

**BILL ANALYSIS:** House Bill 533 repeals the existing occupancy tax legislation for Hickory and Conover and creates revised authority that is clearer and conforms to the uniform administrative provisions. The provisions for Hickory and Conover are identical.

The bill also authorizes each city to levy an additional 1% room occupancy tax, for a total rate of up to 6%, with net proceeds remitted to the TDA. Through December 31, 2019, the TDA would be able to use up to two-thirds of the remitted funds for the convention center facility, including parking facilities, with the remainder being used to promote travel and tourism. The Town is seeking the additional 1% to be able to construct a parking deck adjacent to the convention center.

After December 31, 2019, the distribution of the tax proceeds would return to the standard formula set out in the guidelines: at least two-thirds for promote travel and tourism and the remainder for tourism-related expenditures.

The bill does not make any changes to the composition of the TDA. Under current law, the Hickory-Conover is a nine-member board consisting of three owners or operators of taxable accommodations, three members who have a demonstrated interest in convention and tourism development who are not hotel owners, and three ex officio members.

**EFFECTIVE DATE:** This bill would become effective when it becomes law.

**BACKGROUND:** Since 1983, the General Assembly has authorized many local government units to levy a room occupancy tax, with wide variation in the rate of tax, administration of the tax, use of the tax proceeds, and the body responsible for deciding how the tax proceeds will be spent. The North Carolina Travel and Tourism Coalition has issued a policy statement for legislation authorizing local

## House Bill 533

*Page 2*

occupancy taxes, which contains many principles similar to those established by the House Finance Subcommittee on Occupancy Taxes in 1993. In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax legislation – G.S. 153A-155 (counties) and G.S. 160A-215 (municipalities) – to provide uniformity in the areas of levy, administration, collection, repeal, and penalties.

*Bill Patterson, counsel to House Local Government II, substantially contributed to this summary.*

*H533-SMSV-34(e2) v3*

**\*\*The Hickory-Conover Tourism Development Authority along with the Cities of Hickory and Conover are requesting legislation allowing an additional one percent room occupancy tax along with other administrative changes.**

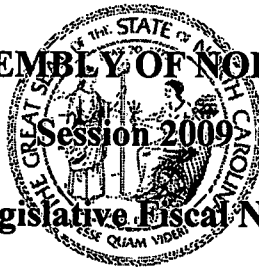
**\*\*The TDA was established in 1987 by the General Assembly, levied an occupancy tax that has been used for developing tourism support services such as the Hickory Metro Convention Center and Visitors Bureau, constructing and improving the Hickory Metro Convention Center and extending the promotion of tourism.**

**\*\*A sharp decline in area manufacturing has left few economic positives other than the growing hospitality industry.**

The objective of the increase will be to:

- \*\*Strengthen the Metro Center's position for hosting conventions and meetings by helping to maintain a competitive edge against growing competition.**
- \*\*Provide a cost effective path during a critical time for the construction of a parking deck at the Metro Center.**
- \*\*Continue the Center's ability to be an economic engine with new business and increased employment.**
- \*\*The current economic situation and debt obligations through December 31, 2019 allow no opportunity for the Hickory-Conover TDA to secure the necessary funding for these goals without the one percent increase.**

# GENERAL ASSEMBLY OF NORTH CAROLINA



## Legislative Fiscal Note

**BILL NUMBER:** House Bill 533 (Second Edition)

**SHORT TITLE:** Modify Hickory and Conover Occupancy Tax.

**SPONSOR(S):** Representatives Setzer and R. Warren

### FISCAL IMPACT

Yes (X)      No ( )      No Estimate Available ( )

FY 2009-10    FY 2010-11    FY 2011-12    FY 2012-13    FY 2013-14

#### REVENUES

Cities of Hickory and Conover

\$225,466      \$236,048      \$254,026      \$270,326      \$280,914

#### EXPENDITURES

**POSITIONS (cumulative):**

**PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:** Cities of Hickory and Conover

**EFFECTIVE DATE:** This act is effective when it becomes law.

#### BILL SUMMARY:

House Bill 533 revises and consolidates SL 1985-929, as amended, to authorize the cities of Hickory and Conover, by joint resolution, to levy a room occupancy and tourism development tax between 3% and 5%. The cities may also, by joint resolution, levy an additional 1% room occupancy tax. It provides that the tax must be levied, administered, collected, and repealed as provided in GS 160A-215 (Uniform provisions for room occupancy taxes).

The bill requires the Hickory-Conover Tourism Development Authority (TDA) to (1) prior to and through December 31, 2019, use two-thirds of the occupancy tax proceeds for improving, leasing, constructing, financing, operating, or acquiring facilities and properties as needed to provide for a convention center facility, including parking facilities, and the remainder used to promote travel and tourism and (2) after December 31, 2019, use at least two-thirds of the proceeds to promote travel and tourism and the remainder for tourism-related expenditures. It mandates that the TDA membership consists of (1) three owners or operators of hotels, motels, or other taxable accommodations in the cities of Hickory and Conover, two of whom are to be appointed by the



## HOUSE BILL 564: Wilson County Occupancy Tax Modification

2009-2010 General Assembly

<b>Committee:</b>	Occupancy Tax Subcommittee of the House Finance Committee	<b>Date:</b>	May 7, 2009
<b>Introduced by:</b>	Reps. Tolson, Farmer-Butterfield	<b>Prepared by:</b>	Trina Griffin
<b>Analysis of:</b>	PCS to First Edition H564-CSSVx-18		Committee Counsel

**SUMMARY:** *House Bill 564 makes changes to the Wilson County Occupancy Tax by authorizing it to levy less than 3% and by modifying the composition of its Tourism Development Authority. It also conforms the legislation to the uniform administrative provisions in G.S. 153A-155 and to the guidelines adopted by the North Carolina Travel and Tourism Coalition and the House Finance Committee. The Proposed Committee Substitute makes technical drafting changes only.*

**CURRENT LAW:** In 1987, the General Assembly authorized Wilson County to levy a 3% room occupancy tax, the proceeds of which are to be used to further the development of travel, tourism, and conventions through advertising and promotion, to sponsor tourist-oriented events and activities, and to finance tourist-related capital projects in the county. The county currently has a seven-member TDA board consisting of one county commissioner, one Wilson City Council member, three owners or operators of taxable accommodations that have at least five units, and two individuals involved in the tourist business who are not hotel owners or operators.

**BILL ANALYSIS:** House Bill 564 makes the following changes to the existing Wilson County Occupancy Tax:

- Changes the authorization to levy the tax from "3%" to "*up to 3%.*"
- Expands the membership of the Wilson County Tourism Development Authority by two members who have an interest in the tourism business, one of whom is appointed by the Wilson County Commissioners and one of whom is appointed by the Wilson City Council.
- Makes other changes to conform the legislation to the uniform administrative provisions relating to the levy, collection, administration, repeal, and applicable penalties for occupancy tax.
- Rewrites the existing legislation to conform to the uniform guidelines adopted by the House Finance Committee, which are set out as follows:

UNIFORM OCCUPANCY TAX PROVISIONS	HB 564
<b>Rate</b> – The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.	Conforms
<b>Use</b> – Two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism related expenditures.	Conforms.
<b>Definitions</b> The term "net proceeds", "promote travel and tourism", and "tourism related expenditures" are defined terms.	Conforms
<b>Administration</b> – The net revenues must be administered by a local tourism development authority that has the authority to determine how the tax proceeds will be used, is created by a local ordinance, and at least 1/2 of the members must be currently active in the promotion of travel and tourism in the county and 1/3 of the members must be affiliated with organizations that collect the tax.	Conforms
<b>Costs of Collection</b> – The taxing authority may retain from the revenues its actual costs of collection, not to exceed 3% of the first \$500,000 collected each year plus 1% of the remainder collected each year.	Conforms

# House Bill 564

Page 2

**EFFECTIVE DATE:** This act is effective when it becomes law.

**BACKGROUND:** Since 1983, the General Assembly has authorized many local government units to levy a room occupancy tax, with wide variation in the rate of tax, administration of the tax, use of the tax proceeds, and the body responsible for deciding how the tax proceeds will be spent. The North Carolina Travel and Tourism Coalition has issued a policy statement for legislation authorizing local occupancy taxes, which contains many principles similar to those established by the House Finance Subcommittee on Occupancy Taxes in 1993. In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax legislation – G.S. 153A-155 (counties) and G.S. 160A-215 (municipalities) – to provide uniformity in the areas of levy, administration, collection, repeal, and penalties.

*Giles Perry, counsel to House Local Government I, substantially contributed to this summary.*

*H564-SMSV-39(CSSVx-18) v2*



GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

SESSION LAW 2009-297  
HOUSE BILL 564

AN ACT TO MODIFY THE AUTHORIZATION FOR WILSON COUNTY TO LEVY AN  
OCCUPANCY TAX.

The General Assembly of North Carolina enacts:

**SECTION 1.** Chapter 484 of the 1987 Session Laws, as amended by Chapter 901 of the 1987 Session Laws, Chapter 912 of the 1988 Session Laws, and Section 21(t) of S.L. 2007-527, reads as rewritten:

"**Section 1. Occupancy Tax.** (a) Authorization and scope. The Wilson County Board of Commissioners may ~~by resolution, after not less than ten (10) days' public notice and after a public hearing held pursuant thereto,~~ levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or ~~similar accommodation~~ furnished by a hotel, motel, inn, tourist camp, or similar place within the county that is subject to sales tax imposed by the State under ~~G.S. 105-164.4(3)~~. G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations, ~~by summer camps, or by businesses that offer to rent no more than five units.~~ organizations when furnished in furtherance of their nonprofit purpose.

(b) Collection. ~~Every operator of a business subject to the tax levied under this section shall, on and after the effective date of the levy of the tax, collect the tax. This tax shall be collected as part of the charge for furnishing a taxable accommodation. The tax shall be stated and charged separately from the sales records, and shall be paid by the purchaser to the operator of the business as trustee for and on account of the county. The tax shall be added to the sales price and shall be passed on to the purchaser instead of being borne by the operator of the business. The county shall design, print, and furnish to all appropriate businesses and persons in the county the necessary forms for filing returns and instructions to ensure the full collection of the tax.~~

(c) Administration. ~~The county shall administer a tax levied under this section. A tax levied under this section is due and payable to the county finance officer in monthly installments on or before the 20th day of the month following the month in which the tax accrues. Every person, firm, corporation, or association liable for the tax shall, on or before the 20th day of each month, prepare and render a return on a form prescribed by the county. The return shall state the total gross receipts derived in the preceding month from rentals upon which the tax is levied. shall be levied, administered, collected, and repealed, as provided in G.S. 153A-155. The penalties provided in G.S. 153A-155 apply to a tax levied under this section.~~

~~A return filed with the county finance officer under this section is not a public record as defined by G.S. 132-1 and may not be disclosed except as required by law.~~

(d) Penalties. ~~A person, firm, corporation, or association who fails or refuses to file the return required by this section shall be subject to and pay a penalty of ten dollars (\$10.00) for each day's omission. In case of failure or refusal to file the return or pay the tax for a period of thirty (30) days after the time required for filing the return or for paying the tax, there shall be an additional tax, as a penalty, of five percent (5%) of the tax due in addition to any other penalty, with an additional tax of five percent (5%) for each additional month or fraction thereof until the tax is paid.~~

~~Any person who willfully attempts in any manner to evade a tax imposed under this section or who willfully fails to pay the tax or make and file a return shall, in addition to all other penalties provided by law, be guilty of a misdemeanor and shall be punishable by a fine not to exceed one thousand dollars (\$1,000), imprisonment not to exceed six months, or both.~~



(c1) Definitions. – The following definitions apply in this act:

- (1) Net proceeds. – Gross proceeds less the cost to the county of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area. The term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the county or to attract tourists or business travelers to the county. The term includes tourism-related capital expenditures.

(e) ~~Distribution and use of tax revenue. Wilson County shall, on a monthly-quarterly basis, remit the net proceeds of the occupancy tax to the Wilson County Tourism Development Authority. The Authority may spend funds remitted to it under this subsection only to further the development of travel, tourism, and conventions in Wilson County through advertising and promotion, to sponsor tourist-oriented events and activities in Wilson County, and to finance tourist-related capital projects in Wilson County. As used in this subsection, "net proceeds" means gross proceeds less the cost to the county of administering and collecting the tax, which may not exceed five percent (5%) of the gross proceeds.~~ shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Wilson County and shall use the remainder for tourism-related expenditures.

(f) ~~Effective date of levy. A tax levied under this section shall become effective on the date specified in the resolution levying the tax. That date must be the first day of a calendar month, however, and may not be earlier than the first day of the second month after the date the resolution is adopted.~~

(g) ~~Repeal. A tax levied under this section may be repealed by a resolution adopted by the Wilson County Board of Commissioners. Repeal of a tax levied under this section shall become effective on the first day of a month and may not become effective until the end of the fiscal year in which the repeal resolution was adopted. Repeal of a tax levied under this section does not affect a liability for a tax that was attached before the effective date of the repeal, nor does it affect a right to a refund of a tax that accrued before the effective date of the repeal.~~

"Sec. 2. Tourism Development Authority. (a) Appointment and membership. When the board of commissioners adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the Wilson County Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the county, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the county. The resolution shall provide that the Authority shall be composed of the following ~~seven~~ nine members:

- (1) A Wilson County Commissioner appointed by the board of commissioners; commissioners.
- (2) A member of the Wilson City Council appointed by the city council; council.
- (3) Three owners or operators of motels, hotels, or other taxable accommodations in Wilson County that have at least 5 units, County, one of whom shall be appointed by the Wilson City Council, one by the Wilson County Board of Commissioners, and one by the Wilson County Chamber of Commerce; and Commerce.
- (4) Two individuals involved in the tourist business who have demonstrated an interest in tourist development and do not own or operate hotels, motels, or other taxable tourist accommodations, appointed as follows: one by the

Wilson City Council and one by the Wilson County Board of Commissioners.

- (5) An individual who is interested in the tourism business, has demonstrated an interest in tourism development, and is appointed by the Wilson County Board of Commissioners.
- (6) An individual who is interested in the tourism business, has demonstrated an interest in tourism development, and is appointed by the Wilson City Council.

~~All members of the Authority shall serve without compensation. Vacancies shall be filled in the same manner as original appointments. Members appointed to fill vacancies shall serve for the remainder of the unexpired term. The Authority shall elect each year from its membership a chairman. No member may serve as chairman more than two one year terms in succession. The Wilson County Board of Commissioners shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.~~

~~The Authority shall meet at the call of the chairman or of any three members chair and shall adopt rules of procedure to govern its meetings. The Finance Officer for Wilson County shall be the ex officio finance officer of the Authority.~~

~~(b) Terms of office. Members of the Authority shall serve three year terms except that the initial appointees shall serve the following terms:~~

- ~~(1) Members appointed pursuant to subdivisions (a)(1) and (a)(2) of this section shall serve one year terms.~~
- ~~(2) Of the members appointed pursuant to subdivision (a)(4) of this section, the appointee of the Wilson City Council shall serve a three year term and the appointee of the board of commissioners shall serve a two year term.~~
- ~~(3) Of the members appointed pursuant to subdivision (a)(3) of this section, the appointee of the Wilson City Council shall serve a one year term, the appointee of the board of commissioners shall serve a three year term, and the appointee of the Chamber of Commerce shall serve a two year term.~~

~~(c) Powers and duties. The Authority may contract with any person, firm, or agency to assist it in carrying out the purposes for which the tax proceeds levied by this act may be expended. The board of county commissioners may from time to time determine an appropriate percentage of net proceeds that may be expended for administrative services. Duties. The Authority shall expend the net proceeds of the tax levied under this act for the purposes provided in Section 1 of this act. The Authority shall promote travel, tourism, and conventions in the county, sponsor tourist-related events and activities in the county, and finance tourist-related capital projects in the county.~~

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

~~"Sec. 3. This act is effective upon ratification."~~

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

~~"(g) This section applies only to Alleghany, Anson, Brunswick, Buncombe, Burke, Cabarrus, Camden, Carteret, Caswell, Chatham, Cherokee, Chowan, Clay, Craven, Cumberland, Currituck, Dare, Davie, Duplin, Durham, Franklin, Granville, Halifax, Haywood, Madison, Martin, McDowell, Montgomery, Nash, New Hanover, New Hanover County District U, Northampton, Pasquotank, Pender, Perquimans, Person, Randolph, Richmond, Rockingham, Rowan, Sampson, Scotland, Stanly, Swain, Transylvania, Tyrrell, Vance, and Washington Washington, and Wilson Counties, to Watauga County District U, to Yadkin County District Y, and to the Township of Averagesboro in Harnett County and the Ocracoke Township Taxing District."~~

**SECTION 4.** This act is effective when it becomes law.  
In the General Assembly read three times and ratified this the 16<sup>th</sup> day of July, 2009.

s/ Walter H. Dalton  
President of the Senate

s/ Joe Hackney  
Speaker of the House of Representatives

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

H

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HOUSE BILL 564  
PROPOSED COMMITTEE SUBSTITUTE H564-CSSVx-18 [v.1]

5/6/2009 1:14:39 PM

Short Title:   Wilson County Occupancy Tax Modification.

(Local)

Sponsors:

Referred to:

March 12, 2009

1                                   A BILL TO BE ENTITLED  
2   AN ACT TO MODIFY THE AUTHORIZATION FOR WILSON COUNTY TO LEVY AN  
3   OCCUPANCY TAX.  
4   The General Assembly of North Carolina enacts:  
5         **SECTION 1.** Chapter 484 of the 1987 Session Laws, as amended by Chapter 901  
6   of the 1987 Session Laws, Chapter 912 of the 1988 Session Laws, and section 21.(t) of S.L.  
7   2007-527, reads as rewritten:  
8         **"Section 1.** Occupancy Tax. (a) Authorization and scope. The Wilson County Board of  
9   Commissioners may ~~by resolution, after not less than ten (10) days' public notice and after a~~  
10 ~~public hearing held pursuant thereto,~~ levy a room occupancy tax of up to three percent (3%) of  
11 the gross receipts derived from the rental of any room, lodging, or ~~similar accommodation~~  
12 furnished by a hotel, motel, inn, tourist camp, or similar place within the county that is subject  
13 to sales tax imposed by the State under ~~G.S. 105-164.4(3).~~ G.S. 105-164.4(a)(3). This tax is in  
14 addition to any State or local sales tax. This tax does not apply to accommodations furnished  
15 by nonprofit charitable, educational, or religious organizations, ~~by summer camps, or by~~  
16 ~~businesses that offer to rent no more than five units.~~ organizations when furnished in  
17 furtherance of their nonprofit purpose.  
18         (b) ~~Collection. Every operator of a business subject to the tax levied under this section~~  
19 ~~shall, on and after the effective date of the levy of the tax, collect the tax. This tax shall be~~  
20 ~~collected as part of the charge for furnishing a taxable accommodation. The tax shall be stated~~  
21 ~~and charged separately from the sales records, and shall be paid by the purchaser to the~~  
22 ~~operator of the business as trustee for and on account of the county. The tax shall be added to~~  
23 ~~the sales price and shall be passed on to the purchaser instead of being borne by the operator of~~  
24 ~~the business. The county shall design, print, and furnish to all appropriate businesses and~~  
25 ~~persons in the county the necessary forms for filing returns and instructions to ensure the full~~  
26 ~~collection of the tax.~~  
27         (c) ~~Administration. The county shall administer a tax levied under this section. A tax~~  
28 ~~levied under this section is due and payable to the county finance officer in monthly~~  
29 ~~installments on or before the 20th day of the month following the month in which the tax~~  
30 ~~accrues. Every person, firm, corporation, or association liable for the tax shall, on or before the~~  
31 ~~20th day of each month, prepare and render a return on a form prescribed by the county. The~~  
32 ~~return shall state the total gross receipts derived in the preceding month from rentals upon~~  
33 ~~which the tax is levied.~~ shall be levied, administered, collected, and repealed, as provided in

1 G.S. 153A-155. The penalties provided in G.S. 153A-155 apply to a tax levied under this  
2 section.

3 ~~A return filed with the county finance officer under this section is not a public record as~~  
4 ~~defined by G.S. 132-1 and may not be disclosed except as required by law.~~

5 ~~(d) Penalties. A person, firm, corporation, or association who fails or refuses to file the~~  
6 ~~return required by this section shall be subject to and pay a penalty of ten dollars (\$10.00) for~~  
7 ~~each day's omission. In case of failure or refusal to file the return or pay the tax for a period of~~  
8 ~~thirty (30) days after the time required for filing the return or for paying the tax, there shall be~~  
9 ~~an additional tax, as a penalty, of five percent (5%) of the tax due in addition to any other~~  
10 ~~penalty, with an additional tax of five percent (5%) for each additional month or fraction~~  
11 ~~thereof until the tax is paid.~~

12 ~~Any person who willfully attempts in any manner to evade a tax imposed under this section~~  
13 ~~or who willfully fails to pay the tax or make and file a return shall, in addition to all other~~  
14 ~~penalties provided by law, be guilty of a misdemeanor and shall be punishable by a fine not to~~  
15 ~~exceed one thousand dollars (\$1,000), imprisonment not to exceed six months, or both.~~

16 ~~(c1) Definitions. – The following definitions apply in this act:~~

17 ~~a. Net proceeds. – Gross proceeds less the cost to the county of~~  
18 ~~administering and collecting the tax, as determined by the finance~~  
19 ~~officer, not to exceed three percent (3%) of the first five hundred~~  
20 ~~thousand dollars (\$500,000) of gross proceeds collected each year~~  
21 ~~and one percent (1%) of the remaining gross proceeds collected each~~  
22 ~~year.~~

23 ~~b. Promote travel and tourism. – To advertise or market an area or~~  
24 ~~activity, publish and distribute pamphlets and other materials,~~  
25 ~~conduct market research, or engage in similar promotional activities~~  
26 ~~that attract tourists or business travelers to the area. The term~~  
27 ~~includes administrative expenses incurred in engaging in the listed~~  
28 ~~activities.~~

29 ~~c. Tourism-related expenditures. – Expenditures that, in the judgment~~  
30 ~~of the Tourism Development Authority, are designed to increase the~~  
31 ~~use of lodging facilities, meeting facilities, or convention facilities in~~  
32 ~~the county or to attract tourists or business travelers to the county.~~  
33 ~~The term includes tourism-related capital expenditures.~~

34 ~~(e) Distribution and use of tax revenue. Wilson County shall, on a monthly quarterly~~  
35 ~~basis, remit the net proceeds of the occupancy tax to the Wilson County Tourism Development~~  
36 ~~Authority. The Authority may spend funds remitted to it under this subsection only to further~~  
37 ~~the development of travel, tourism, and conventions in Wilson County through advertising and~~  
38 ~~promotion, to sponsor tourist-oriented events and activities in Wilson County, and to finance~~  
39 ~~tourist-related capital projects in Wilson County. As used in this subsection, "net proceeds"~~  
40 ~~means gross proceeds less the cost to the county of administering and collecting the tax, which~~  
41 ~~may not exceed five percent (5%) of the gross proceeds. shall use at least two-thirds of the~~  
42 ~~funds remitted to it under this subsection to promote travel and tourism in Wilson County and~~  
43 ~~shall use the remainder for tourism-related expenditures.~~

44 ~~(f) Effective date of levy. A tax levied under this section shall become effective on the~~  
45 ~~date specified in the resolution levying the tax. That date must be the first day of a calendar~~  
46 ~~month, however, and may not be earlier than the first day of the second month after the date the~~  
47 ~~resolution is adopted.~~

48 ~~(g) Repeal. A tax levied under this section may be repealed by a resolution adopted by~~  
49 ~~the Wilson County Board of Commissioners. Repeal of a tax levied under this section shall~~  
50 ~~become effective on the first day of a month and may not become effective until the end of the~~  
51 ~~fiscal year in which the repeal resolution was adopted. Repeal of a tax levied under this section~~

1 ~~does not affect a liability for a tax that was attached before the effective date of the repeal, nor~~  
2 ~~does it affect a right to a refund of a tax that accrued before the effective date of the repeal.~~

3     Sec. 2. Tourism Development Authority. (a) Appointment and membership. When the  
4 board of commissioners adopts a resolution levying a room occupancy tax under this act, it  
5 shall also adopt a resolution creating the Wilson County Tourism Development Authority,  
6 which shall be a public authority under the Local Government Budget and Fiscal Control Act.  
7 The resolution shall provide for the membership of the Authority, including the members' terms  
8 of office, and for the filling of vacancies on the Authority. At least one-third of the members  
9 shall be individuals who are affiliated with businesses that collect the tax in the county, and at  
10 least one-half of the members shall be individuals who are currently active in the promotion of  
11 travel and tourism in the county. The resolution shall provide that the Authority shall be  
12 composed of the following ~~seven~~nine members:

- 13         (1) A Wilson County Commissioner appointed by the board of ~~commissioners;~~  
14 commissioners.
- 15         (2) A member of the Wilson City Council appointed by the city ~~council;~~  
16 council.
- 17         (3) Three owners or operators of motels, hotels, or other taxable  
18 accommodations in Wilson County that have at least 5 units, one of whom  
19 shall be appointed by the Wilson City Council, one by the Wilson County  
20 Board of Commissioners, and one by the Wilson County Chamber of  
21 ~~Commerce; and Commerce.~~
- 22         (4) Two individuals involved in the tourist business who have demonstrated an  
23 interest in tourist development and do not own or operate hotels, motels, or  
24 other taxable tourist accommodations, appointed as follows: one by the  
25 Wilson City Council and one by the Wilson County Board of  
26 Commissioners.
- 27         (5) An individual who is interested in the tourism business, has demonstrated an  
28 interest in tourism development, and is appointed by the Wilson County  
29 Board of Commissioners.
- 30         (6) An individual who is interested in the tourism business, has demonstrated an  
31 interest in tourism development, and is appointed by the Wilson City  
32 Council.

33 ~~All members of the Authority shall serve without compensation. Vacancies shall be filled in the~~  
34 ~~same manner as original appointments. Members appointed to fill vacancies shall serve for the~~  
35 ~~remainder of the unexpired term. The Authority shall elect each year from its membership a~~  
36 ~~chairman. No member may serve as chairman more than two one-year terms in succession. The~~  
37 Wilson County Board of Commissioners shall designate one member of the Authority as chair  
38 and shall determine the compensation, if any, to be paid to members of the Authority.

39     The Authority shall meet at the call of the ~~chairman or of any three members~~chair and shall  
40 adopt rules of procedure to govern its meetings. The Finance Officer for Wilson County shall  
41 be the ex officio finance officer of the Authority.

42     ~~(b) Terms of office. Members of the Authority shall serve three-year terms except that~~  
43 ~~the initial appointees shall serve the following terms:~~

- 44         (1) ~~Members appointed pursuant to subdivisions (a)(1) and (a)(2) of this section~~  
45 ~~shall serve one-year terms.~~
- 46         (2) ~~Of the members appointed pursuant to subdivision (a)(4) of this section, the~~  
47 ~~appointee of the Wilson City Council shall serve a three-year term and the~~  
48 ~~appointee of the board of commissioners shall serve a two-year term.~~
- 49         (3) ~~Of the members appointed pursuant to subdivision (a)(3) of this section, the~~  
50 ~~appointee of the Wilson City Council shall serve a one-year term, the~~

1                   appointee of the board of commissioners shall serve a three-year term, and  
2                   the appointee of the Chamber of Commerce shall serve a two-year term.

3           (c)   Powers and duties. ~~The Authority may contract with any person, firm, or agency to~~  
4 ~~assist it in carrying out the purposes for which the tax proceeds levied by this act may be~~  
5 ~~expended. The board of county commissioners may from time to time determine an appropriate~~  
6 ~~percentage of net proceeds that may be expended for administrative services.~~ Duties. The  
7 Authority shall expend the net proceeds of the tax levied under this act for the purposes  
8 provided in Section 1 of this act. The Authority shall promote travel, tourism, and conventions  
9 in the county, sponsor tourist-related events and activities in the county, and finance  
10 tourist-related capital projects in the county.

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

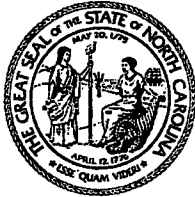
14           Sec. 3. This act is effective upon ratification."

15           SECTION 2. G.S. 153A-155(g) reads as rewritten:

16           "(g)   This section applies only to Alleghany, Anson, Brunswick, Buncombe, Burke,  
17 Cabarrus, Camden, Carteret, Caswell, Chatham, Cherokee, Chowan, Clay, Craven,  
18 Cumberland, Currituck, Dare, Davie, Duplin, Durham, Franklin, Granville, Halifax, Haywood,  
19 Madison, Martin, McDowell, Montgomery, Nash, New Hanover, New Hanover County District  
20 U, Northampton, Pasquotank, Pender, Perquimans, Person, Randolph, Richmond, Rockingham,  
21 Rowan, Sampson, Scotland, Stanly, Swain, Transylvania, Tyrrell, Vance, ~~and~~  
22 ~~Washington~~ Washington, and Wilson Counties, to Watauga County District U, to Yadkin  
23 County District Y, and to the Township of Averagesboro in Harnett County and the Ocracoke  
24 Township Taxing District."

25           SECTION 3. This act is effective when it becomes law.





## HOUSE BILL 854: Forsyth County Occupancy Tax Modifications

2009-2010 General Assembly

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<b>Committee:</b>	Occupancy Tax Subcommittee of the House Finance Committee	<b>Date:</b>	May 7, 2009
<b>Introduced by:</b>	Rep. McGee	<b>Prepared by:</b>	Trina Griffin
<b>Analysis of:</b>	First Edition		Committee Counsel

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**SUMMARY:** *House Bill 854 modifies the Forsyth County occupancy tax by conforming the act to the uniform administrative provisions on occupancy tax and by modifying certain provisions related to the Forsyth County Tourism Development Authority.*

**CURRENT LAW:** Forsyth County currently has the authority to levy a 6% room occupancy and tourism development tax. Originally enacted in 1983 and most recently amended in 1997, the local act does not conform to the guidelines adopted by the House Finance Committee.

The first three percent (3%) is distributed as follows:

- 5% is divided among the municipalities in Forsyth County, other than Winston-Salem, on a pro rata basis, to be used for economic development and cultural and recreational purposes.
- The remainder is remitted to the TDA to further the development of travel, tourism, and conventions within Forsyth County.

The second three percent (3%) is distributed as follows:

- 5% is divided among the municipalities in Forsyth County, other than Winston-Salem, on a pro rata basis, and is to be used for economic development and cultural and recreational purposes.
- One-third of the remaining net proceeds are remitted to the TDA to be used to further the development of travel, tourism, and conventions within Forsyth County.
- 10% of the remaining net proceeds is divided among the municipalities in Forsyth, other than Winston-Salem, in which taxable establishments are located, in proportion to the amount of tax proceeds collected in each municipality. Of these proceeds, at least two-thirds must be used for tourism promotion and the remainder for tourism-related expenditures.
- The remaining net proceeds are divided between Forsyth County and the City of Winston-Salem on a pro rata basis, and are to be used for economic development and cultural and recreational purposes.

Forsyth County has a 13-member TDA Board consisting of two ex officio members, four owners or operators of accommodations, three individuals involved in the tourist business but who do not own taxable accommodations, and four individuals appointed by the TDA who do not own taxable accommodations and (1) who are local citizens with a demonstrated interest in the tourism industry, or (2) have expertise in fields such as the transportation industry, visitor attractions, the convention center, or marketing and advertising.

**BILL ANALYSIS:** House Bill 854 does not change the rate of tax or the manner in which the funds are distributed. However, the bill does make the following changes:

- Applies the uniform statutory administration provisions to the administration of the occupancy tax.

# House Bill 854

Page 2

- Reduces the membership of the TDA from 13 to 9 members by eliminating the 4 individuals appointed by the TDA.
- Currently, the TDA may not use more than 10% of the funds distributed to it for administrative expenses. The bill eliminates the 10% cap.
- Authorizes ex officio members of the TDA (a county commissioner and a member of the Winston-Salem Board of Alderman) to serve more than two terms on the Authority.

**EFFECTIVE DATE:** This act is effective when it becomes law.

**BACKGROUND:** Since 1983, the General Assembly has authorized many local government units to levy a room occupancy tax, with wide variation in the rate of tax, administration of the tax, use of the tax proceeds, and the body responsible for deciding how the tax proceeds will be spent. The North Carolina Travel and Tourism Coalition has issued a policy statement for legislation authorizing local occupancy taxes, which contains many principles similar to those established by the House Finance Subcommittee on Occupancy Taxes in 1993. In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax legislation – G.S. 153A-155 (counties) and G.S. 160A-215 (municipalities) – to provide uniformity in the areas of levy, administration, collection, repeal, and penalties.

*Giles Perry, counsel to House Local Government I, substantially contributed to this summary.*

H854-SMSV-40(e1) v2

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

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HOUSE BILL 854

Short Title: Forsyth County Occupancy Tax Modifications.

(Local)

Sponsors: Representative McGee.

Referred to: Local Government I, if favorable, Finance.

March 30, 2009

A BILL TO BE ENTITLED  
AN ACT TO MODIFY THE FORSYTH COUNTY ROOM OCCUPANCY AND TOURISM  
DEVELOPMENT TAX.

The General Assembly of North Carolina enacts:

SECTION 1. Part VII of Chapter 908 of the 1983 Session Laws, as amended by Chapters 33 and 924 of the 1985 Session Laws, Chapter 870 of the 1989 Session Laws, and S.L. 1997-408, reads as rewritten:

"Part VII. Forsyth Occupancy Tax.

"Sec. 24. ~~Levy of Tax.~~ (a) ~~The Board of Commissioners of Forsyth County may by resolution, after not less than 10 days' public notice and after a public hearing held pursuant thereto, levy a room occupancy and tourism development tax.~~

(b) ~~Collection of the tax, and liability therefor, shall begin and continue only on and after the first day of a calendar month set by the board of county commissioners in the resolution levying the tax, which in no case may be earlier than the first day of the second succeeding calendar month after the date of adoption of the resolution.~~

"Sec. 25. Occupancy Tax. - Authorization and Scope. - ~~The county room occupancy and tourism development tax that may be levied under this Part shall be~~ The Board of Commissioners of Forsyth County may levy a room occupancy and tourism development tax of two percent (2%) of the gross receipts derived from the rental of any room, lodging, or similar accommodation furnished by any hotel, motel, inn, tourist camp, or other similar place within the county now subject to the three percent (3%) sales tax imposed by the State under G.S. 105-164.4(3) that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to gross receipts derived by the following entities from accommodations furnished by them: any of the following:

- (1) Religious organizations,~~religious organizations;~~
- (2) Educational organizations,~~educational organizations;~~
- (3) Any any-business that offers to rent fewer than five units,~~units;~~ and
- (4) Summer~~summer-camps.~~

"Sec. 26. Administration of Tax. (a) - A tax levied under this Part shall be levied, administered, collected, and repealed as provided in G.S. 153A-155. The penalties provided in G.S. 153A-155 apply to a tax levied under this section. Any tax levied under this Part is due and payable to the county in monthly installments on or before the 15th day of the month following the month in which the tax accrues. Every person, firm, corporation, or association liable for the tax shall, on or before the 15th day of each month, prepare and render a return on a form prescribed by the county. The return shall state the total gross receipts derived in the preceding month from rentals upon which the tax is levied.



\* H 8 5 4 - V - 1 \*

1       (b) ~~Any person, firm, corporation, or association who fails or refuses to file the return~~  
2 ~~required by this Part shall pay a penalty of ten dollars (\$10.00) for each day's omission.~~

3       (c) ~~In case of failure or refusal to file the return or pay the tax for a period of 30 days~~  
4 ~~after the time required for filing the return or for paying the tax, there shall be an additional tax,~~  
5 ~~as a penalty, of five percent (5%) of the tax due, in addition to the penalty prescribed in~~  
6 ~~subsection (b), with an additional tax of five percent (5%) for each additional month or fraction~~  
7 ~~thereof until the occupancy tax is paid.~~

8       (d) ~~Any person who willfully attempts in any manner to evade the occupancy tax~~  
9 ~~imposed by this Part or to make a return and who willfully fails to pay the tax or make and file~~  
10 ~~a return shall, in addition to all other penalties provided by law, be guilty of a misdemeanor and~~  
11 ~~shall be punished by a fine not to exceed one thousand dollars (\$1,000) or by imprisonment not~~  
12 ~~to exceed six months, or both.~~

13       ~~"Sec. 27. Collection of Tax. Every operator of a business subject to the tax levied by this~~  
14 ~~Part shall, on and after the effective date of the levy of the tax, collect the two percent (2%)~~  
15 ~~room occupancy tax. This tax shall be collected as part of the charge for the furnishing of any~~  
16 ~~taxable accommodations. The tax shall be stated and charged separately from the sales records,~~  
17 ~~and shall be paid by the purchaser to the operator of the business as trustee for and on account~~  
18 ~~of Forsyth County. The room occupancy tax levied pursuant to this Part shall be added to the~~  
19 ~~sales price and shall be passed onto the purchaser instead of being borne by the operator of the~~  
20 ~~business. The county shall design, print, and furnish to all appropriate businesses in Forsyth~~  
21 ~~County the necessary forms for filing returns and instructions to ensure the full collection of the~~  
22 ~~tax.~~

23       ~~"Sec. 28. Disposition-Distribution of Two Percent (2%) and One Percent (1%) Taxes. (a)~~  
24 ~~Forsyth County shall shall, on a quarterly basis, remit the net proceeds of the occupancy taxes~~  
25 ~~levied under Sections 24, 25, 25 and 30.1 of this Part on a quarterly basis as follows:~~

26           (1) ~~Five percent (5%) of the net proceeds shall be divided among the~~  
27 ~~municipalities in Forsyth County, other than Winston-Salem, on a pro rata~~  
28 ~~basis.~~

29           (2) ~~The remaining net proceeds shall be remitted to the Forsyth County Tourism~~  
30 ~~Development Authority.~~

31       ~~'Net proceeds' has the meaning provided in Section 30.2(d) of this Part.~~

32       (b) Use. ~~— A municipality may expend funds distributed to it pursuant to subsection (a)~~  
33 ~~of this section only for economic development and cultural and recreational purposes. The~~  
34 ~~Forsyth County Tourism Development Authority shall expend the funds distributed to it~~  
35 ~~pursuant to subsection (a) of this section to further the development of travel, tourism, and~~  
36 ~~conventions within Forsyth County. The Forsyth County Tourism Development Authority may~~  
37 ~~not use more than ten percent (10%) of the funds distributed to it pursuant to subsection (a) for~~  
38 ~~administrative expenses.~~

39       "Sec. 29. Appointment and Duties of Tourism Development Authority. (a) When the board  
40 of county commissioners adopts a resolution levying a room occupancy tax pursuant to this  
41 Part, it shall also adopt a resolution creating a county Tourism Development Authority, which  
42 shall be a public authority under the Local Government Budget and Fiscal Control Act and  
43 shall be composed of the following ~~thirteen~~nine members:

44           (1) A county commissioner appointed by the board of county commissioners,  
45 who shall serve as an ex officio member.

46           (2) A member of the Winston-Salem Board of Aldermen appointed by the board  
47 of aldermen, who shall serve as an ex officio member.

48           (3) Four owners or operators of hotels, motels, or other taxable tourist  
49 accommodations, two of which own or operate hotels, motels, or other  
50 accommodations with more than 100 rental units, one of whom shall be  
51 appointed by the Winston-Salem Board of Aldermen and one by the board of

1 county commissioners; and two of which own or operate hotels, motels, or  
2 other accommodations with 100 or fewer rental units, one of whom shall be  
3 appointed by the Winston-Salem Board of Aldermen and one by the board of  
4 county commissioners.

5 (4) Three individuals involved in the tourist business who have demonstrated an  
6 interest in tourist development and do not own or operate hotels, motels, or  
7 other taxable tourist accommodations, appointed as follows: one by the  
8 Winston-Salem Board of Aldermen, one by the Winston-Salem Area  
9 Chamber of Commerce, and one by the board of county commissioners.

10 (5) ~~Four individuals appointed by the Forsyth County Tourism Development~~  
11 ~~Authority who do not own or operate hotels, motels, or other tourist~~  
12 ~~accommodations taxable under this Part or tourist businesses, and who (i)~~  
13 ~~are local citizens with a demonstrated interest in the tourist and visitor~~  
14 ~~industry or (ii) have demonstrated relevant expertise in such fields as the~~  
15 ~~transportation industry, visitor attractions, the convention center and~~  
16 ~~coliseum, or marketing and advertising.~~

17 (a1) All members of the Authority shall serve without compensation. Vacancies in the  
18 Authority shall be filled by the appointing authority of the member creating the vacancy.  
19 Members appointed to fill vacancies shall serve for the remainder of the unexpired term for  
20 which they are appointed to fill. Members shall serve three-year terms, except the members  
21 appointed pursuant to subdivisions (a)(1) and (2), who shall serve at the pleasure of the  
22 appointing board, and the initial members, who shall serve the following terms:

23 (1) Of the members appointed pursuant to subdivision (a)(3), one appointee of  
24 the board of aldermen and the board of commissioners shall serve a two-year  
25 term and one appointee of the board of aldermen and the board of  
26 commissioners shall serve a three-year term, as designated by the board of  
27 aldermen and board of county commissioners;

28 (2) Of the three members appointed pursuant to subdivision (a)(4), the appointee  
29 of the Winston-Salem Board of Aldermen shall serve a one-year term, the  
30 appointee of the Winston-Salem Area Chamber of Commerce shall serve a  
31 two-year term, and the appointee of the board of county commissioners shall  
32 serve a three-year term.

33 ~~Except for the ex officio members, members~~Members may serve no more than two  
34 consecutive terms. The members shall elect a chairman, who shall serve for a term of two  
35 years. The Authority shall meet at the call of the chairman and shall adopt rules of procedure to  
36 govern its meetings. The finance officer for Forsyth County shall be the ex officio finance  
37 officer of the Authority.

38 (b) The Tourism Development Authority may contract with any person, firm, or agency  
39 to advise and assist it in the promotion of travel, tourism, and conventions and may recommend  
40 to the board of county commissioners that county staff be employed for this advice and  
41 assistance. Any county staff employed under this Part shall be hired and supervised by the  
42 Tourism Development Authority, which shall pay the salaries and expenses of this staff.

43 (c) The Tourism Development Authority shall report quarterly and at the close of the  
44 fiscal year to the board of county commissioners on its receipts and expenditures for the  
45 preceding quarter and for the year in such detail as the board may require.

46 ~~"Sec. 30. Repeal of Levy. (a) The board of county commissioners may by resolution repeal~~  
47 ~~the levy of the room occupancy tax in Forsyth County, but no repeal of taxes levied under this~~  
48 ~~Part shall be effective until the end of the fiscal year in which the repeal resolution was~~  
49 ~~adopted.~~

50 (b) ~~No liability for any tax levied under this Part that attached prior to the date on which~~  
51 ~~a levy is repealed shall be discharged as a result of the repeal, and no right to a refund of a tax~~

1 that accrued prior to the effective date on which a levy is repealed shall be denied as a result of  
2 the repeal.

3 "Sec. 30.1. Additional One Percent (1%) Tax. – In addition to the tax authorized by  
4 Sections ~~24 and Section 25~~ of this Part, the Forsyth County Board of Commissioners may levy  
5 a room occupancy and tourism development tax of one percent (1%) of the gross receipts  
6 derived from the rental of accommodations taxable under ~~these sections, that section.~~ The levy,  
7 collection, administration, and repeal of the tax authorized by this section, and the use of tax  
8 revenue from a tax levied under this section, shall be in accordance with Sections ~~24 through~~  
9 ~~3025 through 29~~ of this Part. Forsyth County may not levy a tax under this section unless it also  
10 levies a tax under Sections ~~24 and Section 25~~ of this Part.

11 "Sec. 30.2. Additional Three Percent (3%) Tax. (a) Levy. – In addition to the taxes  
12 authorized by Sections ~~24, 25, 25~~ and 30.1 of this Part, the Forsyth County Board of  
13 Commissioners may levy a room occupancy and tourism development tax of three percent  
14 (3%) of the gross receipts derived from the rental of accommodations taxable under those  
15 sections. The levy, collection, administration, and repeal of the tax authorized by this section  
16 shall be in accordance with Sections ~~25, 26, and 2924 through 27 and 29 through 30~~ of this  
17 Part. Forsyth County may not levy a tax under this section unless it also levies taxes under  
18 Sections ~~24, 25, 25~~ and 30.1 of this Part.

19 (b) Distribution. – The net proceeds of the tax levied under this section shall be  
20 distributed as follows:

- 21 (1) Five percent (5%) of the net proceeds shall be divided among the  
22 municipalities in Forsyth County, other than Winston-Salem, on a pro rata  
23 basis.
- 24 (2) After subtracting the amount provided in subdivision (1) of this subsection,  
25 one-third of the remaining net proceeds shall be remitted to the Forsyth  
26 County Tourism Development Authority.
- 27 (3) After subtracting the amounts provided in subdivisions (1) and (2) of this  
28 subsection, ten percent (10%) of the remaining net proceeds shall be divided  
29 among those municipalities in Forsyth County, other than Winston-Salem, in  
30 which taxable establishments are located, in proportion to the amount of tax  
31 proceeds collected in each municipality.
- 32 (4) After subtracting the amounts provided in subdivisions (1), (2), and (3) of  
33 this subsection, the remaining net proceeds shall be divided between Forsyth  
34 County and the City of Winston-Salem on a pro rata basis.

35 (c) Use. – A municipality that receives funds pursuant to subdivision (b)(3) of this  
36 section shall use at least two-thirds of all funds it receives pursuant to this Part to promote  
37 travel and tourism in the municipality and shall use the remainder for tourism-related  
38 expenditures. ~~The~~ A municipality may use no more than ten percent (10%) of the funds it  
39 receives pursuant to this Part for its administrative expenses, including salaries and benefits.

40 Forsyth County or a municipality that does not receive funds pursuant to subdivision (b)(3)  
41 of this section may expend funds distributed to it pursuant to subsection (b) only for economic  
42 development and cultural and recreational purposes. The Forsyth County Tourism  
43 Development Authority shall expend the funds distributed to it pursuant to subsection (b) in  
44 accordance with Section ~~28(b)~~ of this Part.

45 (d) Definitions. – The following definitions apply in this ~~section~~ Part:

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

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

- 3 (3) Tourism-related expenditures. – Expenditures that, in the judgment of the  
4 entity making the expenditure, are designed to increase the use of lodging  
5 and meeting and convention facilities in the area by attracting tourists or  
6 business travelers to the area; the term includes tourism-related capital  
7 expenditures."

8 **SECTION 2.** G.S. 153A-155(g) reads as rewritten:

9 "(g) This section applies only to Alleghany, Anson, Brunswick, Buncombe, Burke,  
10 Cabarrus, Camden, Carteret, Caswell, Chatham, Cherokee, Chowan, Clay, Craven,  
11 Cumberland, Currituck, Dare, Davie, Duplin, Durham, Forsyth, Franklin, Granville, Halifax,  
12 Haywood, Madison, Martin, McDowell, Montgomery, Nash, New Hanover, New Hanover  
13 County District U, Northampton, Pasquotank, Pender, Perquimans, Person, Randolph,  
14 Richmond, Rockingham, Rowan, Sampson, Scotland, Stanly, Swain, Transylvania, Tyrrell,  
15 Vance, and Washington Counties, to Watauga County District U, to Yadkin County District Y,  
16 and to the Township of Averagesboro in Harnett County and the Ocracoke Township Taxing  
17 District."

18 **SECTION 3.** This act is effective when it becomes law.

**House Finance/ Occupancy Tax Subcommittee**  
**Meeting Minutes**

**Tuesday, July 28, 2009**  
**Room 425 LOB**  
**9 a.m.**

**Representative Larry Womble, Chair**

The House Committee on Finance/Occupancy Tax Subcommittee met on Tuesday, July 28, 2009 at 9 a.m. in Room 425 of the Legislative Office Building.

Representative Womble, Committee Chair, called the meeting to order at 9:00 a.m. The Committee Members, Legislative Staff, Sergeants-at-Arms, and visitors were welcomed.

The following Committee Members were present: CHAIR: Representative Womble; MEMBERS: Representative Edgar Starnes and Representative Becky Carney.

\*Representative Tricia Cotham was absent due to family illness.

The Committee discussed House Bills 956 and Senate Bills 40 and 80 as outlined below.

**HB 956 –Additional Rockingham County Occupancy Tax.** Primary Sponsor: Representatives Cole.

Chair Representative Womble recognized the primary sponsor and Representative Cole presented House Bill 956 as outlined above.

Representative Starnes made a motion that House Committee Substitute for House Bill 956 add Gaston County and City of Lenoir be added to the substitute.

The bill sponsor Representative Cole accepted to the motion.

Representative Starnes was recognized for the motion and the Committee voted a favorable report that House Committee Substitute for House Bill 956 be approved unfavorable to the original bill.

**Motion Passed**

**SB 40—Murfreesboro Occupancy Tax** Primary Sponsors: Senator Jones.

Chair Representative Womble recognized the primary sponsor and Senator Jones and Representative Cotes presented Senate Bill 40 as outlined above.

PCS for SB 40 was adopted for discussion by and moved by Representative Carney



Banner Elks be has been removed and the Town of Salisbury is included in this bill.

Representative Carney suggested a study during the interim take place to address municipal taxes levied on top of out of compliance county taxes.

Rep Carney was recognized for the motion and the Committee voted a favorable report to report that the proposed committee substitute for SB 40 be approved unfavorable to the original.

Motion Passed

SB 80—Jacksonville Occupancy Tax Primary Sponsors: Senator Brown.

Chair Representative Womble recognized the primary sponsor and Senator Brown presented Senate Bill 80 as outlined above.

PCS for SB 80 was adopted for discussion moved by Representative Starnes. Representative Starnes moved for a new PCS reflecting the Jacksonville Occupancy Tax only since Gaston County and City of Lenoir have been included in another bill.

Representative Starnes addressed a letter from the former City Manager of Jacksonville with the current Mayor of Jacksonville and it was concluded that the letter was written on behalf of the City of Jacksonville without consent, is not a valid letter, and does not reflect the views and position of the City of Jacksonville.

A letter from the Mayor was given to the committee and staff that reflects the views of the City and has the approval of the City Council of Jacksonville.


Representative Grady spoke of the history of the bill and gave clarifying details that defused the controversy.

Representative Starnes was recognized for the motion and the Committee voted a favorable report to report that the proposed committee substitute for SB 80 be approved.

Motion Passed

The Committee meeting adjourned at 9:45 a.m.

Respectfully submitted by:

  
Representative Larry Womble, Chair

  
Dorothy McLean  
Committee Assistant

**NORTH CAROLINA HOUSE OF REPRESENTATIVES  
COMMITTEE MEETING AGENDA  
AND  
BILL SPONSOR NOTIFICATION  
2009-2010 SESSION**

**AGENDA**

You are hereby notified that the **Occupancy Tax Subcommittee on Finance** will meet as follows:

**DAY & DATE:** Tuesday, July, 28, 2008  
**TIME:** 9:00 am  
**LOCATION:** 424 LOB

The following bills will be considered:

<b>BILL NO.</b>	<b>SHORT TITLE</b>	<b>SPONSOR</b>
HB 956	Additional Rockingham County Occupancy Tax	Rep. Cole
SB 40	Murfreesboro Occupancy Tax	Sen. Jones
SB 80	Jacksonville Occupancy Tax	Sen. Brown

**Dorothy McLean** (Committee Assistant)

**Dorothy McLean (Rep. Womble)**

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**From:** Susanna Davis (Rep. Gibson)  
**Sent:** Thursday, July 23, 2009 10:37 AM  
**To:** Susanna Davis (Rep. Gibson)  
**Subject:** NOTICE - House Finance Subcommittee on Occupancy Tax Meeting 7-28-2009  
**Importance:** High

**NORTH CAROLINA HOUSE OF REPRESENTATIVES  
COMMITTEE MEETING NOTICE  
AND  
BILL SPONSOR NOTIFICATION  
2009-2010 SESSION**

You are hereby notified that the **Finance Subcommittee on Occupancy Tax** will meet as follows:

**DAY & DATE:** Tuesday, July 28, 2009

**TIME:** 9:00 a.m.

**LOCATION:** Room 424, LOB

The following bills will be considered (Bill #, Short Title, and Bill Sponsor):

**HB 956 – Additional Rockingham County Occupancy Tax – Rep. Cole**

**SB 40 – Murfreesboro Occupancy Tax – Sen. Jones**

**SB 80 – Jacksonville Occupancy Tax – Sen. Brown**

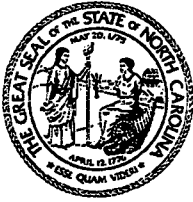
Respectfully,  
**Representative Womble**  
Chair

I hereby certify this notice was filed by the committee clerk at the following offices at **10:45am** on **July 23, 2009**:

X Principal Clerk  
X Reading Clerk - House Chamber

Susanna Davis (Committee Assistant)

07/27/2009



# HOUSE BILL 956: Additional Rockingham County Occupancy Tax

2009-2010 General Assembly

**Committee:** Occupancy Tax Subcommittee  
of the House Finance Committee

**Date:** July 28, 2009

**Introduced by:** Rep. Cole

**Prepared by:** Trina Griffin

**Analysis of:** First Edition

Committee Counsel

**SUMMARY:** *House Bill 956 authorizes the Rockingham County Board of Commissioners to levy an additional room occupancy tax of up to one percent (1%) of the gross receipts derived from the rental of accommodations.*

**CURRENT LAW:** In 1991, the General Assembly authorized Rockingham County to levy a 3% occupancy tax. In 2005, the local act was amended and brought into conformity with the occupancy tax guidelines adopted by the House Finance Committee. In accordance with those guidelines, the net proceeds of the tax are remitted to the Rockingham Tourism Development Authority (TDA). The TDA must use at least two-thirds of the funds for tourism promotion and the remainder for tourism-related expenditures.

The municipalities located in Rockingham County are: Eden, Madison, Mayodan, Reidsville, Stoneville, and Wentworth. The Cities of Eden and Reidsville currently have authority to levy a room occupancy tax of up to 2%.

**BILL ANALYSIS:** The bill would provide the Rockingham County Board of Commissioners the authority to levy an additional 1% room occupancy tax. If levied, the total occupancy tax rate within the county would be 4%. The net proceeds of the tax would be remitted to the Rockingham County TDA, which must use at least two-thirds of the proceeds to promote travel and tourism and the remainder for tourism-related expenditures. These administrative and use provisions of the existing legislation as well as the proposed legislation conform to the uniform guidelines followed by the House Finance Committee:

UNIFORM OCCUPANCY TAX PROVISIONS	HB 956
<b>Rate</b> – The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.	Conforms
<b>Use</b> – Two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism related expenditures.	Conforms
<b>Definitions</b> The term “net proceeds”, “promote travel and tourism”, and “tourism related expenditures” are defined terms.	Conforms
<b>Administration</b> – The net revenues must be administered by a local tourism development authority that has the authority to determine how the tax proceeds will be used, is created by a local ordinance, and at least 1/2 of the members must be currently active in the promotion of travel and tourism in the county and 1/3 of the members must be affiliated with organizations that collect the tax.	Conforms
<b>Costs of Collection</b> – The taxing authority may retain from the revenues its actual costs of collection, not to exceed 3% of the first \$500,000 collected each year plus 1% of the remainder collected each year.	Conforms

**EFFECTIVE DATE:** This act is effective when it becomes law.

# House Bill 956

*Page 2*

**BACKGROUND:** Since 1983, the General Assembly has authorized many units of local government to levy a room occupancy tax. In several instances, the General Assembly has authorized both a county and a city within that county to impose an occupancy tax. The rate of tax, the use of the tax proceeds, the administration of the tax, and the body with the authority to determine how the tax proceeds will be spent vary considerably. Over the past several years, there has been a greater effort to make the occupancy taxes uniform. In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax legislation – G.S. 153A-155 and G.S. 160A-215. These provisions provide uniformity in the areas of levy, administration, collection, repeal, and penalties.

*H956-SMSV-95(e1) v2*

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

H

1

HOUSE BILL 956

Short Title: Additional Rockingham County Occupancy Tax. (Local)  
Sponsors: Representatives Cole; and E. Floyd.  
Referred to: Local Government I, if favorable, Finance.

April 1, 2009

1 A BILL TO BE ENTITLED  
2 AN ACT TO INCREASE THE AUTHORIZATION TO LEVY AN OCCUPANCY TAX IN  
3 ROCKINGHAM COUNTY BY ONE PERCENT.

4 The General Assembly of North Carolina enacts:

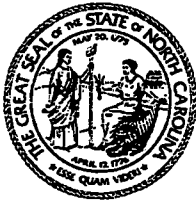
5 SECTION 1. Chapter 322 of the 1991 Session Laws, as amended by Chapter 52 of  
6 the 1995 Session Laws and S.L. 2005-233, is amended by adding a new subsection to read:

7 "(a1) Authorization of Additional Tax. – In addition to the tax authorized by subsection  
8 (a) of this section, the Rockingham County Board of Commissioners may levy an additional  
9 room occupancy tax of up to one percent (1%) of the gross receipts derived from the rental of  
10 accommodations taxable under subsection (a) of this section. The levy, collection,  
11 administration, and repeal of the tax authorized by this subsection shall be in accordance with  
12 the provisions of this section. Rockingham County may not levy a tax under this subsection  
13 unless it also levies the tax authorized under subsection (a) of this section."

14 SECTION 2. This act is effective when it becomes law.



\* H 9 5 6 - V - 1 \*



## SENATE BILL 40: Murfreesboro Occupancy Tax

2009-2010 General Assembly

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<b>Committee:</b>	Occupancy Tax Subcommittee of the House Finance Committee	<b>Date:</b>	July 28, 2009
<b>Introduced by:</b>	Sen. Jones	<b>Prepared by:</b>	Trina Griffin
<b>Analysis of:</b>	PCS to Third Edition S40-CSSVx-56		Committee Counsel

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**SUMMARY:** *Senate Bill 40 authorizes the Town of Murfreesboro and the City of Salisbury to levy a 3% room occupancy tax. In each municipality, at least two-thirds of the proceeds would be used to promote travel and tourism and the remainder would be used for tourism-related expenditures.*

**The Proposed Committee Substitute removes the provision that would have allowed the Town of Banner Elk to maintain its current distribution model for the room occupancy tax imposed by the Town of Banner Elk.**

**CURRENT LAW:** The Town of Murfreesboro, which lies in Hertford County, does not have the authority to levy an occupancy tax. Hertford County does, however, have the authority to levy an occupancy tax of up to 3%. Originally enacted in 1987, the legislation provides that the county may use the proceeds of the occupancy tax for any lawful purpose.

The City of Salisbury, which lies in Rowan County, does not have the authority to levy an occupancy tax. Rowan County does, however, have the authority to levy an occupancy tax of up to 3%. Its legislation requires that all occupancy tax proceeds be used to promote travel and tourism in the county and prohibits their use for capital projects. This distribution formula, while outside the "standard" guidelines, does not violate the guidelines. The guidelines require that *at least* two-thirds of the funds be used for tourism promotion, which means that a TDA may elect to use 100% of the proceeds for promotion, if it so chooses. However, the provisions for the TDA arguably fall outside the guidelines because the legislation does not specifically require that one-half of its TDA membership be active in the promotion of travel and tourism in the city or that one-third of the members be affiliated with businesses that collect the tax. Of the 11-member board, only two members are required to be hotel owners or operators.

The Town of Banner Elk is authorized to impose a room occupancy tax of 6%. The proceeds are remitted to the town Tourism and Development Authority, which must use at least one-third to promote travel and tourism and two-thirds for tourism-related expenditures, which includes capital expenditures and expenditures required to make the downtown tourist area and nearby green areas more accessible, attractive, and usable to pedestrian tourists. Effective October 1, 2010, the distribution will change to two-thirds to promote travel and tourism and one-third for tourism related expenditures, which is the required distribution formula under the occupancy tax guidelines recognized by the House Finance Committee. The Town has passed a resolution seeking to remove the sunset so that it may continue using the current distribution formula. According to the resolution, the Town believes that using two-thirds of the funds for promotion is not the best use of tax dollars and, instead, needs to use the majority of funds to support its Recreation Master Plan and Bicycle and Pedestrian Master Plan to provide outdoor recreation, safe pedestrian pathways, and facilities for the community.

# Senate Bill 40

Page 2

## BILL ANALYSIS:

Sections 1 and 2 of the PCS for Senate Bill 40 authorize the Town of Murfreesboro and the City of Salisbury to levy a room occupancy tax of up to 3%. The proceeds must be remitted to a town Tourism Development Authority (TDA), which must use at least two-thirds of the proceeds to promote travel and tourism and the remainder for tourism-related expenditures. These administrative and use provisions conform to the uniform guidelines referenced above and detailed in the chart below:

UNIFORM OCCUPANCY TAX PROVISIONS
<b>Rate</b> – The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.
<b>Use</b> – Two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism related expenditures.
<b>Definitions</b> The term “net proceeds”, “promote travel and tourism”, and “tourism related expenditures” are defined terms.
<b>Administration</b> – The net revenues must be administered by a local tourism development authority that has the authority to determine how the tax proceeds will be used, is created by a local ordinance, and at least ½ of the members must be currently active in the promotion of travel and tourism in the county and 1/3 of the members must be affiliated with organizations that collect the tax.
<b>Costs of Collection</b> – The taxing authority may retain from the revenues its actual costs of collection, not to exceed 3% of the first \$500,000 collected each year plus 1% of the remainder collected each year.

The PCS deletes the provision that would have allowed the Town of Banner Elk to maintain its current distribution of at least one-third to promote travel and tourism and two-thirds for tourism-related expenditures, which includes capital expenditures and expenditures required to make the downtown tourist area and nearby green areas more accessible, attractive, and usable to pedestrian tourists. Without further legislative action, this provision will expire October 1, 2010, and the distribution formula will return to the "standard" formula, under which at least two-thirds of the proceeds must be used for promotion and the remainder must be used for tourism-related expenditures.

**EFFECTIVE DATE:** Senate Bill 40 would become effective when it becomes law.

**BACKGROUND:** Since 1983, the General Assembly has authorized many units of local government to levy a room occupancy tax. In several instances, the General Assembly has authorized both a county and a city within that county to impose an occupancy tax. The rate of tax, the use of the tax proceeds, the administration of the tax, and the body with the authority to determine how the tax proceeds will be spent vary considerably. Over the past several years, there has been a greater effort to make the occupancy taxes uniform. In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax legislation – G.S. 153A-155 and G.S. 160A-215. These provisions provide uniformity in the areas of levy, administration, collection, repeal, and penalties.

The North Carolina Travel and Tourism Coalition has a policy statement for legislation authorizing local occupancy taxes. Many of the principles contained in its statement are similar to the ones established by a House Finance subcommittee on Occupancy Taxes in 1993.

S40-SMSV-96(CSSVx-56) v1



**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

S

3

**SENATE BILL 40**

**Finance Committee Substitute Adopted 4/2/09  
House Committee Substitute Favorable 4/23/09**

Short Title:    Murfreesboro Occupancy Tax.

(Local)

Sponsors:

Referred to:

February 4, 2009

A BILL TO BE ENTITLED

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

The General Assembly of North Carolina enacts:

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

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

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

The following definitions apply in this subsection:

- (1) Net proceeds. – Gross proceeds less the cost to the town of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area; the term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Murfreesboro Tourism Development Authority, are designed to increase the



\* S 4 0 - V - 3 \*

1 use of lodging facilities, meeting facilities, or convention facilities in the  
2 town or to attract tourists or business travelers to the town. The term  
3 includes tourism-related capital expenditures.

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

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

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

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

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

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

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

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

41 The following definitions apply in this subsection:

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

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

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

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

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

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

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

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

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

**SESSION LAW 2009-428  
SENATE BILL 40**

AN ACT TO AUTHORIZE THE TOWN OF MURFREESBORO AND THE CITY OF  
SALISBURY TO LEVY A ROOM OCCUPANCY TAX AND TO AUTHORIZE  
ROCKINGHAM COUNTY TO LEVY AN ADDITIONAL ONE PERCENT ROOM  
OCCUPANCY TAX.

The General Assembly of North Carolina enacts:

**PART I. MURFREESBORO OCCUPANCY TAX**

**SECTION 1.1.** Occupancy tax. – (a) Authorization and Scope. – The Town Council of the Town of Murfreesboro may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 1.1.(b)** Administration. – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 1.1.(c)** Distribution and Use of Tax Revenue. – The Town of Murfreesboro shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Murfreesboro Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in the Town of Murfreesboro and shall use the remainder for tourism-related expenditures.

The following definitions apply in this subsection:

- (1) Net proceeds. – Gross proceeds less the cost to the town of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area; the term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Murfreesboro Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the town or to attract tourists or business travelers to the town. The term includes tourism-related capital expenditures.

**SECTION 1.2.** Tourism Development Authority. – (a) Appointment and Membership. – When the Town Council adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the Murfreesboro Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the town, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the town. The Town Council shall designate one member of



the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

**SECTION 1.2.(b) Duties.** – The Authority shall expend the net proceeds of the tax levied under Section 1.1 of this act for the purposes provided that section. The Authority shall promote travel, tourism, and conventions in the town, sponsor tourist-related events and activities in the town, and finance tourist-related capital projects in the town.

**SECTION 1.2.(c) Reports.** – The Authority shall report quarterly and at the close of the fiscal year to the Murfreesboro Town Council on its receipts and expenditures for the preceding quarter and for the year in such detail as the Town Council may require.

## **PART II. SALISBURY OCCUPANCY TAX**

**SECTION 2.1. Occupancy tax.** – (a) Authorization and Scope. – The City Council of the City of Salisbury may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the city that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 2.1.(b) Administration.** – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 2.1.(c) Distribution and Use of Tax Revenue.** – The City of Salisbury shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Salisbury Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in the City of Salisbury and shall use the remainder for tourism-related expenditures.

The following definitions apply in this subsection:

- (1) Net proceeds. – Gross proceeds less the cost to the city of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area; the term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Salisbury Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the city or to attract tourists or business travelers to the city. The term includes tourism-related capital expenditures.

**SECTION 2.2. Tourism Development Authority.** – (a) Appointment and Membership. – When the City Council adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the Salisbury Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the city, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the city. The City Council shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

**SECTION 2.2.(b) Duties.** – The Authority shall expend the net proceeds of the tax levied under Section 2.1 of this act for the purposes provided in that section. The Authority

shall promote travel, tourism, and conventions in the city, sponsor tourist-related events and activities in the city, and finance tourist-related capital projects in the city.

**SECTION 2.2.(c) Reports.** – The Authority shall report quarterly and at the close of the fiscal year to the Salisbury City Council on its receipts and expenditures for the preceding quarter and for the year in such detail as the City Council may require.

**PART III. ROCKINGHAM COUNTY OCCUPANCY TAX**

**SECTION 3.1.** Chapter 322 of the 1991 Session Laws, as amended by Chapter 52 of the 1995 Session Laws and S.L. 2005-233, is amended by adding a new subsection to read:

"(a1) Authorization of Additional Tax. – In addition to the tax authorized by subsection (a) of this section, the Rockingham County Board of Commissioners may levy an additional room occupancy tax of up to one percent (1%) of the gross receipts derived from the rental of accommodations taxable under subsection (a) of this section. The levy, collection, administration, and repeal of the tax authorized by this subsection shall be in accordance with the provisions of this section. Rockingham County may not levy a tax under this subsection unless it also levies the tax authorized under subsection (a) of this section."

**PART IV. ADMINISTRATIVE PROVISIONS**

**SECTION 4.** G.S. 160A-215(g), as amended by S.L. 2009-169 and S.L. 2009-291, reads as rewritten:

"(g) This section applies only to Beech Mountain District W, to the Cities of Belmont, Conover, Eden, Elizabeth City, Gastonia, Goldsboro, Greensboro, Hickory, High Point, Kings Mountain, Lexington, Lincolnton, Lumberton, Monroe, Mount Airy, Reidsville, Roanoke Rapids, Salisbury, Shelby, Statesville, Washington, and Wilmington, to the Towns of Ahoskie, Beech Mountain, Benson, Blowing Rock, Boiling Springs, Boone, Burgaw, Carolina Beach, Carrboro, Dallas, Dobson, Elkin, Franklin, Jonesville, Kenly, Kure Beach, Leland, Mooresville, Murfreesboro, North Topsail Beach, Pilot Mountain, Selma, Smithfield, St. Pauls, Troutman, Tryon, West Jefferson, Wilkesboro, Wrightsville Beach, Yadkinville, and Yanceyville, and to the municipalities in Avery and Brunswick Counties."

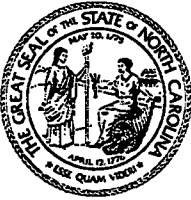
**PART V. EFFECTIVE DATE**

**SECTION 5.** This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 6<sup>th</sup> day of August, 2009.

s/ Marc Basnight  
President Pro Tempore of the Senate

s/ Joe Hackney  
Speaker of the House of Representatives



## SENATE BILL 80: Jacksonville Occupancy Tax

2009-2010 General Assembly

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<b>Committee:</b>	Occupancy Tax Subcommittee of the House Finance Committee	<b>Date:</b>	July 28, 2009
<b>Introduced by:</b>	Sen. Brown	<b>Prepared by:</b>	Trina Griffin
<b>Analysis of:</b>	PCS to Third Edition S80-CSSVx-55		Committee Counsel

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**SUMMARY:** *Senate Bill 80 authorizes the Cities of Jacksonville, Lowell, and Mount Holly and the Towns of Cramerton, McAdenville, and Ranlo to levy a 3% room occupancy tax. At least two-thirds of the proceeds would be used to promote travel and tourism and the remainder would be used for tourism-related expenditures. The bill conforms to the uniform occupancy tax provisions followed by the House Finance Committee.*

**The PCS adds authorization for the City of Lenoir to levy a 3% room occupancy tax. The provisions conform to the occupancy tax guidelines recognized by the House Finance Committee.**

[As introduced, this bill was identical to H30, as introduced by Rep. Grady, which is currently in House Finance.]

### **Part I. Jacksonville**

**CURRENT LAW:** The City of Jacksonville does not have authority to levy a room occupancy tax. Jacksonville is located in Onslow County, which has authority to levy a 3% occupancy tax. The proceeds of the county tax are deposited in the county's general fund and may only be used to further the development of travel, tourism, and conventions in the county.

**BILL ANALYSIS:** Senate Bill 80 authorizes the City of Jacksonville to levy a room occupancy tax of up to 3%. The proceeds must be remitted to a city Tourism Development Authority (TDA), which must use at least two-thirds of the proceeds to promote travel and tourism and the remainder for tourism-related expenditures. The administrative and use provisions conform to the uniform guidelines followed by the House Finance Committee as set out in the table below.

### **Parts II - VI. Gaston County Municipalities**

**CURRENT LAW:** The cities of Lowell and Mount Holly and the towns of Cramerton, McAdenville, and Ranlo do not have authority to levy a room occupancy tax. These municipalities are located in Gaston County, which has authority to levy a 3% occupancy tax. The proceeds of the county tax are remitted to the county's Economic Development Commission and may only be used for economic development to promote travel and tourism. Other municipalities in Gaston County that have authority to levy a room occupancy tax and the year the authority was authorized are as follows: Gastonia (2001), Kings Mountain (2001), Belmont (2005), and Dallas (2007).

**BILL ANALYSIS:** Senate Bill 80 authorizes the cities of Lowell and Mount Holly, and the towns of Cramerton, McAdenville, and Ranlo to each levy a room occupancy tax of up to 3%. The proceeds must be remitted to a Tourism Development Authority (TDA), which must use at least two-thirds of the proceeds to promote travel and tourism and the remainder for tourism-related expenditures. The administrative and use provisions conform to the uniform guidelines followed by the House Finance Committee as set out in the table below.

# Senate Bill 80

Page 2

## Parts VII. Lenoir

**CURRENT LAW:** The City of Lenoir does not have authority to levy a room occupancy tax. Lenoir is located in Caldwell County, which has the authority to levy a 3% occupancy tax. The proceeds of the tax are remitted to the Caldwell County Chamber of Commerce. The Chamber may use up to 15% of the funds for administrative expenses related to promoting tourism and industrial growth in the county. The Chamber must spend the remainder of the funds as follows: 50% to promote travel and tourism and to sponsor tourist-oriented events and activities in the county and 50% to promote industrial and economic growth in the county.

**BILL ANALYSIS:** The PCS for SB 80 would authorize the City of Lenoir to levy an occupancy tax of up to 3%. The tax would apply only to hotels and motels within the city limits and would not apply to bed and breakfasts or tourist camps. The proceeds must be remitted to a city Tourism Development Authority (TDA), which must use at least two-thirds of the proceeds to promote travel and tourism and the remainder for tourism-related expenditures. The administrative and use provisions conform to the uniform guidelines followed by the House Finance Committee as set out in the table below.

UNIFORM OCCUPANCY TAX PROVISIONS	
<b>Rate</b>	The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.
<b>Use</b>	Two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism related expenditures.
<b>Definitions</b>	The term "net proceeds", "promote travel and tourism", and "tourism related expenditures" are defined terms.
<b>Administration</b>	The net revenues must be administered by a local tourism development authority that has the authority to determine how the tax proceeds will be used, is created by a local ordinance, and at least 1/2 of the members must be currently active in the promotion of travel and tourism in the county and 1/3 of the members must be affiliated with organizations that collect the tax.
<b>Costs of Collection</b>	The taxing authority may retain from the revenues its actual costs of collection, not to exceed 3% of the first \$500,000 collected each year plus 1% of the remainder collected each year.

**EFFECTIVE DATE:** The act is effective when it becomes law.

**BACKGROUND:** Since 1983, the General Assembly has authorized many units of local government to levy a room occupancy tax. In several instances, the General Assembly has authorized both a county and a city within that county to impose an occupancy tax. The rate of tax, the use of the tax proceeds, the administration of the tax, and the body with the authority to determine how the tax proceeds will be spent vary considerably. Over the past several years, there has been a greater effort to make the occupancy taxes uniform. In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax legislation – G.S. 153A-155 and G.S. 160A-215. These provisions provide uniformity in the areas of levy, administration, collection, repeal, and penalties.

*Judy Collier, Research Assistant with the Research Division, contributed to this summary.*

S80-SMSV-97(CSSVx-55) v1



**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

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**SENATE BILL 80  
Second Edition Engrossed 5/28/09  
House Committee Substitute Favorable 6/17/09**

Short Title: Jacksonville Occupancy Tax.

(Local)

Sponsors:

Referred to:

February 10, 2009

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE CITIES OF JACKSONVILLE, LOWELL, AND MOUNT HOLLY, AND THE TOWNS OF CRAMERTON, MCADENVILLE, AND RANLO TO LEVY A ROOM OCCUPANCY AND TOURISM DEVELOPMENT TAX.

The General Assembly of North Carolina enacts:

**PART I. JACKSONVILLE OCCUPANCY TAX.**

**SECTION 1.1.** Occupancy tax. – (a) Authorization and Scope. – The Jacksonville City Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the city that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 1.1.(b)** Administration. – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 1.1.(c)** Definitions. – The following definitions apply in this act:

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

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

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

**SECTION 1.1.(d)** Distribution and Use of Tax Revenue. – The City of Jacksonville shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Jacksonville Tourism Development Authority. The Authority shall use at least two-thirds of



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the funds remitted to it under this subsection to promote travel and tourism in Jacksonville and shall use the remainder for tourism-related expenditures.

**SECTION 1.2. Tourism Development Authority. – (a) Appointment and Membership. –** When the City Council adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the Jacksonville Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the city, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the city. The Jacksonville City Council shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

**SECTION 1.2.(b) Duties. –** The Authority shall expend the net proceeds of the tax levied under this act for the purposes provided in Section 1 of this act. The Authority shall promote travel, tourism, and conventions in the city, sponsor tourist-related events and activities in the city, and finance tourist-related capital projects in the city.

**SECTION 1.2.(c) Reports. –** The Authority shall report quarterly and at the close of the fiscal year to the Jacksonville City Council on its receipts and expenditures for the preceding quarter and for the year in such detail as the City Council may require.

## **PART II. CRAMERTON OCCUPANCY TAX.**

**SECTION 2.1. Occupancy tax. – (a) Authorization and Scope. –** The Cramerton Town Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 2.1.(b) Administration. –** A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 2.1.(c) Definitions. –** The following definitions apply in this act:

- (1) Net proceeds. – Gross proceeds less the cost to the town of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area. The term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Cramerton Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the town or to attract tourists or business travelers to the town. The term includes tourism-related capital expenditures.

1           **SECTION 2.1.(d)** Distribution and Use of Tax Revenue. – The Town of  
2 Cramerton shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the  
3 Cramerton Tourism Development Authority. The Authority shall use at least two-thirds of the  
4 funds remitted to it under this subsection to promote travel and tourism in Cramerton and shall  
5 use the remainder for tourism-related expenditures.

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

17           The Authority shall meet at the call of the chair and shall adopt rules of procedure to  
18 govern its meetings. The Finance Officer for Cramerton shall be the ex officio finance officer  
19 of the Authority.

20           **SECTION 2.2.(b)** Duties. – The Authority shall expend the net proceeds of the tax  
21 levied under this act for the purposes provided in Section 1 of this act. The Authority shall  
22 promote travel, tourism, and conventions in the town, sponsor tourist-related events and  
23 activities in the town, and finance tourist-related capital projects in the town.

24           **SECTION 2.2.(c)** Reports. – The Authority shall report quarterly and at the close  
25 of the fiscal year to the Cramerton Town Council on its receipts and expenditures for the  
26 preceding quarter and for the year in such detail as the Town Council may require.

27 **PART III. LOWELL OCCUPANCY TAX.**

28           **SECTION 3.1.** Occupancy tax. – (a) Authorization and Scope. – The Lowell City  
29 Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts  
30 derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel,  
31 inn, tourist camp, or similar place within the city that is subject to sales tax imposed by the  
32 State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax  
33 does not apply to accommodations furnished by nonprofit charitable, educational, or religious  
34 organizations when furnished in furtherance of their nonprofit purpose.

35           **SECTION 3.1.(b)** Administration. – A tax levied under this section shall be levied,  
36 administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in  
37 G.S. 160A-215 apply to a tax levied under this section.

38           **SECTION 3.1.(c)** Definitions. – The following definitions apply in this act:

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

44           (2) Promote travel and tourism. – To advertise or market an area or activity,  
45 publish and distribute pamphlets and other materials, conduct market  
46 research, or engage in similar promotional activities that attract tourists or  
47 business travelers to the area. The term includes administrative expenses  
48 incurred in engaging in the listed activities.

49           (3) Tourism-related expenditures. – Expenditures that, in the judgment of the  
50 Lowell Tourism Development Authority, are designed to increase the use of  
51 lodging facilities, meeting facilities, or convention facilities in the city or to

1 attract tourists or business travelers to the city. The term includes  
2 tourism-related capital expenditures.

3 **SECTION 3.1.(d) Distribution and Use of Tax Revenue.** – The City of Lowell  
4 shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Lowell Tourism  
5 Development Authority. The Authority shall use at least two-thirds of the funds remitted to it  
6 under this subsection to promote travel and tourism in Lowell and shall use the remainder for  
7 tourism-related expenditures.

8 **SECTION 3.2. Tourism Development Authority.** – (a) Appointment and  
9 Membership. – When the City Council adopts a resolution levying a room occupancy tax under  
10 this act, it shall also adopt a resolution creating the Lowell Tourism Development Authority,  
11 which shall be a public authority under the Local Government Budget and Fiscal Control Act.  
12 The resolution shall provide for the membership of the Authority, including the members' terms  
13 of office, and for the filling of vacancies on the Authority. At least one-third of the members  
14 shall be individuals who are affiliated with businesses that collect the tax in the city, and at  
15 least one-half of the members shall be individuals who are currently active in the promotion of  
16 travel and tourism in the city. The Lowell City Council shall designate one member of the  
17 Authority as chair and shall determine the compensation, if any, to be paid to members of the  
18 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 Lowell shall be the ex officio finance officer of  
21 the Authority.

22 **SECTION 3.2.(b) Duties.** – The Authority shall expend the net proceeds of the tax  
23 levied under this act for the purposes provided in Section 1 of this act. The Authority shall  
24 promote travel, tourism, and conventions in the city, sponsor tourist-related events and  
25 activities in the city, and finance tourist-related capital projects in the city.

26 **SECTION 3.2.(c) Reports.** – The Authority shall report quarterly and at the close  
27 of the fiscal year to the Lowell City Council on its receipts and expenditures for the preceding  
28 quarter and for the year in such detail as the City Council may require.

29 **PART IV. MCADENVILLE OCCUPANCY TAX.**

30 **SECTION 4.1. Occupancy tax.** – (a) Authorization and Scope. – The McAdenville  
31 Town Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts  
32 derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel,  
33 inn, tourist camp, or similar place within the town that is subject to sales tax imposed by the  
34 State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax  
35 does not apply to accommodations furnished by nonprofit charitable, educational, or religious  
36 organizations when furnished in furtherance of their nonprofit purpose.

37 **SECTION 4.1.(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 4.1.(c) Definitions.** – The following definitions apply in this act:

- 41 (1) Net proceeds. – Gross proceeds less the cost to the town of administering  
42 and collecting the tax, as determined by the finance officer, not to exceed  
43 three percent (3%) of the first five hundred thousand dollars (\$500,000) of  
44 gross proceeds collected each year and one percent (1%) of the remaining  
45 gross proceeds collected each year.
- 46 (2) Promote travel and tourism. – To advertise or market an area or activity,  
47 publish and distribute pamphlets and other materials, conduct market  
48 research, or engage in similar promotional activities that attract tourists or  
49 business travelers to the area. The term includes administrative expenses  
50 incurred in engaging in the listed activities.

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

**SECTION 4.1.(d)** Distribution and Use of Tax Revenue. – The Town of McAdenville shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the McAdenville Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in McAdenville and shall use the remainder for tourism-related expenditures.

**SECTION 4.2.** Tourism Development Authority. – (a) Appointment and Membership. – When the Town Council adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the McAdenville Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the town, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the town. The McAdenville Town Council shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

**SECTION 4.2.(b)** Duties. – The Authority shall expend the net proceeds of the tax levied under this act for the purposes provided in Section 1 of this act. The Authority shall promote travel, tourism, and conventions in the town, sponsor tourist-related events and activities in the town, and finance tourist-related capital projects in the town.

**SECTION 4.2.(c)** Reports. – The Authority shall report quarterly and at the close of the fiscal year to the McAdenville Town Council on its receipts and expenditures for the preceding quarter and for the year in such detail as the Town Council may require.

## **PART V. MOUNT HOLLY OCCUPANCY TAX.**

**SECTION 5.1.** Occupancy tax. – (a) Authorization and Scope. – The Mount Holly City Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the city that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 5.1.(b)** Administration. – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 5.1.(c)** Definitions. – The following definitions apply in this act:

- (1) Net proceeds. – Gross proceeds less the cost to the city of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or

business travelers to the area. The term includes administrative expenses incurred in engaging in the listed activities.

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

**SECTION 5.1.(d)** Distribution and Use of Tax Revenue. – The City of Mount Holly shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Mount Holly Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Mount Holly and shall use the remainder for tourism-related expenditures.

**SECTION 5.2.** Tourism Development Authority. – (a) Appointment and Membership. – When the City Council adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the Mount Holly Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the city, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the city. The Mount Holly City Council shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

The Authority shall meet at the call of the chair and shall adopt rules of procedure to govern its meetings. The Finance Officer for Mount Holly shall be the ex officio finance officer of the Authority.

**SECTION 5.2.(b)** Duties. – The Authority shall expend the net proceeds of the tax levied under this act for the purposes provided in Section 1 of this act. The Authority shall promote travel, tourism, and conventions in the city, sponsor tourist-related events and activities in the city, and finance tourist-related capital projects in the city.

**SECTION 5.2.(c)** Reports. – The Authority shall report quarterly and at the close of the fiscal year to the Mount Holly City Council on its receipts and expenditures for the preceding quarter and for the year in such detail as the City Council may require.

#### **PART VI. RANLO OCCUPANCY TAX.**

**SECTION 6.1.** Occupancy tax. – (a) Authorization and Scope. – The Ranlo Town Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 6.1.(b)** Administration. – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 6.1.(c)** Definitions. – The following definitions apply in this act:

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

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

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

**SECTION 6.1.(d) Distribution and Use of Tax Revenue.** – The Town of Ranlo shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Ranlo Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Ranlo and shall use the remainder for tourism-related expenditures.

**SECTION 6.2. Tourism Development Authority.** – (a) Appointment and Membership. – When the Town Council adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the Ranlo Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the town, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the town. The Ranlo Town Council shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

**SECTION 6.2.(b) Duties.** – The Authority shall expend the net proceeds of the tax levied under this act for the purposes provided in Section 1 of this act. The Authority shall promote travel, tourism, and conventions in the town, sponsor tourist-related events and activities in the town, and finance tourist-related capital projects in the town.

**SECTION 6.2.(c) Reports.** – The Authority shall report quarterly and at the close of the fiscal year to the Ranlo Town Council on its receipts and expenditures for the preceding quarter and for the year in such detail as the Town Council may require.

#### **PART VII. UNIFORM PROVISIONS.**

**SECTION 7. G.S. 160A-215(g) reads as rewritten:**

"(g) This section applies only to Beech Mountain District W, to the Cities of Belmont, ~~Elizabeth City~~, Eden, Elizabeth City, Gastonia, Goldsboro, Greensboro, High Point, ~~Jacksonville~~, Kings Mountain, Lexington, Lincolnton, Lowell, Lumberton, Monroe, Mount Airy, Mount Holly, Reidsville, Roanoke Rapids, Shelby, Statesville, Washington, and Wilmington, to the Towns of Ahoskie, Beech Mountain, Benson, Blowing Rock, Boiling Springs, Burgaw, Carolina Beach, Carrboro, Cramerton, Dallas, Dobson, Elkin, Franklin, Jonesville, Kenly, Kure Beach, Leland, McAdenville, Mooresville, North Topsail Beach, Pilot Mountain, Ranlo, Selma, Smithfield, St. Pauls, Troutman, Tryon, West Jefferson, Wilkesboro, Wrightsville Beach, Yadkinville, and Yanceyville, and to the municipalities in Avery and Brunswick Counties."

#### **PART VIII. EFFECTIVE DATE.**

**SECTION 8.** This act is effective when it becomes law.

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

**S**

**D**

**SENATE BILL 80  
Second Edition Engrossed 5/28/09  
House Committee Substitute Favorable 6/17/09  
PROPOSED HOUSE COMMITTEE SUBSTITUTE S80-CSSVx-55 [v.2]**

7/23/2009 2:07:39 PM

Short Title: Various Municipal Occupancy Taxes. (Local)

Sponsors:

Referred to:

February 10, 2009

**A BILL TO BE ENTITLED**

**AN ACT TO AUTHORIZE THE CITIES OF JACKSONVILLE, LENOIR, LOWELL, AND  
MOUNT HOLLY, AND THE TOWNS OF CRAMERTON, MCADENVILLE, AND  
RANLO TO LEVY A ROOM OCCUPANCY AND TOURISM DEVELOPMENT TAX.**

The General Assembly of North Carolina enacts:

**PART I. JACKSONVILLE OCCUPANCY TAX.**

**SECTION 1.1. Occupancy tax. – (a) Authorization and Scope. –** The Jacksonville City Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the city that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 1.1.(b) Administration. –** A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 1.1.(c) Definitions. –** The following definitions apply in this act:

- (1) Net proceeds. – Gross proceeds less the cost to the city of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area. The term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Jacksonville Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the city or to attract tourists or business travelers to the city. The term includes tourism-related capital expenditures.



1           **SECTION 1.1.(d)** Distribution and Use of Tax Revenue. – The City of  
2 Jacksonville shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the  
3 Jacksonville Tourism Development Authority. The Authority shall use at least two-thirds of  
4 the funds remitted to it under this subsection to promote travel and tourism in Jacksonville and  
5 shall use the remainder for tourism-related expenditures.

6           **SECTION 1.2.** Tourism Development Authority. – (a) Appointment and  
7 Membership. – When the City Council adopts a resolution levying a room occupancy tax under  
8 this act, it shall also adopt a resolution creating the Jacksonville Tourism Development  
9 Authority, which shall be a public authority under the Local Government Budget and Fiscal  
10 Control Act. The resolution shall provide for the membership of the Authority, including the  
11 members' terms of office, and for the filling of vacancies on the Authority. At least one-third of  
12 the members shall be individuals who are affiliated with businesses that collect the tax in the  
13 city, and at least one-half of the members shall be individuals who are currently active in the  
14 promotion of travel and tourism in the city. The Jacksonville City Council shall designate one  
15 member of the Authority as chair and shall determine the compensation, if any, to be paid to  
16 members of the Authority.

17           The Authority shall meet at the call of the chair and shall adopt rules of procedure to  
18 govern its meetings. The Finance Officer for Jacksonville shall be the ex officio finance officer  
19 of the Authority.

20           **SECTION 1.2.(b)** Duties. – The Authority shall expend the net proceeds of the tax  
21 levied under this act for the purposes provided in Section 1 of this act. The Authority shall  
22 promote travel, tourism, and conventions in the city, sponsor tourist-related events and  
23 activities in the city, and finance tourist-related capital projects in the city.

24           **SECTION 1.2.(c)** Reports. – The Authority shall report quarterly and at the close  
25 of the fiscal year to the Jacksonville City Council on its receipts and expenditures for the  
26 preceding quarter and for the year in such detail as the City Council may require.  
27

## 28 **PART II. CRAMERTON OCCUPANCY TAX.**

29           **SECTION 2.1.** Occupancy tax. – (a) Authorization and Scope. – The Cramerton  
30 Town Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts  
31 derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel,  
32 inn, tourist camp, or similar place within the town that is subject to sales tax imposed by the  
33 State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax  
34 does not apply to accommodations furnished by nonprofit charitable, educational, or religious  
35 organizations when furnished in furtherance of their nonprofit purpose.

36           **SECTION 2.1.(b)** Administration. – A tax levied under this section shall be levied,  
37 administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in  
38 G.S. 160A-215 apply to a tax levied under this section.

39           **SECTION 2.1.(c)** Definitions. – The following definitions apply in this act:

- 40           (1) Net proceeds. – Gross proceeds less the cost to the town of administering  
41 and collecting the tax, as determined by the finance officer, not to exceed  
42 three percent (3%) of the first five hundred thousand dollars (\$500,000) of  
43 gross proceeds collected each year and one percent (1%) of the remaining  
44 gross proceeds collected each year.
- 45           (2) Promote travel and tourism. – To advertise or market an area or activity,  
46 publish and distribute pamphlets and other materials, conduct market  
47 research, or engage in similar promotional activities that attract tourists or  
48 business travelers to the area. The term includes administrative expenses  
49 incurred in engaging in the listed activities.
- 50           (3) Tourism-related expenditures. – Expenditures that, in the judgment of the  
51 Cramerton Tourism Development Authority, are designed to increase the use

of lodging facilities, meeting facilities, or convention facilities in the town or to attract tourists or business travelers to the town. The term includes tourism-related capital expenditures.

**SECTION 2.1.(d) Distribution and Use of Tax Revenue.** – The Town of Cramerton shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Cramerton Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Cramerton and shall use the remainder for tourism-related expenditures.

**SECTION 2.2. Tourism Development Authority.** – (a) Appointment and Membership. – When the Town Council adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the Cramerton Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the town, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the town. The Cramerton Town Council shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

**SECTION 2.2.(b) Duties.** – The Authority shall expend the net proceeds of the tax levied under this act for the purposes provided in Section 1 of this act. The Authority shall promote travel, tourism, and conventions in the town, sponsor tourist-related events and activities in the town, and finance tourist-related capital projects in the town.

**SECTION 2.2.(c) Reports.** – The Authority shall report quarterly and at the close of the fiscal year to the Cramerton Town Council on its receipts and expenditures for the preceding quarter and for the year in such detail as the Town Council may require.

### **PART III. LOWELL OCCUPANCY TAX.**

**SECTION 3.1. Occupancy tax.** – (a) Authorization and Scope. – The Lowell City Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the city that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 3.1.(b) Administration.** – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 3.1.(c) Definitions.** – The following definitions apply in this act:

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

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

business travelers to the area. The term includes administrative expenses incurred in engaging in the listed activities.

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

**SECTION 3.1.(d) Distribution and Use of Tax Revenue.** – The City of Lowell shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Lowell Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Lowell and shall use the remainder for tourism-related expenditures.

**SECTION 3.2. Tourism Development Authority.** – (a) Appointment and Membership. – When the City Council adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the Lowell Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the city, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the city. The Lowell City Council shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

**SECTION 3.2.(b) Duties.** – The Authority shall expend the net proceeds of the tax levied under this act for the purposes provided in Section 1 of this act. The Authority shall promote travel, tourism, and conventions in the city, sponsor tourist-related events and activities in the city, and finance tourist-related capital projects in the city.

**SECTION 3.2.(c) Reports.** – The Authority shall report quarterly and at the close of the fiscal year to the Lowell City Council on its receipts and expenditures for the preceding quarter and for the year in such detail as the City Council may require.

#### **PART IV. MCADENVILLE OCCUPANCY TAX.**

**SECTION 4.1. Occupancy tax.** – (a) Authorization and Scope. – The McAdenville Town Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 4.1.(b) Administration.** – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 4.1.(c) Definitions.** – The following definitions apply in this act:

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

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

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

**SECTION 4.1.(d) Distribution and Use of Tax Revenue.** – The Town of McAdenville shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the McAdenville Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in McAdenville and shall use the remainder for tourism-related expenditures.

**SECTION 4.2. Tourism Development Authority.** – (a) Appointment and Membership. – When the Town Council adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the McAdenville Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the town, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the town. The McAdenville Town Council shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

**SECTION 4.2.(b) Duties.** – The Authority shall expend the net proceeds of the tax levied under this act for the purposes provided in Section 1 of this act. The Authority shall promote travel, tourism, and conventions in the town, sponsor tourist-related events and activities in the town, and finance tourist-related capital projects in the town.

**SECTION 4.2.(c) Reports.** – The Authority shall report quarterly and at the close of the fiscal year to the McAdenville Town Council on its receipts and expenditures for the preceding quarter and for the year in such detail as the Town Council may require.

## **PART V. MOUNT HOLLY OCCUPANCY TAX.**

**SECTION 5.1. Occupancy tax.** – (a) Authorization and Scope. – The Mount Holly City Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the city that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 5.1.(b) Administration.** – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 5.1.(c) Definitions.** – The following definitions apply in this act:

(1) Net proceeds. – Gross proceeds less the cost to the city of administering and collecting the tax, as determined by the finance officer, not to exceed three

1 percent (3%) of the first five hundred thousand dollars (\$500,000) of gross  
2 proceeds collected each year and one percent (1%) of the remaining gross  
3 proceeds collected each year.

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

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

14 **SECTION 5.1.(d) Distribution and Use of Tax Revenue.** – The City of Mount  
15 Holly shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Mount  
16 Holly Tourism Development Authority. The Authority shall use at least two-thirds of the funds  
17 remitted to it under this subsection to promote travel and tourism in Mount Holly and shall use  
18 the remainder for tourism-related expenditures.

19 **SECTION 5.2. Tourism Development Authority.** – (a) Appointment and  
20 Membership. – When the City Council adopts a resolution levying a room occupancy tax under  
21 this act, it shall also adopt a resolution creating the Mount Holly Tourism Development  
22 Authority, which shall be a public authority under the Local Government Budget and Fiscal  
23 Control Act. The resolution shall provide for the membership of the Authority, including the  
24 members' terms of office, and for the filling of vacancies on the Authority. At least one-third of  
25 the members shall be individuals who are affiliated with businesses that collect the tax in the  
26 city, and at least one-half of the members shall be individuals who are currently active in the  
27 promotion of travel and tourism in the city. The Mount Holly City Council shall designate one  
28 member of the Authority as chair and shall determine the compensation, if any, to be paid to  
29 members of the Authority.

30 The Authority shall meet at the call of the chair and shall adopt rules of procedure to  
31 govern its meetings. The Finance Officer for Mount Holly shall be the ex officio finance officer  
32 of the Authority.

33 **SECTION 5.2.(b) Duties.** – The Authority shall expend the net proceeds of the tax  
34 levied under this act for the purposes provided in Section 1 of this act. The Authority shall  
35 promote travel, tourism, and conventions in the city, sponsor tourist-related events and  
36 activities in the city, and finance tourist-related capital projects in the city.

37 **SECTION 5.2.(c) Reports.** – The Authority shall report quarterly and at the close  
38 of the fiscal year to the Mount Holly City Council on its receipts and expenditures for the  
39 preceding quarter and for the year in such detail as the City Council may require.  
40

## 41 **PART VI. RANLO OCCUPANCY TAX.**

42 **SECTION 6.1. Occupancy tax.** – (a) Authorization and Scope. – The Ranlo Town  
43 Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts  
44 derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel,  
45 inn, tourist camp, or similar place within the town that is subject to sales tax imposed by the  
46 State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax  
47 does not apply to accommodations furnished by nonprofit charitable, educational, or religious  
48 organizations when furnished in furtherance of their nonprofit purpose.

49 **SECTION 6.1.(b) Administration.** – A tax levied under this section shall be levied,  
50 administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in  
51 G.S. 160A-215 apply to a tax levied under this section.

**SECTION 6.1.(c) Definitions.** – The following definitions apply in this act:

- (1) Net proceeds. – Gross proceeds less the cost to the town of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area. The term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Ranlo Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the town or to attract tourists or business travelers to the town. The term includes tourism-related capital expenditures.

**SECTION 6.1.(d) Distribution and Use of Tax Revenue.** – The Town of Ranlo shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Ranlo Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Ranlo and shall use the remainder for tourism-related expenditures.

**SECTION 6.2. Tourism Development Authority.** – (a) Appointment and Membership. – When the Town Council adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the Ranlo Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the town, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the town. The Ranlo Town Council shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

**SECTION 6.2.(b) Duties.** – The Authority shall expend the net proceeds of the tax levied under this act for the purposes provided in Section 1 of this act. The Authority shall promote travel, tourism, and conventions in the town, sponsor tourist-related events and activities in the town, and finance tourist-related capital projects in the town.

**SECTION 6.2.(c) Reports.** – The Authority shall report quarterly and at the close of the fiscal year to the Ranlo Town Council on its receipts and expenditures for the preceding quarter and for the year in such detail as the Town Council may require.

**PART VII. LENOIR OCCUPANCY TAX**

**SECTION 7.1 Occupancy Tax.** – (a) Authorization and Scope. – The Lenoir City Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel or a motel only within the city that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

1       **SECTION 7.1(b)** Administration. – A tax levied under this section shall be levied,  
2 administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in  
3 G.S. 160A-215 apply to a tax levied under this section.

4       **SECTION 7.1(c)** Definitions. – The following definitions apply in this act:

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

20       **SECTION 7.1(d)** Distribution and Use of Tax Revenue. – The City of Lenoir shall,  
21 on a quarterly basis, remit the net proceeds of the occupancy tax to the Lenoir Tourism  
22 Development Authority. The Authority shall use at least two-thirds of the funds remitted to it  
23 under this subsection to promote travel and tourism in Lenoir and shall use the remainder for  
24 tourism-related expenditures.

25       **SECTION 7.2.** Tourism Development Authority. – (a) Appointment and  
26 Membership. – When the City Council adopts a resolution levying a room occupancy tax under  
27 this act, it shall also adopt a resolution creating the Lenoir Tourism Development Authority,  
28 which shall be a public authority under the Local Government Budget and Fiscal Control Act.  
29 The resolution shall provide for the membership of the Authority, including the members' terms  
30 of office, and for the filling of vacancies on the Authority. At least one-third of the members  
31 shall be individuals who are affiliated with businesses that collect the tax in the city, and at  
32 least one-half of the members shall be individuals who are currently active in the promotion of  
33 travel and tourism in the city. The Lenoir City Council shall designate one member of the  
34 Authority as chair, and all members of the Authority shall serve without compensation.

35       The Authority shall meet at the call of the chair and shall adopt rules of procedure to  
36 govern its meetings. The Finance Officer for Lenoir shall be the ex officio finance officer of the  
37 Authority.

38       **SECTION 7.2.(b)** Duties. – The Authority shall expend the net proceeds of the tax  
39 levied under this act for the purposes provided in Section 1 of this act. The Authority shall  
40 promote travel, tourism, and conventions in the city, sponsor tourist-related events and  
41 activities in the city, and finance tourist-related capital projects in the city.

42       **SECTION 7.2.(c)** Reports. – The Authority shall report quarterly and at the close  
43 of the fiscal year to the Lenoir City Council on its receipts and expenditures for the preceding  
44 quarter and for the year in such detail as the City Council may require.

45  
46 **PART VIII. UNIFORM PROVISIONS.**

47       **SECTION 8.** G.S. 160A-215(g) reads as rewritten:

48       "(g) This section applies only to Beech Mountain District W, to the Cities of Belmont,  
49 Elizabeth City, Eden, Gastonia, Goldsboro, Greensboro, High Point, Jacksonville, Kings  
50 Mountain, Lenoir, Lexington, Lincolnton, Lowell, Lumberton, Monroe, Mount Airy, Mount  
51 Holly, Reidsville, Roanoke Rapids, Shelby, Statesville, Washington, and Wilmington, to the

1 Towns of Ahoskie, Beech Mountain, Benson, Blowing Rock, Boiling Springs, Burgaw,  
2 Carolina Beach, Carrboro, Cramerton, Dallas, Dobson, Elkin, Franklin, Jonesville, Kenly, Kure  
3 Beach, Leland, McAdenville, Mooresville, North Topsail Beach, Pilot Mountain, Ranlo,  
4 Selma, Smithfield, St. Pauls, Troutman, Tryon, West Jefferson, Wilkesboro, Wrightsville  
5 Beach, Yadkinville, and Yanceyville, and to the municipalities in Avery and Brunswick  
6 Counties."

7  
8 **PART IX. EFFECTIVE DATE.**

9 **SECTION 9.** This act is effective when it becomes law.



**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

**SESSION LAW 2009-429  
SENATE BILL 80**

**AN ACT TO AUTHORIZE THE CITIES OF JACKSONVILLE, LENOIR, LOWELL, AND  
MOUNT HOLLY AND THE TOWNS OF CRAMERTON, MCADENVILLE, AND  
RANLO TO LEVY A ROOM OCCUPANCY AND TOURISM DEVELOPMENT TAX.**

The General Assembly of North Carolina enacts:

**PART I. JACKSONVILLE OCCUPANCY TAX.**

**SECTION 1.1.** Occupancy tax. – (a) Authorization and Scope. – The Jacksonville City Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the city that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 1.1.(b)** Administration. – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 1.1.(c)** Definitions. – The following definitions apply in this act:

- (1) Net proceeds. – Gross proceeds less the cost to the city of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area. The term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Jacksonville Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the city or to attract tourists or business travelers to the city. The term includes tourism-related capital expenditures.

**SECTION 1.1.(d)** Distribution and Use of Tax Revenue. – The City of Jacksonville shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Jacksonville Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Jacksonville and shall use the remainder for tourism-related expenditures.

**SECTION 1.2.** Tourism Development Authority. – (a) Appointment and Membership. – When the City Council adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the Jacksonville Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the city, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the city. The Jacksonville City Council shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.



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

**SECTION 1.2.(b) Duties.** – The Authority shall expend the net proceeds of the tax levied under this act for the purposes provided in Section 1.1 of this act. The Authority shall promote travel, tourism, and conventions in the city, sponsor tourist-related events and activities in the city, and finance tourist-related capital projects in the city.

**SECTION 1.2.(c) Reports.** – The Authority shall report quarterly and at the close of the fiscal year to the Jacksonville City Council on its receipts and expenditures for the preceding quarter and for the year in such detail as the City Council may require.

## **PART II. CRAMERTON OCCUPANCY TAX.**

**SECTION 2.1. Occupancy tax.** – (a) Authorization and Scope. – The Cramerton Town Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 2.1.(b) Administration.** – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 2.1.(c) Definitions.** – The following definitions apply in this act:

- (1) Net proceeds. – Gross proceeds less the cost to the town of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area. The term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Cramerton Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the town or to attract tourists or business travelers to the town. The term includes tourism-related capital expenditures.

**SECTION 2.1.(d) Distribution and Use of Tax Revenue.** – The Town of Cramerton shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Cramerton Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Cramerton and shall use the remainder for tourism-related expenditures.

**SECTION 2.2. Tourism Development Authority.** – (a) Appointment and Membership. – When the Town Council adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the Cramerton Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the town, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the town. The Cramerton Town Council shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

**SECTION 2.2.(b) Duties.** – The Authority shall expend the net proceeds of the tax levied under this act for the purposes provided in Section 2.1 of this act. The Authority shall

promote travel, tourism, and conventions in the town, sponsor tourist-related events and activities in the town, and finance tourist-related capital projects in the town.

**SECTION 2.2.(c) Reports.** – The Authority shall report quarterly and at the close of the fiscal year to the Cramerton Town Council on its receipts and expenditures for the preceding quarter and for the year in such detail as the Town Council may require.

### **PART III. LOWELL OCCUPANCY TAX.**

**SECTION 3.1. Occupancy tax.** – (a) Authorization and Scope. – The Lowell City Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the city that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 3.1.(b) Administration.** – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 3.1.(c) Definitions.** – The following definitions apply in this act:

- (1) Net proceeds. – Gross proceeds less the cost to the city of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area. The term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Lowell Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the city or to attract tourists or business travelers to the city. The term includes tourism-related capital expenditures.

**SECTION 3.1.(d) Distribution and Use of Tax Revenue.** – The City of Lowell shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Lowell Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Lowell and shall use the remainder for tourism-related expenditures.

**SECTION 3.2. Tourism Development Authority.** – (a) Appointment and Membership. – When the City Council adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the Lowell Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the city, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the city. The Lowell City Council shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

**SECTION 3.2.(b) Duties.** – The Authority shall expend the net proceeds of the tax levied under this act for the purposes provided in Section 3.1 of this act. The Authority shall promote travel, tourism, and conventions in the city, sponsor tourist-related events and activities in the city, and finance tourist-related capital projects in the city.

**SECTION 3.2.(c) Reports.** – The Authority shall report quarterly and at the close of the fiscal year to the Lowell City Council on its receipts and expenditures for the preceding quarter and for the year in such detail as the City Council may require.

#### **PART IV. MCADENVILLE OCCUPANCY TAX.**

**SECTION 4.1.** Occupancy tax. – (a) Authorization and Scope. – The McAdenville Town Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 4.1.(b)** Administration. – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 4.1.(c)** Definitions. – The following definitions apply in this act:

- (1) Net proceeds. – Gross proceeds less the cost to the town of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area. The term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the McAdenville Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the town or to attract tourists or business travelers to the town. The term includes tourism-related capital expenditures.

**SECTION 4.1.(d)** Distribution and Use of Tax Revenue. – The Town of McAdenville shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the McAdenville Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in McAdenville and shall use the remainder for tourism-related expenditures.

**SECTION 4.2.** Tourism Development Authority. – (a) Appointment and Membership. – When the Town Council adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the McAdenville Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the town, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the town. The McAdenville Town Council shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

**SECTION 4.2.(b)** Duties. – The Authority shall expend the net proceeds of the tax levied under this act for the purposes provided in Section 4.1 of this act. The Authority shall promote travel, tourism, and conventions in the town, sponsor tourist-related events and activities in the town, and finance tourist-related capital projects in the town.

**SECTION 4.2.(c)** Reports. – The Authority shall report quarterly and at the close of the fiscal year to the McAdenville Town Council on its receipts and expenditures for the preceding quarter and for the year in such detail as the Town Council may require.

#### **PART V. MOUNT HOLLY OCCUPANCY TAX.**

**SECTION 5.1.** Occupancy tax. – (a) Authorization and Scope. – The Mount Holly City Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel,

inn, tourist camp, or similar place within the city that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 5.1.(b) Administration.** – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 5.1.(c) Definitions.** – The following definitions apply in this act:

- (1) Net proceeds. – Gross proceeds less the cost to the city of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area. The term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Mount Holly Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the city or to attract tourists or business travelers to the city. The term includes tourism-related capital expenditures.

**SECTION 5.1.(d) Distribution and Use of Tax Revenue.** – The City of Mount Holly shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Mount Holly Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Mount Holly and shall use the remainder for tourism-related expenditures.

**SECTION 5.2. Tourism Development Authority.** – (a) Appointment and Membership. – When the City Council adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the Mount Holly Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the city, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the city. The Mount Holly City Council shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

The Authority shall meet at the call of the chair and shall adopt rules of procedure to govern its meetings. The Finance Officer for Mount Holly shall be the ex officio finance officer of the Authority.

**SECTION 5.2.(b) Duties.** – The Authority shall expend the net proceeds of the tax levied under this act for the purposes provided in Section 5.1 of this act. The Authority shall promote travel, tourism, and conventions in the city, sponsor tourist-related events and activities in the city, and finance tourist-related capital projects in the city.

**SECTION 5.2.(c) Reports.** – The Authority shall report quarterly and at the close of the fiscal year to the Mount Holly City Council on its receipts and expenditures for the preceding quarter and for the year in such detail as the City Council may require.

## **PART VI. RANLO OCCUPANCY TAX.**

**SECTION 6.1. Occupancy tax.** – (a) Authorization and Scope. – The Ranlo Town Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 6.1.(b) Administration.** – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 6.1.(c) Definitions.** – The following definitions apply in this act:

- (1) Net proceeds. – Gross proceeds less the cost to the town of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area. The term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Ranlo Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the town or to attract tourists or business travelers to the town. The term includes tourism-related capital expenditures.

**SECTION 6.1.(d) Distribution and Use of Tax Revenue.** – The Town of Ranlo shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Ranlo Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Ranlo and shall use the remainder for tourism-related expenditures.

**SECTION 6.2. Tourism Development Authority.** – (a) Appointment and Membership. – When the Town Council adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the Ranlo Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the town, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the town. The Ranlo Town Council shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

**SECTION 6.2.(b) Duties.** – The Authority shall expend the net proceeds of the tax levied under this act for the purposes provided in Section 6.1 of this act. The Authority shall promote travel, tourism, and conventions in the town, sponsor tourist-related events and activities in the town, and finance tourist-related capital projects in the town.

**SECTION 6.2.(c) Reports.** – The Authority shall report quarterly and at the close of the fiscal year to the Ranlo Town Council on its receipts and expenditures for the preceding quarter and for the year in such detail as the Town Council may require.

## **PART VII. LENOIR OCCUPANCY TAX.**

**SECTION 7.1. Occupancy tax.** – (a) Authorization and Scope. – The Lenoir City Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel or a motel only within the city that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 7.1.(b) Administration.** – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 7.1.(c) Definitions.** – The following definitions apply in this act:

- (1) Net proceeds. – Gross proceeds less the cost to the city of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area. The term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Lenoir Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the city or to attract tourists or business travelers to the city. The term includes tourism-related capital expenditures.

**SECTION 7.1.(d) Distribution and Use of Tax Revenue.** – The City of Lenoir shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Lenoir Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Lenoir and shall use the remainder for tourism-related expenditures.

**SECTION 7.2. Tourism Development Authority.** – (a) Appointment and Membership. – When the City Council adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the Lenoir Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the city, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the city. The Lenoir City Council shall designate one member of the Authority as chair, and all members of the Authority shall serve without compensation.

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

**SECTION 7.2.(b) Duties.** – The Authority shall expend the net proceeds of the tax levied under this act for the purposes provided in Section 7.1 of this act. The Authority shall promote travel, tourism, and conventions in the city, sponsor tourist-related events and activities in the city, and finance tourist-related capital projects in the city.

**SECTION 7.2.(c) Reports.** – The Authority shall report quarterly and at the close of the fiscal year to the Lenoir City Council on its receipts and expenditures for the preceding quarter and for the year in such detail as the City Council may require.

## **PART VIII. UNIFORM PROVISIONS.**

**SECTION 8.** G.S. 160A-215(g), as amended by S.L. 2009-169 and S.L. 2009-291, reads as rewritten:

"(g) This section applies only to Beech Mountain District W, to the Cities of Belmont, Conover, Eden, Elizabeth City, Gastonia, Goldsboro, Greensboro, Hickory, High Point, Jacksonville, Kings Mountain, Lenoir, Lexington, Lincolnton, Lowell, Lumberton, Monroe, Mount Airy, Mount Holly, Reidsville, Roanoke Rapids, Shelby, Statesville, Washington, and Wilmington, to the Towns of Ahoskie, Beech Mountain, Benson, Blowing Rock, Boiling Springs, Boone, Burgaw, Carolina Beach, Carrboro, Cramerton, Dallas, Dobson, Elkin, Franklin, Jonesville, Kenly, Kure Beach, Leland, McAdenville, Mooresville, North Topsail Beach, Pilot Mountain, Ranlo, Selma, Smithfield, St. Pauls, Troutman, Tryon, West Jefferson, Wilkesboro, Wrightsville Beach, Yadkinville, and Yanceyville, and to the municipalities in Avery and Brunswick Counties."

## **PART IX. EFFECTIVE DATE.**

**SECTION 9.** This act is effective when it becomes law.  
In the General Assembly read three times and ratified this the 6<sup>th</sup> day of August,  
2009.

s/ Marc Basnight  
President Pro Tempore of the Senate

s/ Joe Hackney  
Speaker of the House of Representatives



# City of Jacksonville



Office of the Mayor

PO Box 128 • Jacksonville NC 28541-0128 • 910 938-5220

## Position of the City of Jacksonville On the City of Jacksonville Occupancy Tax Bill (SB80)

The City of Jacksonville wishes to make clear that it intends to follow NC State Law for Occupancy Tax and the provisions included in SB80 as passed by the Senate. Specifically, the City intends to create the Tourism Development Authority as prescribed and execute the expenditure of funds as allowed by the provisions of State Statutes and SB80.

The City Council disavows any communication that would indicate the City would turn funds over to the Chamber of Commerce in lieu of a separate authority.

The City will in no way seek to circumvent the law.

I have polled the members of the City Council, and they agree to the clarification provided above.

Sincerely,



Sammy Phillips  
Mayor

Monday, July 27, 2009



***NORTH CAROLINA GENERAL  
ASSEMBLY***

***HOUSE FINANCE  
SUBCOMMITTEE ON  
OCCUPANCY TAX***

***2009-2010 SHORT SESSION***

***Chair:***

***Representative Larry Womble***

***Committee Assistant: Dorothy McLean***

**NORTH CAROLINA GENERAL ASSEMBLY  
OCCUPANCY TAX SUBCOMMITTEE ON FINANCE  
2009-2010 SESSION**



**REP. LARRY WOMBLE**  
Chair



**REP. BECKY CARNEY**  
MEMBER



**REP. TRICIA COTHAM**  
MEMBER



**REP. EDGAR STARNES**  
MEMBER

**MEMBERSHIP LIST -2010**  
**OCCUPANCY TAX SUBCOMMITTEE ON FINANCE**

<b><u>MEMBERS</u></b>	<b><u>ASSISTANTS</u></b>	<b><u>PHONE</u></b>	<b><u>OFFICE</u></b>	<b><u>SEAT</u></b>
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**REPRESENTATIVES**

**Chair**

<b>Larry Womble</b>	<b>Dorothy McLean</b>	<b>733-5777</b>	<b>534</b>	<b>56</b>
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**Members**

<b>Becky Carney</b>	<b>Tazra Mitchell</b>	<b>733-5827</b>	<b>1221</b>	<b>54</b>
<b>Tricia Cotham</b>	<b>Rosa Kelly</b>	<b>715-0706</b>	<b>418C</b>	<b>93</b>
<b>Edgar Starnes</b>	<b>Pattie Fleming</b>	<b>733-5931</b>	<b>602</b>	<b>14</b>

**Research**

<b>Trina Griffin, Attorney</b>	<b>733-2578</b>	<b>513C</b>
<b>Rodney Bizzell, Fiscal Analyst</b>	<b>733-4910</b>	<b>619</b>
<b>Brian Slivka, Research Assistant</b>	<b>733-4910</b>	<b>619</b>
<b>Judy Collier, Research</b>	<b>733-2578</b>	<b>545</b>
<b>Marjorie Rutherford, Fiscal Research</b>	<b>733-4910</b>	<b>619</b>

## **OCCUPANCY TAX SUBCOMMITTEE ON FINANCE**

## ATTENDANCE 2010

[illegible]

## VISITOR REGISTRATION SHEET

### HOUSE FINANCE OCCUPANCY SUBCOMMITTEE ON TAX

Name of Committee

Date

6-29-2010

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Amy Hobbs	MWC
Jim Hobbs	HANC
Mark Goff	Smith Anderson
Dobby Outten	DARE County
Cliff Ogburn	Town of Nags Head
Bob Oakes	Town of Nags Head
Senator Michael Walker	13 <sup>th</sup> District
Frank Gray	NCRCA
Dana Simpson	Smith Anderson

**HOUSE FINANCE SUBCOMMITTEE**  
**ON OCCUPANCY TAX**

**HOUSE PAGES**

**June 29, 2010**

<b><u>Name</u></b>	<b><u>County</u></b>	<b><u>Sponsor</u></b>
<b>Sidney Milholen</b>	<b>Chatham</b>	<b>Hackney</b>
<b>Caroline Newcomb</b>	<b>Vance</b>	<b>Hackney</b>
<b>Davis Fussell</b>	<b>Pitt</b>	<b>McLawhorn</b>
<b>Sydney Kalin</b>	<b>Wake</b>	<b>Dollar</b>

**SGT-AT-ARMS**

**William Bass**

**Trey Raley**

**Corrected Notice**

**SB 1298 HAS BEEN ADDED TO THE AGENDA**

**NORTH CAROLINA HOUSE OF REPRESENTATIVES  
COMMITTEE MEETING NOTICE  
AND  
BILL SPONSOR NOTIFICATION  
2009-2010 SESSION**

You are hereby notified that the Finance Subcommittee on Occupancy Tax will meet as follows:

**DAY & DATE:** Tuesday, June 29, 2010

**TIME:** 2:00 p.m.

**LOCATION:** Room 425 LOB

The following bills will be considered (Bill #, Short Title, and Bill Sponsor):

**HB 1667 – Davie County Omnibus Occupancy Tax – Rep. Howard**

**HB 1895 – Increase Montgomery Co. Occup. Tax – Rep. Goodwin**

**HB 1942 – Wilkes County Occupancy Tax – Rep. Randleman**

**HB 1945 – Addl. Dare County Occupancy Tax – Rep. Spear**

**HB 1966 – Maintain Banner Elk Occupancy Tax Distrib – Rep. Frye**

**SB 1298– Town of Pembroke Occupancy Tax– Sen. Walters**

Respectfully,  
**Representative Womble**  
Chair

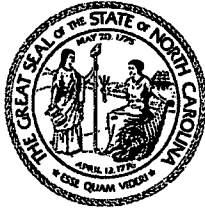
I hereby certify this notice was filed by the committee clerk at the following offices at  
**4:30 pm on June 24, 2010:**

X Principal Clerk

X Reading Clerk - House Chamber

Susanna Davis (Committee Clerk)





North Carolina General Assembly  
**House Finance Subcommittee on  
Occupancy Tax  
2009-2010 Session**

**Thursday June 29, 2010**

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The House Finance Subcommittee met on Thursday June 29, 2010 at 2:00pm in Room 425 of the Legislative Office Building.

The following Committee members were present: CHAIR - Representative Larry Womble and Representatives Carney, Cotham and Starnes.

The following Research staff members were present: Trina Griffin, Brian Slivka and Judy Collier.

Committee Meeting attachments: Committee Agenda, Visitors' Registration, Agenda Bills, Fiscal Notes and Proposed Committee Substitute (PCS).

Chairman Womble called the meeting to order at 2:03 pm and welcomed everyone to the Committee meeting. The House Pages were welcomed and recognized individually along with their county and their Representative sponsor. The House Sergeant-At-Arms were welcomed and recognized individually. The Chair recognized the Committee members and Research Staff for introduction and acknowledged the Committee Assistant, Dorothy McLean.

The Committee considered the following agenda bills as outlined:

**House Bill 1945 – Dare County Occupancy Tax.** Bill Sponsor - Representative Spear was welcomed to explain the bill. The Chair recognized the Committee, Research staff and visitors for questions and comments. Representative Carney was recognized for the motion and House Bill 1945 received a favorable report.

**House Finance Subcommittee on Occupancy Tax**

**Thursday June 29, 2010**

**Page 2**

**House Bill 1667 - Davie County Omnibus Occupancy Tax.** Bill Sponsor - Representative Howard was welcomed to explain the bill. The Chair recognized the Committee, Research staff and visitors for questions and comments. Representative Starnes was recognized for the motion and House Bill 1667 received a favorable report.

**Senate Bill 1298 - Town of Pembroke Occupancy Tax.** Bill Sponsor - Senator Water was welcomed to explain the bill and the Proposed Committee Substitute (PCS) was before the Committee for consideration. The Committee, Staff and visitors were recognized for questions and comments. Representative Carney was recognized for the motion and Senate Bill 1298 received a favorable report.

**House Bill 1895 - Increase Montgomery Co. Occupancy Tax.** Bill Sponsor - Representative Goodwin was absent and Trina Griffin of the Research Staff was recognized to explain the bill. The Committee, Staff and visitors were recognized for questions and comments. Representative Starnes was recognized for the motion and House Bill 1895 received a favorable report.

**House Bill 1942 - Wilkes County Occupancy Tax.** Bill Sponsor - Representative Randleman was welcomed for the bill explanation. The Chair recognized the Committee, Research staff and visitors for questions and comments. Representative Carney was recognized for the motion and House Bill 1942 received a favorable report.

**House Bill 1966 - Maintain Banner Elk Occupancy Tax Distribution.** Bill Sponsor - Representative Frye was welcomed for the bill explanation. The Chair further explained the 10-year extension sunset tax in the bill. The Chair welcomed questions from the Committee, Research staff and visitors. The Chair recognized the Staff to review the bill's amendment while taking questions. The amendment was not before the Committee for discussion since no favorable motion was given for the amendment. The Chair recognized all knowledgeable visitors to explain the 10-year extension. The Chair recognized the Committee again for final questions and comments on the bill. Representative Starnes was recognized for comments. Representative Cotham was recognized for the motion to displace the bill and the Committee voted accordingly. Representative Starnes was recognized for a motion to have an ominous vote for Senate Bill 1298 and the Committee agreed.

**House Finance Subcommittee on Occupancy Tax**

**Thursday June 29, 2010**

**Page 3**

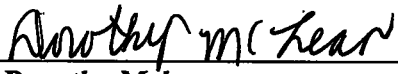
There being no further business, the Chair adjourned the Committee meeting at 2:43 pm.

Respectfully submitted by:

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***Representative Larry Womble***  
***Committee Chair***

---

  
***Dorothy Mclean***  
***Committee Assistant***

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

H

2

HOUSE BILL 1667  
Committee Substitute Favorable 6/2/10

Short Title: Davie County Omnibus Occupancy Tax.

(Local)

Sponsors:

Referred to:

May 13, 2010

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE CERTAIN UNITS OF LOCAL GOVERNMENT  
LOCATED WITHIN DAVIE COUNTY TO LEVY A ROOM OCCUPANCY TAX.

The General Assembly of North Carolina enacts:

**PART I: MOCKSVILLE OCCUPANCY TAX**

**SECTION 1.1.** Occupancy tax. – (a) Authorization and Scope. – The Board of Commissioners of the Town of Mocksville may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 1.1.(b)** Administration. – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 1.1.(c)** Distribution and Use of Tax Revenue. – The Town of Mocksville shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Mocksville Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in the Town of Mocksville and shall use the remainder for tourism-related expenditures.

The following definitions apply in this section:

- (1) Net proceeds. – Gross proceeds less the cost to the town of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area; the term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Mocksville Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the town or to attract tourists or business travelers to the town. The term includes tourism-related capital expenditures.



\* H 1 6 6 7 - V - 2 \*

1           **SECTION 1.2.** Tourism Development Authority. – (a) Appointment and  
2 Membership. – When the Board of Commissioners adopts a resolution levying a room  
3 occupancy tax under this act, it shall also adopt a resolution creating the Mocksville Tourism  
4 Development Authority, which shall be a public authority under the Local Government Budget  
5 and Fiscal Control Act. The resolution shall provide for the membership of the Authority,  
6 including the members' terms of office, and for the filling of vacancies on the Authority. At  
7 least one-third of the members shall be individuals who are affiliated with businesses that  
8 collect the tax in the town, and at least one-half of the members shall be individuals who are  
9 currently active in the promotion of travel and tourism in the town. The Board of  
10 Commissioners shall designate one member of the Authority as chair and shall determine the  
11 compensation, if any, to be paid to members of the Authority.

12           The Authority shall meet at the call of the chair and shall adopt rules of procedure to  
13 govern its meetings. The finance officer for the Town of Mocksville shall be the ex officio  
14 finance officer of the Authority.

15           **SECTION 1.2.(b) Duties.** – The Authority shall expend the net proceeds of the tax  
16 levied under this Part for the purposes provided in Section 1.1 of this act. The Authority shall  
17 promote travel, tourism, and conventions in the town, sponsor tourist-related events and  
18 activities in the town, and finance tourist-related capital projects in the town.

19           **SECTION 1.2.(c) Reports.** – The Authority shall report quarterly and at the close  
20 of the fiscal year to the Board of Commissioners of the Town of Mocksville on its receipts and  
21 expenditures for the preceding quarter and for the year in such detail as the Board of  
22 Commissioners may require.

## 23 24 **PART II: BERMUDA RUN OCCUPANCY TAX**

25           **SECTION 2.1.** Occupancy tax. – (a) Authorization and Scope. – The Bermuda  
26 Run Town Council may levy a room occupancy tax of up to three percent (3%) of the gross  
27 receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel,  
28 motel, inn, tourist camp, or similar place within the town that is subject to sales tax imposed by  
29 the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This  
30 tax does not apply to accommodations furnished by nonprofit charitable, educational, or  
31 religious organizations when furnished in furtherance of their nonprofit purpose.

32           **SECTION 2.1.(b) Administration.** – A tax levied under this section shall be levied,  
33 administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in  
34 G.S. 160A-215 apply to a tax levied under this section.

35           **SECTION 2.1.(c) Distribution and Use of Tax Revenue.** – The Town of Bermuda  
36 Run shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Bermuda Run  
37 Tourism Development Authority. The Authority shall use at least two-thirds of the funds  
38 remitted to it under this subsection to promote travel and tourism in the Town of Bermuda Run  
39 and shall use the remainder for tourism-related expenditures.

40           The following definitions apply in this section:

- 41           (1) Net proceeds. – Gross proceeds less the cost to the town of administering  
42 and collecting the tax, as determined by the finance officer, not to exceed  
43 three percent (3%) of the first five hundred thousand dollars (\$500,000) of  
44 gross proceeds collected each year and one percent (1%) of the remaining  
45 gross proceeds collected each year.
- 46           (2) Promote travel and tourism. – To advertise or market an area or activity,  
47 publish and distribute pamphlets and other materials, conduct market  
48 research, or engage in similar promotional activities that attract tourists or  
49 business travelers to the area; the term includes administrative expenses  
50 incurred in engaging in the listed activities.

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

**SECTION 2.2.** Tourism Development Authority. – (a) Appointment and Membership. – When the Town Council adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the Bermuda Run Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the town, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the town. The Town Council shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

**SECTION 2.2.(b) Duties.** – The Authority shall expend the net proceeds of the tax levied under this Part for the purposes provided in Section 2.1 of this act. The Authority shall promote travel, tourism, and conventions in the town, sponsor tourist-related events and activities in the town, and finance tourist-related capital projects in the town.

**SECTION 2.2.(c) Reports.** – The Authority shall report quarterly and at the close of the fiscal year to the Bermuda Run Town Council on its receipts and expenditures for the preceding quarter and for the year in such detail as the Town Council may require.

### **PART III: COOLEEMEE OCCUPANCY TAX**

**SECTION 3.1.** Occupancy tax. – (a) Authorization and Scope. – The Board of Commissioners of the Town of Cooleemee may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 3.1.(b) Administration.** – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 3.1.(c) Distribution and Use of Tax Revenue.** – The Town of Cooleemee shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Cooleemee Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in the Town of Cooleemee and shall use the remainder for tourism-related expenditures.

The following definitions apply in this section:

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

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

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

**SECTION 3.2.** Tourism Development Authority. – (a) Appointment and Membership. – When the Board of Commissioners adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the Cooleemee Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the town, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the town. The Board of Commissioners shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

**SECTION 3.2.(b) Duties.** – The Authority shall expend the net proceeds of the tax levied under this Part for the purposes provided in Section 3.1 of this act. The Authority shall promote travel, tourism, and conventions in the town, sponsor tourist-related events and activities in the town, and finance tourist-related capital projects in the town.

**SECTION 3.2.(c) Reports.** – The Authority shall report quarterly and at the close of the fiscal year to the Cooleemee Board of Commissioners on its receipts and expenditures for the preceding quarter and for the year in such detail as the Board of Commissioners may require.

#### **PART IV: ADMINISTRATIVE PROVISIONS**

**SECTION 4.** G.S. 160A-215(g) reads as rewritten:

"(g) This section applies only to Beech Mountain District W, to the Cities of Belmont, Conover, Eden, Elizabeth City, Gastonia, Goldsboro, Greensboro, Hickory, High Point, Jacksonville, Kings Mountain, Lenoir, Lexington, Lincolnton, Lowell, Lumberton, Monroe, Mount Airy, Mount Holly, Reidsville, Roanoke Rapids, Salisbury, Shelby, Statesville, Washington, and Wilmington, to the Towns of Ahoskie, Beech Mountain, Benson, Bermuda Run, Blowing Rock, Boiling Springs, Boone, Burgaw, Carolina Beach, Carrboro, Cooleemee, Cramerton, Dallas, Dobson, Elkin, Franklin, Jonesville, Kenly, Kure Beach, Leland, McAdenville, Mocksville, Mooresville, Murfreesboro, North Topsail Beach, Pilot Mountain, Ranlo, Selma, Smithfield, St. Pauls, Troutman, Tryon, West Jefferson, Wilkesboro, Wrightsville Beach, Yadkinville, and Yanceyville, and to the municipalities in Avery and Brunswick Counties."

#### **PART V: EFFECTIVE DATE**

**SECTION 5.** This act is effective when it becomes law.

# GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

## Legislative Fiscal Note

**BILL NUMBER:** House Bill 1667 (Second Edition)

**SHORT TITLE:** Davie County Omnibus Occupancy Tax.

**SPONSOR(S):** Representative Howard

### FISCAL IMPACT

	Yes (X)	No ( )	No Estimate Available ( )		
	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>
<b>REVENUES</b>					
Bermuda Run	\$29,912	\$30,908	\$32,405	\$33,708	\$34,680
Cooleemee	\$0	\$0	\$0	\$0	\$0
Mocksville	\$65,363	\$67,539	\$70,810	\$73,657	\$75,783

### EXPENDITURES

**POSITIONS (cumulative):**

**PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:** Bermuda Run, Cooleemee and Mocksville

**EFFECTIVE DATE:** This act is effective when it becomes law.

### BILL SUMMARY:

House Bill 1667 (Second Edition) authorizes the Mocksville Board of Commissioners, the Bermuda Run Town Council, and the Cooleemee Board of Commissioners to levy a room occupancy tax of up to 3% within their respective towns. It provides that the taxes must be levied, administered, collected, and repealed as provided in GS 160A-215 (uniform provisions for room occupancy taxes).

The bill requires that the Tourism Development Authorities of Mocksville, Bermuda Run, and Cooleemee use at least two-thirds of the occupancy tax proceeds to promote travel and tourism in their respective towns, and use the remainder for tourism-related expenditures. It mandates that at least one-third of the members of each Tourism Development Authority be affiliated with businesses that collect the tax in that town, and at least one-half of the members be currently active in that town's travel and tourism promotion.



**ASSUMPTIONS AND METHODOLOGY:**

According to the Davie Chamber of Commerce, Bermuda Run currently has 81 rooms that would be subject to a room occupancy tax. Cooleemee has no rooms that would be subject. And there are 177 rooms in Mocksville where a room occupancy tax would be levied.

According to the NC Department of Commerce, the average daily room rate for hotels located in the Triad economic region, where Davie is located, is \$75.11. The room occupancy rate of 44.9%. Using these assumptions (\$75.11 room \* number of rooms \* 44.9% occupancy \* 365 days \* 3% occupancy tax), Bermuda Run would collect \$29,912 in occupancy taxes in FY2010-11. Cooleemee would collect \$0, as they do not have any eligible rooms. And Mocksville would collect \$65,363 in FY2010-11 based on 177 rooms. These numbers were then grown using the Leisure and Hospitality growth rates from Moody's Economy.com.

**SOURCES OF DATA:** Davie County Chamber of Commerce, Moody's Economy.com, NC Department of Commerce

**TECHNICAL CONSIDERATIONS:** None

**FISCAL RESEARCH DIVISION:** (919) 733-4910

**PREPARED BY:** Brian Slivka

**APPROVED BY:** Marilyn Chism, Director  
Fiscal Research Division

**DATE:** June 22, 2010



Signed Copy Located in the NCGA Principal Clerk's Offices

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

**H**

**1**

**HOUSE BILL 1895**

**Short Title:** Increase Montgomery Co. Occup. Tax. (Local)

**Sponsors:** Representatives Goodwin; and Hughes.

**Referred to:** Local Government I, if favorable, Finance.

May 20, 2010

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE MONTGOMERY COUNTY TO LEVY AN ADDITIONAL  
THREE PERCENT ROOM OCCUPANCY AND TOURISM DEVELOPMENT TAX.

The General Assembly of North Carolina enacts:

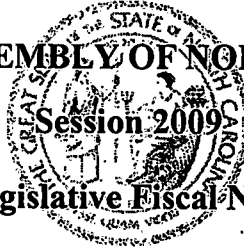
**SECTION 1.** Section 4 of S.L. 2001-434 is amended by adding a new subsection  
to read:

"(a1) Authorization of Additional Tax. – In addition to the tax authorized by subsection  
(a) of this section, the Montgomery County Board of Commissioners may levy an additional  
room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of  
accommodations taxable under subsection (a) of this section. The levy, collection,  
administration, and repeal of the tax authorized by this subsection shall be in accordance with  
the provisions of this section. Montgomery County may not levy a tax under this subsection  
unless it also levies the tax authorized under subsection (a) of this section."

**SECTION 2.** This act is effective when it becomes law.



# GENERAL ASSEMBLY OF NORTH CAROLINA



## Legislative Fiscal Note

**BILL NUMBER:** House Bill 1895 (First Edition)

**SHORT TITLE:** Increase Montgomery Co. Occup. Tax.

**SPONSOR(S):** Representative Goodwin

### FISCAL IMPACT

	Yes (X)	No ( )	No Estimate Available ( )		
	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>
<b>REVENUES</b>					
Montgomery County	\$27,782	\$28,707	\$30,097	\$31,307	\$32,211
<b>EXPENDITURES</b>					
<b>POSITIONS (cumulative):</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Montgomery County					
<b>EFFECTIVE DATE:</b> This act is effective when it becomes law.					

### BILL SUMMARY:

House Bill 1895 amends SL 2001-434 to authorize the Montgomery County Board of Commissioners to levy an additional room occupancy tax of up to 3%. It provides that both the existing and additional tax be levied, administered, collected, and repealed as provided in GS 153A-155 (uniform provisions for room occupancy taxes). And the bill requires Montgomery County to levy the original occupancy tax in order to also levy the additional tax authorized in this act.

### ASSUMPTIONS AND METHODOLOGY:

Currently, Montgomery County levies a 3% room occupancy tax. House Bill 1895 would allow the county to levy an additional 3%, bringing the combined room occupancy tax rate to 6%.

According to Montgomery County's Financial Information, as reported by the North Carolina Department of the Treasurer, the county collected \$27,174 in occupancy taxes in calendar year 2009. Adjusting this number for fiscal year data, and growing by the leisure and hospitality portion of North Carolina GSP, yields an estimated \$27,782 in FY10-11 revenues. Since HB1895 will double the current tax rate of 3%, this would reflect the increase in revenue.

**SOURCES OF DATA:** North Carolina Department of the Treasurer, Moody's Economy.com

**TECHNICAL CONSIDERATIONS:** None

**FISCAL RESEARCH DIVISION:** (919) 733-4910

**PREPARED BY:** Brian Slivka

**APPROVED BY:** Marilyn Chism, Director  
Fiscal Research Division



**DATE:** June 22, 2010

**Signed Copy Located in the NCGA Principal Clerk's Offices**

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

H

2

**HOUSE BILL 1942\*  
Committee Substitute Favorable 6/10/10**

Short Title: Wilkes County Occupancy Tax.

(Local)

Sponsors:

Referred to:

May 25, 2010

A BILL TO BE ENTITLED

AN ACT TO CREATE A SPECIAL TAXING DISTRICT MADE UP OF THE UNINCORPORATED AREAS OF WILKES COUNTY AND TO AUTHORIZE THE SPECIAL TAXING DISTRICT IN WILKES COUNTY TO LEVY UP TO A SIX PERCENT ROOM OCCUPANCY TAX.

The General Assembly of North Carolina enacts:

**SECTION 1.** Wilkes County District K Created. – Wilkes County District K is created as a taxing district. Its jurisdiction consists of that part of Wilkes County that is located outside of the incorporated areas within the County. Wilkes County District K is a body politic and corporate and has the power to carry out the provisions of this act. The Wilkes County Board of Commissioners shall serve ex officio as the governing body of the district, and the officers of the County shall serve as the officers of the governing body of the district. A simple majority of the governing body constitutes a quorum, and approval by a majority of those present is sufficient to determine any matter before the governing body, if a quorum is present.

**SECTION 2.** Occupancy Tax. – (a) Authorization and Scope. – The governing body of Wilkes County District K may levy a room occupancy tax of up to six percent (6%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the district that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 2.(b)** Administration. – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 153A-155 as if Wilkes County District K were a county. The penalties provided in G.S. 153A-155 apply to a tax levied under this act.

**SECTION 2.(c)** Definitions. – The following definitions apply in this act:

- (1) Net proceeds. – Gross proceeds less the cost to the district of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross receipts collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area. The term includes administrative expenses incurred in engaging in the listed activities.



\* H 1 9 4 2 - V - 2 \*

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

**SECTION 2.(d) Distribution and Use of Tax Revenue.** – Wilkes County District K shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Wilkes County District K Tourism Development Authority. The Authority shall use at least two-thirds of the proceeds remitted to it to promote travel and tourism in Wilkes County District K and shall use the remainder for tourism-related expenditures. In accordance with the North Carolina Constitution and the United States Constitution, the tax proceeds may be used only for the direct benefit of the jurisdiction of Wilkes County District K. None of the proceeds may be used to promote travel or tourism in areas within Wilkes County that are outside of the district or for tourism-related expenditures in the County that are outside of the district.

**SECTION 3. Wilkes County District K Tourism Development Authority.** – (a) **Appointment and Membership.** – When the governing body of the district adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the Wilkes County District K Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members must be individuals affiliated with businesses that collect the tax in the district, and at least one-half of the members must be individuals currently active in the promotion of travel and tourism in the district. The board of commissioners shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

**SECTION 3.(b) Duties.** – The Authority shall expend the net proceeds of the tax levied under this act for the purposes provided in Section 2 of this act. The Authority shall promote travel, tourism, and conventions in the district, sponsor tourist-related events and activities in the district, and finance tourist-related capital projects in the district.

**SECTION 3.(c) Reports.** – The Authority shall report quarterly and at the close of the fiscal year to the governing body of the district on its receipts and expenditures for the preceding quarter and for the year in such detail as the governing body of the district may require.

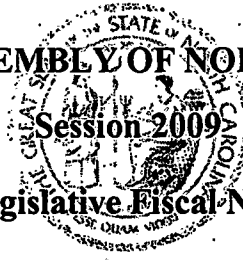
**SECTION 4. G.S. 153A-155(g) reads as rewritten:**

**"§ 153A-155. Uniform provisions for room occupancy taxes.**

(g) This section applies only to Alleghany, Anson, Brunswick, Buncombe, Burke, Cabarrus, Camden, Carteret, Caswell, Chowan, Clay, Craven, Cumberland, Currituck, Dare, Davie, Duplin, Durham, Franklin, Granville, Halifax, Haywood, Madison, Martin, McDowell, Montgomery, Nash, New Hanover, New Hanover County District U, Northampton, Pasquotank, Pender, Perquimans, Person, Randolph, Richmond, Rockingham, Rowan, Sampson, Scotland, Stanly, Swain, Transylvania, Tyrrell, Vance, and Washington Counties, to Surry County District S, to Watauga County District U, to Yadkin County District Y, to Wilkes County District K, and to the Township of Averagesboro in Harnett County and the Ocracoke Township Taxing District."

**SECTION 5. This act is effective when it becomes law.**

# GENERAL ASSEMBLY OF NORTH CAROLINA



## Legislative Fiscal Note

**BILL NUMBER:** House Bill 1942 (Second Edition)

**SHORT TITLE:** Wilkes County Occupancy Tax.

**SPONSOR(S):** Representative Randleman

### FISCAL IMPACT

Yes (X)      No ( )      No Estimate Available ( )

FY 2010-11    FY 2011-12    FY 2012-13    FY 2013-14    FY 2014-15

#### REVENUES

Wilkes County

District K      \$98,436      \$101,713      \$106,639      \$110,927      \$114,128

#### EXPENDITURES

**POSITIONS (cumulative):**

**PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:** Wilkes County District K

**EFFECTIVE DATE:** This act is effective when it becomes law.

### BILL SUMMARY:

The Second Edition of House Bill 1942 creates the taxing district of Wilkes County District K (District K), consisting of the part of Wilkes County that is located outside of the incorporated areas of Wilkes County. The bill makes District K a body politic, with the power to carry out the provisions of the act. It directs the Wilkes County Board of Commissioners to serve ex officio as the governing body of the district, and officers of Wilkes County to serve as officers of the governing body of the district.

The bill authorizes the governing body of District K to levy a room occupancy tax of up to 6%. It provides that the tax must be levied, administered, collected, and repealed as provided in GS 153A-155 (uniform provisions for room occupancy taxes), as if District K were a county. The bill requires the Wilkes County District K Tourism Development Authority (TDA) to use at least two-thirds of the occupancy tax proceeds to promote travel and tourism in District K and the remainder for tourism-related expenditures. It emphasizes that the proceeds may be used only for the direct benefit of District K, and may not be used for promotion or expenditures outside of the district.

The bill mandates that at least one-third of the members of the TDA be affiliated with businesses that collect the tax in District K, and at least one-half of the members currently are active in the district's travel and tourism promotion. It makes a conforming change to GS 153A-155(g).

**ASSUMPTIONS AND METHODOLOGY:**

The Wilkes County Planning Director indicated that approximately six entities in the Wilkes County District K area would be subject to the room occupancy tax. According to their estimates, the total gross receipts for the taxing district would be estimated at \$1.6 million. A 6% room occupancy tax levied on \$1.6 million in gross receipts would yield \$98,436 in occupancy tax collections for FY2010-11. This number was then grown using the leisure and tourism portion of North Carolina's GSP.

**SOURCES OF DATA:** Wilkes County, Moody's Economy.com

**TECHNICAL CONSIDERATIONS:** None

**FISCAL RESEARCH DIVISION:** (919) 733-4910

**PREPARED BY:** Brian Slivka

**APPROVED BY:** Marilyn Chism, Director  
Fiscal Research Division

**DATE:** June 23, 2010



**Signed Copy Located in the NCGA Principal Clerk's Offices**



GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

H

1

HOUSE BILL 1945

Short Title: Addl. Dare County Occupancy Tax.

(Local)

Sponsors: Representative Spear.

Referred to: Judiciary II, if favorable, Finance.

May 25, 2010

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE DARE COUNTY TO LEVY AN ADDITIONAL ONE PERCENT  
ROOM OCCUPANCY TAX TO BE USED FOR BEACH NOURISHMENT.

The General Assembly of North Carolina enacts:

**SECTION 1.** Chapter 449 of the 1985 Session Laws, as amended by Chapters 177  
and 906 of the 1991 Session Laws and Part VII of S.L. 2001-439, is amended by adding a new  
section to read:

"Sec. 3.2. Second Supplemental Occupancy Tax. – In addition to the taxes authorized by  
Sections 1, 3, and 3.1 of this act, the Dare County Board of Commissioners may levy a room  
occupancy and tourism development tax of one percent (1%) of the gross receipts derived from  
the rental of accommodations taxable under Section 1 of this act. The county may not levy a tax  
under this section unless it also levies the taxes under Sections 1, 3, and 3.1 of this act. The  
levy, collection, administration, and repeal of the tax authorized by this section shall be in  
accordance with Section 1 of this act. The county shall use the net proceeds of the tax levied  
under this section for beach nourishment."

**SECTION 2.** This act is effective when it becomes law.



\* H 1 9 4 5 - V - 1 \*

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

Legislative Fiscal Note

**BILL NUMBER:** House Bill 1945 (First Edition)

**SHORT TITLE:** Addl. Dare County Occupancy Tax.

**SPONSOR(S):** Representative Spear

**FISCAL IMPACT (\$ Millions)**

Yes (X)      No ( )      No Estimate Available ( )

FY 2010-11    FY 2011-12    FY 2012-13    FY 2013-14    FY 2014-15

**REVENUES**

Dare County                      \$1.35                      \$1.39                      \$1.46                      \$1.52                      \$1.56

**EXPENDITURES**

**POSITIONS (cumulative):**

**PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:** Dare County

**EFFECTIVE DATE:** This act is effective when it becomes law.

**BILL SUMMARY:**

House Bill 1945 authorizes Dare County to levy an additional one percent room occupancy tax to be used for beach nourishment. The bill provides guidelines regarding the levy, collection, administration, and repeal of this tax

**ASSUMPTIONS AND METHODOLOGY:**

Currently, Dare County levies a 5% room occupancy tax. According to the North Carolina Department of the Treasurer's Office, Dare County occupancy tax collections for 2009 were \$6,709,348. Using this collection data, a 1% increase would yield approximately \$1.35 million in new occupancy tax revenues for FY2010-11.

**SOURCES OF DATA:** North Carolina Department of the Treasurer, Moody's Economy.com

**TECHNICAL CONSIDERATIONS:** None

**FISCAL RESEARCH DIVISION: (919) 733-4910**

**PREPARED BY: Brian Slivka**

**APPROVED BY: Marilyn Chism, Director**  
Fiscal Research Division

**DATE: June 22, 2010**



**Signed Copy Located in the NCGA Principal Clerk's Offices**

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

**H**

**1**

**HOUSE BILL 1966**

**Short Title:** Maintain Banner Elk Occupancy Tax Distrib.

**(Local)**

**Sponsors:** Representative Frye.

**Referred to:** Local Government I, if favorable, Finance.

May 26, 2010

A BILL TO BE ENTITLED  
AN ACT TO MAINTAIN THE TOWN OF BANNER ELK'S CURRENT OCCUPANCY  
TAX DISTRIBUTION.

The General Assembly of North Carolina enacts:

**SECTION 1.** Section 8 of S.L. 2000-103 is repealed.

**SECTION 2.** Section 10(b) of S.L. 2000-103 reads as rewritten:

**"Section 10.(b)** Part II: Banner Elk Occupancy Tax Revisions. Sections 6 through 9 of this act apply only to the Town of Banner Elk. Sections 6, 7, and 9 of this act become effective October 1, 2000, and apply to taxes collected on or after that date. ~~Section 8 of this act becomes effective October 1, 2010, and applies to taxes collected on or after that date.~~"

**SECTION 3.** This act is effective when it becomes law.



\* H 1 9 6 6 - V - 1 \*

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

**H**

**1**

**HOUSE BILL 1966**

**Short Title:**    **Maintain Banner Elk Occupancy Tax Distrib.** **(Local)**

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**Sponsors:**    **Representative Frye.**

---

**Referred to:**   **Local Government I, if favorable, Finance.**

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May 26, 2010

A BILL TO BE ENTITLED  
AN ACT TO MAINTAIN THE TOWN OF BANNER ELK'S CURRENT OCCUPANCY  
TAX DISTRIBUTION.

The General Assembly of North Carolina enacts:

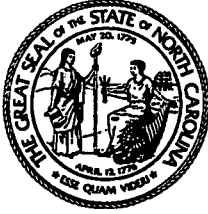
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**SECTION 2.** Section 10(b) of S.L. 2000-103 reads as rewritten:

**"Section 10.(b)** Part II: Banner Elk Occupancy Tax Revisions. Sections 6 through 9 of this act apply only to the Town of Banner Elk. Sections 6, 7, and 9 of this act become effective October 1, 2000, and apply to taxes collected on or after that date. ~~Section 8 of this act becomes effective October 1, 2010, and applies to taxes collected on or after that date.~~"

**SECTION 3.** This act is effective when it becomes law.





# HOUSE BILL 1966: Maintain Banner Elk Occupancy Tax Distrib

2009-2010 General Assembly

**Committee:** House Finance  
**Introduced by:** Rep. Frye  
**Analysis of:** First Edition

**Date:** June 29, 2010  
**Prepared by:** Judy Collier  
Research Assistant

**SUMMARY:** *House Bill 1966 would allow the Town of Banner Elk to maintain its current occupancy tax distribution.*

**CURRENT LAW:** In 2000,<sup>1</sup> the General Assembly authorized the Town of Banner Elk to distribute its occupancy tax in a manner different than the uniform guidelines supported by the North Carolina Travel and Tourism Coalition and adhered to by the House Finance Committee. Specifically, the Banner Elk Tourism Development Authority was required to use one-third rather than the standard two-thirds of the occupancy tax remitted to it, to promote travel and tourism in Banner Elk and the remainder for tourism-related expenditures.

However, in the same legislation, the General Assembly provided that, effective October 1, 2010, the Banner Elk Tourism Development Authority would have to revert to the stand requirement that two-thirds of the funds be used to promote travel and tourism in Banner Elk.

**BILL ANALYSIS:** House Bill 1966 would repeal the requirement of the 2000 act that Banner Elk's occupancy tax distribution must revert to the standard two-thirds to promote travel and tourism in the Town on October 1, 2010. The effect would be that the Tourism Development Authority could continue indefinitely to put one-third of the occupancy tax funds into promoting travel and tourism in the Town.

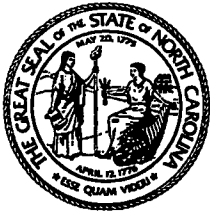
UNIFORM OCCUPANCY TAX PROVISIONS	HB1966
<b>Rate</b> – The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.	Conforms
<b>Use</b> – Two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism-related expenditures.	Does not Conform at one-third
<b>Definitions</b> The term “net proceeds”, “promote travel and tourism”, and “tourism related expenditures” are defined terms.	Conforms
<b>Administration</b> – The net revenues must be administered by a local tourism development authority that has the authority to determine how the tax proceeds will be used, is created by a local ordinance, and at least 1/2 of the members must be currently active in the promotion of travel and tourism in the county and 1/3 of the members must be affiliated with organizations that collect the tax.	Conforms
<b>Costs of Collection</b> – The taxing authority may retain from the revenues its actual costs of collection, not to exceed 3% of the first \$500,000 collected each year plus 1% of the remainder collected each year.	Conforms

**EFFECTIVE DATE:** House Bill 1966 would become effective when it becomes law.

Trina Griffin, counsel to the House Finance Committee, and William R. Gilkeson, counsel to the House Local Government I Committee, substantially contributed to this summary.

H1966-SMRE-72(e1) v1

<sup>1</sup> First enacted in S.L. 2000-103, Section 6.  
Research Division



# HOUSE BILL 1966: Maintain Banner Elk Occupancy Tax Distrib

2009-2010 General Assembly

**Committee:** House Finance  
**Introduced by:** Rep. Frye  
**Analysis of:** First Edition

**Date:** June 29, 2010  
**Prepared by:** Judy Collier  
Research Assistant

**SUMMARY:** House Bill 1966 would allow the Town of Banner Elk to maintain its current occupancy tax distribution.

**CURRENT LAW:** In 2000,<sup>1</sup> the General Assembly authorized the Town of Banner Elk to distribute its occupancy tax in a manner different than the uniform guidelines supported by the North Carolina Travel and Tourism Coalition and adhered to by the House Finance Committee. Specifically, the Banner Elk Tourism Development Authority was required to use one-third rather than the standard two-thirds of the occupancy tax remitted to it, to promote travel and tourism in Banner Elk and the remainder for tourism-related expenditures.

However, in the same legislation, the General Assembly provided that, effective October 1, 2010, the Banner Elk Tourism Development Authority would have to revert to the stand requirement that two-thirds of the funds be used to promote travel and tourism in Banner Elk.

**BILL ANALYSIS:** House Bill 1966 would repeal the requirement of the 2000 act that Banner Elk's occupancy tax distribution must revert to the standard two-thirds to promote travel and tourism in the Town on October 1, 2010. The effect would be that the Tourism Development Authority could continue indefinitely to put one-third of the occupancy tax funds into promoting travel and tourism in the Town.

UNIFORM OCCUPANCY TAX PROVISIONS	HB1966
<b>Rate</b> – The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.	Conforms
<b>Use</b> – Two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism-related expenditures.	Does not Conform at one-third
<b>Definitions</b> The term “net proceeds”, “promote travel and tourism”, and “tourism related expenditures” are defined terms.	Conforms
<b>Administration</b> – The net revenues must be administered by a local tourism development authority that has the authority to determine how the tax proceeds will be used, is created by a local ordinance, and at least 1/2 of the members must be currently active in the promotion of travel and tourism in the county and 1/3 of the members must be affiliated with organizations that collect the tax.	Conforms
<b>Costs of Collection</b> – The taxing authority may retain from the revenues its actual costs of collection, not to exceed 3% of the first \$500,000 collected each year plus 1% of the remainder collected each year.	Conforms

**EFFECTIVE DATE:** House Bill 1966 would become effective when it becomes law.

Trina Griffin, counsel to the House Finance Committee, and William R. Gilkeson, counsel to the House Local Government Committee, substantially contributed to this summary.

H1966-SMRE-72(e1) v1

<sup>1</sup> First enacted in S.L. 2000-103, Section 6.  
Research Division

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

**H**

**1**

**HOUSE BILL 1966**

**Short Title:**    **Maintain Banner Elk Occupancy Tax Distrib.** **(Local)**

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**Sponsors:**    **Representative Frye.**

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**Referred to:**   **Local Government I, if favorable, Finance.**

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May 26, 2010

A BILL TO BE ENTITLED  
AN ACT TO MAINTAIN THE TOWN OF BANNER ELK'S CURRENT OCCUPANCY  
TAX DISTRIBUTION.

The General Assembly of North Carolina enacts:

**SECTION 1.** Section 8 of S.L. 2000-103 is repealed.

**SECTION 2.** Section 10(b) of S.L. 2000-103 reads as rewritten:

**"Section 10.(b) Part II: Banner Elk Occupancy Tax Revisions.** Sections 6 through 9 of this act apply only to the Town of Banner Elk. Sections 6, 7, and 9 of this act become effective October 1, 2000, and apply to taxes collected on or after that date. ~~Section 8 of this act becomes effective October 1, 2010, and applies to taxes collected on or after that date.~~"

**SECTION 3.** This act is effective when it becomes law.



\* H 1 9 6 6 - V - 1 \*



**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

**S**

**1**

**SENATE BILL 1298\***

Short Title:	Town of Pembroke Occupancy Tax.	(Local)
Sponsors:	Senators Walters; Bingham, Blue, Foriest, Goss, Snow, and Vaughan.	
Referred to:	Finance.	

May 20, 2010

**A BILL TO BE ENTITLED  
AN ACT TO AUTHORIZE THE TOWN OF PEMBROKE TO LEVY A THREE PERCENT  
ROOM OCCUPANCY AND TOURISM DEVELOPMENT TAX.**

The General Assembly of North Carolina enacts:

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

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

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

The following definitions apply in this subsection:

- (1) Net proceeds. – Gross proceeds less the cost to the town of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area; the term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Pembroke Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the town or to attract tourists or business travelers to the town. The term includes tourism-related capital expenditures.



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

12           The Authority shall meet at the call of the chair and shall adopt rules of procedure to  
13 govern its meetings. The finance officer for the Town of Pembroke shall be the ex officio  
14 finance officer of the Authority.

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

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

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

23           "(g) This section applies only to Beech Mountain District W, to the Cities of Belmont,  
24 Conover, Eden, Elizabeth City, Gastonia, Goldsboro, Greensboro, Hickory, High Point,  
25 Jacksonville, Kings Mountain, Lenoir, Lexington, Lincolnton, Lowell, Lumberton, Monroe,  
26 Mount Airy, Mount Holly, Reidsville, Roanoke Rapids, Salisbury, Shelby, Statesville,  
27 Washington, and Wilmington, to the Towns of Ahoskie, Beech Mountain, Benson, Blowing  
28 Rock, Boiling Springs, Boone, Burgaw, Carolina Beach, Carrboro, Cramerton, Dallas, Dobson,  
29 Elkin, Franklin, Jonesville, Kenly, Kure Beach, Leland, McAdenville, Mooresville, North  
30 Topsail Beach, Pembroke, Pilot Mountain, Ranlo, Selma, Smithfield, St. Pauls, Troutman,  
31 Tryon, West Jefferson, Wilkesboro, Wrightsville Beach, Yadkinville, and Yanceyville, and to  
32 the municipalities in Avery and Brunswick Counties."

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

# GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

## Legislative Fiscal Note

**BILL NUMBER:** Senate Bill 1298 (First Edition)

**SHORT TITLE:** Town of Pembroke Occupancy Tax.

**SPONSOR(S):** Senator Walters

### FISCAL IMPACT

	Yes (X)	No ( )	No Estimate Available ( )		
	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>
<b>REVENUES</b>					
Town of Pembroke	\$28,576	\$29,528	\$30,958	\$32,202	\$33,132
<b>EXPENDITURES</b>					
<b>POSITIONS (cumulative):</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Town of Pembroke					
<b>EFFECTIVE DATE:</b> This act is effective when it becomes law.					

### BILL SUMMARY:

Senate Bill 1298 would authorize the Town of Pembroke to levy a room occupancy tax of up to three percent (3%) of the gross receipts collected from the rental of any eligible room. SB1298 would also create the Pembroke Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in the Town of Pembroke and shall use the remainder for tourism-related expenditures.

### ASSUMPTIONS AND METHODOLOGY:

The Town of Pembroke is located in Robeson County. According to the NC Department of Commerce, the average daily room rate for hotels located in this economic region is \$76.81, with a room occupancy rate of 54.8%. Pembroke has only one existing hotel with 62 rooms. Using these assumptions (\$76.81 room \* 62 rooms \* 54.8% occupancy \* 365 days \* 3% occupancy tax), the city would collect \$28,576 in occupancy taxes in FY10-11. This number was then grown using the Leisure and Hospitality growth rates from Moody's Economy.com.

**SOURCES OF DATA:** Town of Pembroke; Moody's Economy.com; NC Department of Commerce

**TECHNICAL CONSIDERATIONS:** None

**FISCAL RESEARCH DIVISION:** (919) 733-4910

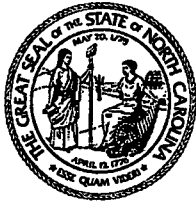
**PREPARED BY:** Brian Slivka

**APPROVED BY:** Marilyn Chism, Director  
Fiscal Research Division

**DATE:** June 1, 2010



**Signed Copy Located in the NCGA Principal Clerk's Offices**



## SENATE BILL 1298: Various Local Occupancy Taxes.

2009-2010 General Assembly

**Committee:** House Finance  
**Introduced by:** Sen. Walters  
**Analysis of:** PCS to First Edition  
S1298-CSSVx-76

**Date:** June 30, 2010  
**Prepared by:** Trina Griffin  
Committee Counsel

**SUMMARY:** *The Proposed Committee Substitute for Senate Bill 1298, which was approved by the Occupancy Tax Subcommittee on June 29, 2010, combines several local occupancy tax bills into one bill and authorizes the following:*

- *The Towns of Pembroke, Mocksville, Bermuda Run, and Cooleemee to levy a 3% occupancy tax.*
- *Montgomery and Anson Counties to levy an additional 3% occupancy tax.*
- *Dare County to levy an additional 1% occupancy tax to be used for beach nourishment only.*
- *A special taxing district made up of the unincorporated areas of Wilkes County to levy up to a 6% room occupancy tax.*

### TOWN OF PEMBROKE (SB 1298 – SEN. WALTERS)

**CURRENT LAW:** Currently, Pembroke does not have authority to levy a room occupancy tax. Pembroke is located in Robeson County, which also does not have authority to levy an occupancy tax. However, the City of Lumberton and the Town of St. Pauls,<sup>1</sup> both located in Robeson County, have authority to levy a 3% room occupancy tax.

**BILL ANALYSIS:** Section 1 of the PCS for Senate Bill 1298 would authorize the Town of Pembroke to levy a room occupancy tax of up to 3%. The proceeds would be remitted to a town Tourism Development Authority (TDA), which must use at least two-thirds of the proceeds to promote travel and tourism and the remainder for tourism-related expenditures. The administrative and use provisions conform to the uniform guidelines<sup>2</sup> adhered to by the House Finance Committee and which are detailed in the BACKGROUND section of this bill analysis.

### DAVIE COUNTY TOWNS: MOCKSVILLE, BERMUDA RUN, COOLEEMEE (HB 1667 – REP. HOWARD)

**CURRENT LAW:** The Towns of Mocksville, Bermuda Run, and Cooleemee, which lie in Davie County, do not have the authority to levy an occupancy tax. However, Davie County does have the authority to levy a 3% room occupancy tax.<sup>3</sup>

**BILL ANALYSIS:** Sections 2-4 of the PCS for Senate Bill 1298 would authorize the Davie County Towns of Mocksville, Bermuda Run, and Cooleemee to levy a room occupancy tax of up to three percent (3%). The proceeds would be remitted to a Tourism Development Authority (TDA) established for each town, which must use at least two-thirds of the proceeds to promote travel and tourism and the remainder for tourism-related expenditures. The administrative and use provisions conform to the

<sup>1</sup> Lumberton received authorization to levy a room occupancy tax in 1983; St. Pauls in 1998.

<sup>2</sup> The North Carolina Travel and Tourism Coalition has a policy statement for legislation authorizing local occupancy taxes. Many of the principles in its statement are similar to the ones established by a House Finance subcommittee on Occupancy Taxes in 1993.

<sup>3</sup> First enacted in S.L. 1989-928 and amended in S.L. 1998-14.

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uniform guidelines adhered to by the House Finance Committee and which are detailed in the BACKGROUND section of this bill analysis.

## MONTGOMERY COUNTY OCCUPANCY TAX (HB 1895 – REP. GOODWIN)

**CURRENT LAW:** In 2001,<sup>4</sup> the General Assembly authorized Montgomery County to levy a 3% room occupancy tax. Currently, the proceeds are remitted to the Montgomery Tourism Development Authority, which is required to spend at least two-thirds of the proceeds on travel and tourism promotion and the remainder on tourism-related expenditures.

**BILL ANALYSIS:** Section 5 of the PCS for Senate Bill 1298 would authorize Montgomery County to levy an additional 3% room occupancy tax. The additional tax would be levied, administered, and distributed in the same manner as the first 3% that is currently in place. Therefore, the administrative and use provisions conform to the uniform guidelines adhered to by the House Finance Committee and which are detailed in the BACKGROUND section of this bill analysis.

## ANSON COUNTY OCCUPANCY TAX (BY REQUEST - REP. GIBSON)

**CURRENT LAW:** In 2001,<sup>5</sup> the General Assembly authorized Anson County to levy a 3% room occupancy tax. Currently, the proceeds are remitted to the Anson Tourism Development Authority, which is required to spend at least two-thirds of the proceeds on travel and tourism promotion and the remainder on tourism-related expenditures.

**BILL ANALYSIS:** Section 6 of the PCS for Senate Bill 1298 would authorize Anson County to levy an additional 3% room occupancy tax. The additional tax would be levied, administered, and distributed in the same manner as the first 3% that is currently in place. Therefore, the administrative and use provisions conform to the uniform guidelines adhered to by the House Finance Committee and which are detailed in the BACKGROUND section of this bill analysis.

## DARE COUNTY OCCUPANCY TAX (HB 1945 - REP. SPEAR)

**CURRENT LAW:** Dare County currently has the authority to levy a 5% room occupancy tax. The proceeds are distributed as follows:

- **First 3%. –** In 1985,<sup>6</sup> the General Assembly authorized Dare County to levy a room occupancy tax of three percent (3%) of the gross receipts derived from the rental of rooms, lodging, and campsites in Dare County. Two-thirds of the net proceeds are distributed to the towns in proportion to the amount of property taxes levied by each town. The remainder is retained by the county. The proceeds may be used for "tourist-related purposes,"<sup>7</sup> defined to include construction and maintenance of public facilities and buildings, garbage, refuse, and solid waste collection and disposal, police protection, and emergency services.
- **Additional 1%. –** In 1991<sup>8</sup>, the General Assembly authorized Dare County to levy an additional one percent (1%) room occupancy tax. The net proceeds are remitted to the Dare County

<sup>4</sup> S.L. 2001-434.

<sup>5</sup> S.L. 2001-434.

<sup>6</sup> S.L. 1985-449, Section 1(a).

<sup>7</sup> The term "tourist-related purposes" is not defined in a manner consistent with the uniform definitions under the House guidelines for occupancy tax.

<sup>8</sup> S.L. 1991-177, Section 3.

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Tourism Board. After deducting the cost of an annual audit, the Board must use 75% of the funds to promote tourism and to cover its administrative costs. The Board's expenditures may include advertising, marketing research, a mail and telephone inquiry response program, and hospitality functions. The remaining 25% must be used for services or programs needed due to the impact of tourism on the county.

- **Second Additional 1%.** – In 2001,<sup>9</sup> the General Assembly authorized Dare County to levy a second additional one percent (1%) room occupancy tax that may be used only for beach nourishment. Beach nourishment<sup>10</sup> is defined as follows:

"The placement of sand, from other sand sources, on a beach or dune by mechanical means and other associated activities that are in conformity with the North Carolina Coastal Management Program along the North Carolina shorelines and connecting inlets for the purpose of widening the beach to benefit public recreational use and mitigating damage and erosion from storms to inland property. The term includes expenditures for the following:

- Costs directly associated with qualifying for projects either contracted through the U.S. Army Corps of Engineers or otherwise permitted by all appropriate federal and State agencies;
- The nonfederal share of the cost required to construct these projects;
- The costs associated with providing enhanced public beach access; and
- The costs of associated nonhardening activities such as the planting of vegetation, the building of dunes, and the placement of sand fences."

Dare County's existing legislation does not conform to the occupancy tax guidelines to the extent that not all of the funds are administered by a Tourism Development Authority, the proceeds may be used for what are generally considered to be general fund purposes, and at least two-thirds of the total proceeds are not used exclusively for tourism promotion, as that term is defined under the guidelines. However, Dare County does levy a 1% prepared food and beverage tax, the proceeds of which are used for tourism promotion.

**BILL ANALYSIS:** Section 7 of the PCS for Senate Bill 1298 would authorize Dare County to levy an additional one percent (1%) room occupancy tax to be used only for beach nourishment.

## **WILKES COUNTY OCCUPANCY TAX (HB 1942 - REP. RANDLEMAN)**

**CURRENT LAW:** Wilkes County does not have authority to levy a room occupancy tax. The municipalities in Wilkes County that have authority to levy an occupancy tax include Wilkesboro, which may levy up to 3%, and Elkin<sup>11</sup>, which has the authority to levy a 6% room occupancy tax. The Wilkes County District K tax authorized by this bill would not increase the total room occupancy tax rate in either of those municipalities.

**BILL ANALYSIS:** Sections 8 and 9 of the PCS for Senate Bill 1298 create Wilkes County District K as a special taxing district and authorizes the district to levy up to a 6% room occupancy tax. The district

<sup>9</sup> S.L. 2001-439, Section 7.6

<sup>10</sup> During the 2001 Regular Session, the Occupancy Tax Subcommittee of the House Finance Committee considered several bills authorizing the use occupancy tax proceeds for beach nourishment. Although "beach nourishment" was not among the uses contained in the uniform guidelines, the subcommittee nevertheless concluded that beach nourishment was an acceptable expansion of the occupancy tax use provisions. In doing so, the subcommittee drafted this uniform definition of beach nourishment for use in occupancy tax legislation.

<sup>11</sup> Elkin lies partly in Wilkes County and partly in Surry County.

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consists of all areas in the county that are not within an incorporated area. The proceeds must be remitted to a District K Tourism Development Authority (TDA), which must use at least two-thirds of the proceeds to promote travel and tourism and the remainder for tourism-related expenditures, all within District K. Therefore, the administrative and use provisions conform to the uniform guidelines adhered to by the House Finance Committee and which are detailed in the BACKGROUND section of this bill analysis.

**EFFECTIVE DATE:** This act is effective when it becomes law.

**TECHNICAL CONSIDERATIONS:** If Senate Bill 897 is enacted, then Sections 10 and 11 of this bill need to be amended to reflect the changes made to G.S. 153A-155(g) and G.S. 160A-215(g) in Section 31.6(d) and (f) of Senate Bill 897.

**BACKGROUND:** Since 1983, the General Assembly has authorized many units of local government to levy a room occupancy tax. In several instances, the General Assembly has authorized both a county and a city within that county to impose an occupancy tax. The rate of tax, the use of the tax proceeds, the administration of the tax, and the body with the authority to determine how the tax proceeds will be spent vary considerably. Over the past couple of decades, there has been a greater effort to make the occupancy taxes uniform. In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax legislation – G.S. 153A-155 and G.S. 160A-215. These provisions provide uniformity in the areas of levy, administration, collection, repeal, and penalties and are detailed in the chart below:

UNIFORM OCCUPANCY TAX PROVISIONS
<b>Rate</b> – The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.
<b>Use</b> – Two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism related expenditures.
<b>Definitions</b> The term “net proceeds”, “promote travel and tourism”, and “tourism related expenditures” are defined terms.
<b>Administration</b> – The net revenues must be administered by a local tourism development authority that has the authority to determine how the tax proceeds will be used, is created by a local ordinance, and at least ½ of the members must be currently active in the promotion of travel and tourism in the county and 1/3 of the members must be affiliated with organizations that collect the tax.
<b>Costs of Collection</b> – The taxing authority may retain from the revenues its actual costs of collection, not to exceed 3% of the first \$500,000 collected each year plus 1% of the remainder collected each year.

*Judy Collier, Research Assistant, substantially contributed to this summary.*

SI298-SMSV-134(CSSVx-76) v2  
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**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

**S**

**D**

**SENATE BILL 1298\*  
PROPOSED HOUSE COMMITTEE SUBSTITUTE S1298-CSSVx-76 [v.3]**

6/28/2010 9:02:19 PM

**Short Title:** Various Local Occupancy Taxes.

**(Local)**

**Sponsors:**

**Referred to:**

May 20, 2010

1                                   A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE THE TOWN OF PEMBROKE TO LEVY A THREE PERCENT  
3 ROOM OCCUPANCY TAX; TO AUTHORIZE CERTAIN TOWNS IN DAVIE  
4 COUNTY TO LEVY A THREE PERCENT ROOM OCCUPANCY TAX; TO  
5 AUTHORIZE MONTGOMERY AND ANSON COUNTIES TO EACH LEVY AN  
6 ADDITIONAL THREE PERCENT ROOM OCCUPANCY TAX; TO AUTHORIZE  
7 DARE COUNTY TO LEVY AN ADDITIONAL ONE PERCENT OCCUPANCY TAX;  
8 AND TO CREATE A SPECIAL TAXING DISTRICT MADE UP OF THE  
9 UNINCORPORATED AREAS OF WILKES COUNTY AND TO AUTHORIZE THE  
10 SPECIAL TAXING DISTRICT IN WILKES COUNTY TO LEVY UP TO A SIX  
11 PERCENT ROOM OCCUPANCY TAX.  
12 The General Assembly of North Carolina enacts:  
13 **TOWN OF PEMBROKE OCCUPANCY TAX**  
14       **SECTION 1.** Occupancy tax. – (a) Authorization and Scope. – The Town Council  
15 of the Town of Pembroke may levy a room occupancy tax of up to three percent (3%) of the  
16 gross receipts derived from the rental of any room, lodging, or accommodation furnished by a  
17 hotel, motel, inn, tourist camp, or similar place within the town that is subject to sales tax  
18 imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local  
19 sales tax. This tax does not apply to accommodations furnished by nonprofit charitable,  
20 educational, or religious organizations when furnished in furtherance of their nonprofit  
21 purpose.  
22       **SECTION 1.(b)** Administration. – A tax levied under this section shall be levied,  
23 administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in  
24 G.S. 160A-215 apply to a tax levied under this section.  
25       **SECTION 1.(c)** Distribution and Use of Tax Revenue. – The Town of Pembroke  
26 shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Pembroke  
27 Tourism Development Authority. The Authority shall use at least two-thirds of the funds  
28 remitted to it under this subsection to promote travel and tourism in the Town of Pembroke and  
29 shall use the remainder for tourism-related expenditures.  
30       The following definitions apply in this section:  
31       (1) Net proceeds. – Gross proceeds less the cost to the town of administering  
32 and collecting the tax, as determined by the finance officer, not to exceed  
33 three percent (3%) of the first five hundred thousand dollars (\$500,000) of

gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.

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

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

**SECTION 1.(d) Tourism Development Authority. –** Appointment and Membership. – When the Town Council adopts a resolution levying a room occupancy tax under this section, it shall also adopt a resolution creating the Pembroke Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the town, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the town. The Town Council shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

**SECTION 1.(e) Duties. –** The Authority shall expend the net proceeds of the tax levied under this section for the purposes provided in subsection (c) of this section. The Authority shall promote travel, tourism, and conventions in the town, in sponsor tourist-related events and activities in the town, and finance tourist-related capital projects in the town.

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

## **MOCKSVILLE OCCUPANCY TAX**

**SECTION 2. Occupancy tax. –** (a) Authorization and Scope. – The Board of Commissioners of the Town of Mocksville may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

**SECTION 2.(b) Administration. –** A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 2.(c) Distribution and Use of Tax Revenue. –** The Town of Mocksville shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Mocksville Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in the Town of Mocksville and shall use the remainder for tourism-related expenditures.

The following definitions apply in this section:

- (1) Net proceeds. – Gross proceeds less the cost to the town of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area; the term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Mocksville Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the town or to attract tourists or business travelers to the town. The term includes tourism-related capital expenditures.

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

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

**SECTION 2.(e)** Duties. – The Authority shall expend the net proceeds of the tax levied under this section for the purposes provided in subsection (c) of this section. The Authority shall promote travel, tourism, and conventions in the town, sponsor tourist-related events and activities in the town, and finance tourist-related capital projects in the town.

**SECTION 2.(f)** Reports. – The Authority shall report quarterly and at the close of the fiscal year to the Board of Commissioners of the Town of Mocksville on its receipts and expenditures for the preceding quarter and for the year in such detail as the Board of Commissioners may require.

#### **BERMUDA RUN OCCUPANCY TAX**

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

**SECTION 3.(b)** Administration. – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 3.(c) Distribution and Use of Tax Revenue.** – The Town of Bermuda Run shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Bermuda Run Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in the Town of Bermuda Run and shall use the remainder for tourism-related expenditures.

The following definitions apply in this section:

- (1) Net proceeds. – Gross proceeds less the cost to the town of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area; the term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Bermuda Run Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the town or to attract tourists or business travelers to the town. The term includes tourism-related capital expenditures.

**SECTION 3.(d) Tourism Development Authority.** – Appointment and Membership. – When the Town Council adopts a resolution levying a room occupancy tax under this section, it shall also adopt a resolution creating the Bermuda Run Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the town, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the town. The Town Council shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

**SECTION 3.(e) Duties.** – The Authority shall expend the net proceeds of the tax levied under this section for the purposes provided in subsection (c) of this section. The Authority shall promote travel, tourism, and conventions in the town, sponsor tourist-related events and activities in the town, and finance tourist-related capital projects in the town.

**SECTION 3.(f) Reports.** – The Authority shall report quarterly and at the close of the fiscal year to the Bermuda Run Town Council on its receipts and expenditures for the preceding quarter and for the year in such detail as the Town Council may require.

#### **COOLEEMEE OCCUPANCY TAX**

**SECTION 4. Occupancy tax.** – (a) Authorization and Scope. – The Board of Commissioners of the Town of Cooleemee may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by

1 nonprofit charitable, educational, or religious organizations when furnished in furtherance of  
2 their nonprofit purpose.

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

6 **SECTION 4.(c) Distribution and Use of Tax Revenue.** – The Town of Cooleemee  
7 shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Cooleemee  
8 Tourism Development Authority. The Authority shall use at least two-thirds of the funds  
9 remitted to it under this subsection to promote travel and tourism in the Town of Cooleemee  
10 and shall use the remainder for tourism-related expenditures.

11 The following definitions apply in this section:

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

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

22 (3) **Tourism-related expenditures.** – Expenditures that, in the judgment of the  
23 Cooleemee Tourism Development Authority, are designed to increase the  
24 use of lodging facilities, meeting facilities, or convention facilities in the  
25 town or to attract tourists or business travelers to the town. The term  
26 includes tourism-related capital expenditures.

27 **SECTION 4.(d) Tourism Development Authority.** – Appointment and  
28 Membership. – When the Board of Commissioners adopts a resolution levying a room  
29 occupancy tax under this section, it shall also adopt a resolution creating the Cooleemee  
30 Tourism Development Authority, which shall be a public authority under the Local  
31 Government Budget and Fiscal Control Act. The resolution shall provide for the membership of  
32 the Authority, including the members' terms of office, and for the filling of vacancies on the  
33 Authority. At least one-third of the members shall be individuals who are affiliated with  
34 businesses that collect the tax in the town, and at least one-half of the members shall be  
35 individuals who are currently active in the promotion of travel and tourism in the town. The  
36 Board of Commissioners shall designate one member of the Authority as chair and shall  
37 determine the compensation, if any, to be paid to members of the Authority.

38 The Authority shall meet at the call of the chair and shall adopt rules of procedure to  
39 govern its meetings. The finance officer for the Town of Cooleemee shall be the ex officio  
40 finance officer of the Authority.

41 **SECTION 4.(e) Duties.** – The Authority shall expend the net proceeds of the tax  
42 levied under this section for the purposes provided in subsection (c) of this section. The  
43 Authority shall promote travel, tourism, and conventions in the town, sponsor tourist-related  
44 events and activities in the town, and finance tourist-related capital projects in the town.

45 **SECTION 4.(f) Reports.** – The Authority shall report quarterly and at the close of  
46 the fiscal year to the Cooleemee Board of Commissioners on its receipts and expenditures for  
47 the preceding quarter and for the year in such detail as the Board of Commissioners may  
48 require.

49  
50 **MONTGOMERY COUNTY OCCUPANCY TAX**

1           **SECTION 5.** Section 4 of S.L. 2001-434 is amended by adding a new subsection  
2 to read:

3           "(a1) Authorization of Additional Tax. – In addition to the tax authorized by subsection  
4 (a) of this section, the Montgomery County Board of Commissioners may levy an additional  
5 room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of  
6 accommodations taxable under subsection (a) of this section. The levy, collection,  
7 administration, and repeal of the tax authorized by this subsection shall be in accordance with  
8 the provisions of this section. Montgomery County may not levy a tax under this subsection  
9 unless it also levies the tax authorized under subsection (a) of this section."

10  
11 **ANSON COUNTY OCCUPANCY TAX**

12           **SECTION 6.** Section 2 of S.L. 2001-434 is amended by adding a new subsection  
13 to read:

14           "(a1) Authorization of Additional Tax. – In addition to the tax authorized by subsection  
15 (a) of this section, the Anson County Board of Commissioners may levy an additional room  
16 occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of  
17 accommodations taxable under subsection (a) of this section. The levy, collection,  
18 administration, and repeal of the tax authorized by this subsection shall be in accordance with  
19 the provisions of this section. Anson County may not levy a tax under this subsection unless it  
20 also levies the tax authorized under subsection (a) of this section."

21  
22 **DARE COUNTY OCCUPANCY TAX**

23           **SECTION 7.** Chapter 449 of the 1985 Session Laws, as amended by Chapters 177  
24 and 906 of the 1991 Session Laws and Part VII of S.L. 2001-439, is amended by adding a new  
25 section to read:

26           "Sec. 3.2. Second Supplemental Occupancy Tax. – In addition to the taxes authorized by  
27 Sections 1, 3, and 3.1 of this act, the Dare County Board of Commissioners may levy a room  
28 occupancy and tourism development tax of one percent (1%) of the gross receipts derived from  
29 the rental of accommodations taxable under Section 1 of this act. The county may not levy a tax  
30 under this section unless it also levies the taxes under Sections 1, 3, and 3.1 of this act. The  
31 levy, collection, administration, and repeal of the tax authorized by this section shall be in  
32 accordance with Section 1 of this act. The county shall use the net proceeds of the tax levied  
33 under this section for beach nourishment."

34  
35 **WILKES COUNTY OCCUPANCY TAX**

36           **SECTION 8.** Wilkes County District K Created. – Wilkes County District K is  
37 created as a taxing district. Its jurisdiction consists of that part of Wilkes County that is located  
38 outside of the incorporated areas within the County. Wilkes County District K is a body politic  
39 and corporate and has the power to carry out the provisions of this act. The Wilkes County  
40 Board of Commissioners shall serve ex officio as the governing body of the district, and the  
41 officers of the County shall serve as the officers of the governing body of the district. A simple  
42 majority of the governing body constitutes a quorum, and approval by a majority of those  
43 present is sufficient to determine any matter before the governing body, if a quorum is present.

44           **SECTION 9.** Occupancy Tax. – (a) Authorization and Scope. – The governing  
45 body of Wilkes County District K may levy a room occupancy tax of up to six percent (6%) of  
46 the gross receipts derived from the rental of any room, lodging, or accommodation furnished by  
47 a hotel, motel, inn, tourist camp, or similar place within the district that is subject to sales tax  
48 imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local  
49 sales tax. This tax does not apply to accommodations furnished by nonprofit charitable,  
50 educational, or religious organizations when furnished in furtherance of their nonprofit  
51 purpose.

**SECTION 9.(b) Administration.** – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 153A-155 as if Wilkes County District K were a county. The penalties provided in G.S. 153A-155 apply to a tax levied under this section.

**SECTION 9.(c) Definitions.** – The following definitions apply in this section:

- (1) **Net proceeds.** – Gross proceeds less the cost to the district of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross receipts collected each year.
- (2) **Promote travel and tourism.** – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area. The term includes administrative expenses incurred in engaging in the listed activities.
- (3) **Tourism-related expenditures.** – Expenditures that, in the judgment of the Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the district or to attract tourists or business travelers to the district. The term includes tourism-related capital expenditures.

**SECTION 9.(d) Distribution and Use of Tax Revenue.** – Wilkes County District K shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Wilkes County District K Tourism Development Authority. The Authority shall use at least two-thirds of the proceeds remitted to it to promote travel and tourism in Wilkes County District K and shall use the remainder for tourism-related expenditures. In accordance with the North Carolina Constitution and the United States Constitution, the tax proceeds may be used only for the direct benefit of the jurisdiction of Wilkes County District K. None of the proceeds may be used to promote travel or tourism in areas within Wilkes County that are outside of the district or for tourism-related expenditures in the County that are outside of the district.

**SECTION 9.(e) Wilkes County District K Tourism Development Authority.** – **Appointment and Membership.** – When the governing body of the district adopts a resolution levying a room occupancy tax under this section, it shall also adopt a resolution creating the Wilkes County District K Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members must be individuals affiliated with businesses that collect the tax in the district, and at least one-half of the members must be individuals currently active in the promotion of travel and tourism in the district. The board of commissioners shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

**SECTION 9.(f) Duties.** – The Authority shall expend the net proceeds of the tax levied under this section for the purposes provided in subsection (d) of this section. The Authority shall promote travel, tourism, and conventions in the district, sponsor tourist-related events and activities in the district, and finance tourist-related capital projects in the district.

**SECTION 9.(g) Reports.** – The Authority shall report quarterly and at the close of the fiscal year to the governing body of the district on its receipts and expenditures for the preceding quarter and for the year in such detail as the governing body of the district may require.

**UNIFORM ADMINISTRATIVE PROVISIONS****SECTION 10.** G.S. 153A-155(g) reads as rewritten:

"(g) This section applies only to Alleghany, Anson, Brunswick, Buncombe, Burke, Cabarrus, Camden, Carteret, Caswell, Chatham, Cherokee, Chowan, Clay, Craven, Cumberland, Currituck, Dare, Davie, Duplin, Durham, Forsyth, Franklin, Granville, Halifax, Haywood, Madison, Martin, McDowell, Montgomery, Nash, New Hanover, New Hanover County District U, Northampton, Pasquotank, Pender, Perquimans, Person, Randolph, Richmond, Rockingham, Rowan, Sampson, Scotland, Stanly, Swain, Transylvania, Tyrrell, Vance, Washington, and Wilson Counties, to Surry County District S, to Watauga County District U, to Wilkes County District K, to Yadkin County District Y, and to the Township of Averasboro in Harnett County and the Ocracoke Township Taxing District."

**SECTION 11.** G.S. 160A-215(g) reads as rewritten:

"(g) This section applies only to Beech Mountain District W, to the Cities of Belmont, Conover, Eden, Elizabeth City, Gastonia, Goldsboro, Greensboro, Hickory, High Point, Jacksonville, Kings Mountain, Lenoir, Lexington, Lincolnton, Lowell, Lumberton, Monroe, Mount Airy, Mount Holly, Reidsville, Roanoke Rapids, Salisbury, Shelby, Statesville, Washington, and Wilmington, to the Towns of Ahoskie, Beech Mountain, Benson, Bermuda Run, Blowing Rock, Boiling Springs, Boone, Burgaw, Carolina Beach, Carrboro, Cooleemee, Cramerton, Dallas, Dobson, Elkin, Franklin, Jonesville, Kenly, Kure Beach, Leland, McAdenville, Mocksville, Mooresville, North Topsail Beach, Pembroke, Pilot Mountain, Ranlo, Selma, Smithfield, St. Pauls, Troutman, Tryon, West Jefferson, Wilkesboro, Wrightsville Beach, Yadkinville, and Yanceyville, and to the municipalities in Avery and Brunswick Counties."

**EFFECTIVE DATE**

**SECTION 12.** This act is effective when it becomes law.



## GUIDELINES FOR OCCUPANCY TAX LEGISLATION

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Since 1983, the General Assembly has authorized many units of local government to levy a room occupancy tax. In several instances, the General Assembly has authorized both a county and a city within that county to impose an occupancy tax. The rate of tax, the use of the tax proceeds, the administration of the tax, and the body with the authority to determine how the tax proceeds will be spent vary considerably.

Over the past several years, there has been a greater effort to make the occupancy taxes uniform. In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax legislation – G.S. 153A-155 and G.S. 160A-215. These provisions provide uniformity in the areas of levy, administration, collection, repeal, and penalties.

The North Carolina Travel and Tourism Coalition has a policy statement for legislation authorizing local occupancy taxes. Many of the principles contained in its statement are similar to the ones established by the House Finance subcommittee in 1993. Based upon this work, the House Finance Committee looks for the inclusion of the following uniform provisions in the occupancy tax bills it considers:

- ◆ **Rate** – The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.
- ◆ **Use** – At least two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism related purposes.
- ◆ **Definitions** The terms “net proceeds”, “promote travel and tourism”, and “tourism-related expenditures” are defined terms:
  - **Net proceeds** – Gross proceeds less the costs to the city/county of administering and collecting the tax, as determined by the finance officer, not to exceed 3% of the first \$500,000 of gross proceeds collected each year and 1% of the remaining gross receipts collected each year.
  - **Promote travel and tourism** – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area; the term includes administrative expenses incurred in engaging in these activities.
  - **Tourism-related expenditures** – Expenditures that, in the judgment of the Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, and convention facilities in a city/county by attracting tourists or business travelers to the city/county. The term includes tourism-related capital expenditures.
- ◆ **Administration** – The net revenues must be administered by a local tourism promotion agency, typically referred to as a “Tourism Development Authority,” that has the authority to determine how the tax proceeds will be used, is created by a local ordinance, and at least ½ of the members must be currently active in the promotion of travel and tourism in the taxing district and 1/3 of the members must be affiliated with organizations that collect the tax.<sup>1</sup>

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<sup>1</sup> In March 2005, the House Finance chairs decided to change the percentage of members that must be currently active in the promotion of travel and tourism from ¾ to ½. The House Finance chairs in 2005-06 were: Representatives Alexander, Gibson, Howard, Luebke, McComas, and Wainwright.

- ◆ **Costs of Collection** – The taxing authority may retain from the revenues its actual costs of collection, not to exceed 3% of the first \$500,000 collected each year plus 1% of the remainder collected each year.
- ◆ **Beach Nourishment<sup>2</sup>** – The placement of sand, from other sand sources, on a beach or dune by mechanical means and other associated activities that are in conformity with the North Carolina Coastal Management Program along the North Carolina shorelines and connecting inlets for the purpose of widening the beach to benefit public recreational use and mitigating damage and erosion from storms to inland property. The term includes expenditures for the following:
  - a. Costs directly associated with qualifying for projects either contracted through the U.S. Army Corps of Engineers or otherwise permitted by all appropriate federal and State agencies;
  - b. The nonfederal share of the cost required to construct these projects;
  - c. The costs associated with providing enhanced public beach access; and
  - d. The costs of associated nonhardening activities such as the planting of vegetation, the building of dunes, and the placement of sand fences.

Research Division  
NC General Assembly  
*Revised 9/10/07*

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<sup>2</sup> During the 2001 Regular Session, the Occupancy Tax Subcommittee of the House Finance Committee considered several bills authorizing the use occupancy tax proceeds for beach nourishment. Although "beach nourishment" was not among the uses contained in the uniform guidelines, the subcommittee nevertheless concluded that beach nourishment was an acceptable expansion of the occupancy tax use provisions. In doing so, the subcommittee drafted this uniform definition of beach nourishment for use in occupancy tax legislation.