

2015

**HOUSE
FINANCE –
OCCUPANCY TAX**

MINUTES

HOUSE FINANCE SUBCOMMITTEE ON OCCUPANCY TAX

2015-2016 SESSION

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534 LOB

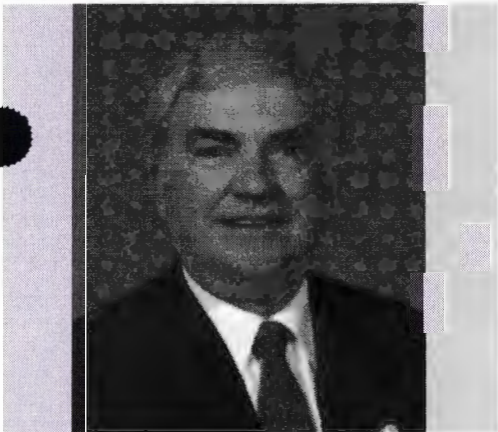


HOUSE FINANCE SUBCOMMITTEE ON OCCUPANCY TAX
2015-2016 SESSION

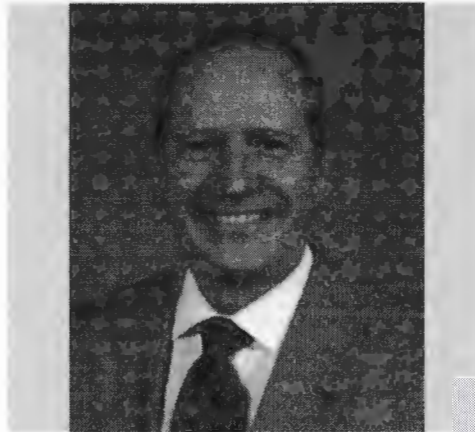
Clerk: Lynn Taylor



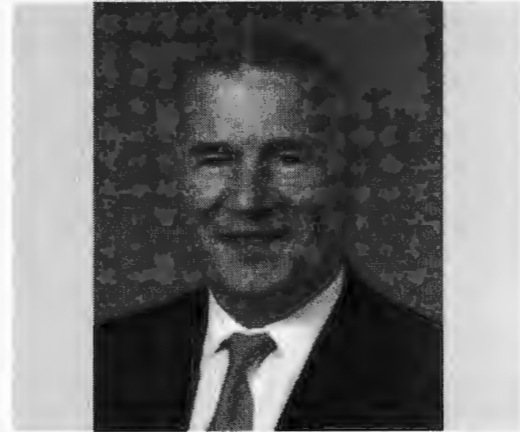
Representative Ted Davis
Chair



Rep. Jay Adams



Rep. Dan Bishop



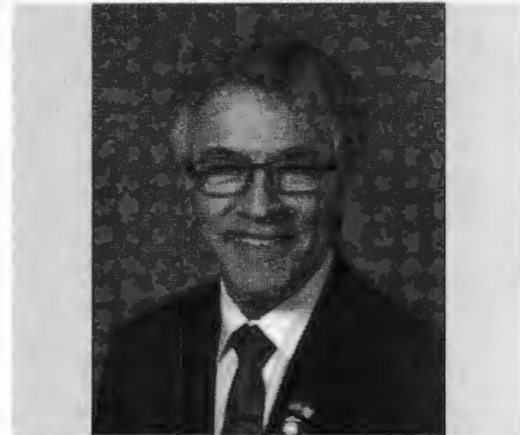
Rep. John Blust



Rep. Becky Carney



Rep. Tricia Cotham



Rep. Harry Warren



House Committee on Finance
Subcommittee on Occupancy Tax
2015-2016 Session

[illegible]



**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2015-2016 SESSION**

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

DAY & DATE: Monday, April 20, 2015

TIME: 3:30 PM

LOCATION: 421 LOB

COMMENTS: It is very important that the Committee members attend so that we will have a quorum and representation of both parties.

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
HB 347	Modify Graham County Occupancy Tax.	Representative West
HB 531	Increase/Modify Goldsboro Occupancy Tax.	Representative J. Bell Representative Dixon Representative L. Bell

Respectfully,

Representative Ted Davis, Jr

I hereby certify this notice was filed by the committee assistant at the following offices at 9:21 AM on Thursday, April 30, 2015.

____ Principal Clerk
____ Reading Clerk – House Chamber

Judy Lowe (Committee Assistant)



**House Committee on Finance, Subcommittee on Occupancy Tax
Monday, April 20, 2015, 3:30 PM
421 Legislative Office Building**

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 347	Modify Graham County Occupancy Tax.	Representative West
HB 531	Increase/Modify Goldsboro Occupancy Tax.	Representative J. Bell Representative Dixon Representative L. Bell

Presentations

Other Business

Adjournment



**House Committee on Finance,
Subcommittee on Occupancy Tax
Monday, April 20, 2015 at 3:30 PM
Room 421 of the Legislative Office Building**

MINUTES

The House Committee on Finance, Subcommittee on Occupancy Tax met at 3:30 PM on April 20, 2015 in Room 421 of the Legislative Office Building. Representatives Adams, Bishop, Cotham, Davis, and Warren attended.

Representative Ted Davis, Chair, presided.

Representative Davis welcomed the committee and staff before recognizing Trina Griffin, staff attorney, to give a preview of the guidelines for occupancy tax legislation. Dana Simpson with the North Carolina Travel and Tourism Coalition spoke about the history of occupancy tax legislation in the General Assembly and the need to take controversy out of the process by bringing consensus and conformity to the guidelines.

The following bills were considered:

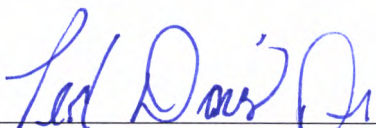
HB 347 Modify Graham County Occupancy Tax. (Representative West)

Representative Davis recognized Representative West to explain the bill. There was no discussion. Representative Warren motioned to give a favorable report. The motion carried.

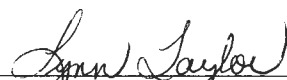
HB 531 Increase/Modify Goldsboro Occupancy Tax. (Representatives J. Bell; Dixon; L. Bell)

HB 531 was displaced.

The meeting adjourned at 3:50 pm.



Representative Ted Davis, Chairman
Presiding



Lynn Taylor, Committee Clerk



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 347

Short Title: Modify Graham County Occupancy Tax. (Local)

Sponsors: Representative West (Primary Sponsor).

For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Local Government, if favorable, Finance.

March 26, 2015

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE AUTHORIZATION TO GRAHAM COUNTY TO LEVY AN
OCCUPANCY TAX.

The General Assembly of North Carolina enacts:

SECTION 1. Section 1 of Chapter 969 of the 1985 Session Laws, as amended by Chapters 118 and 195 of the 1987 Session Laws and Section 21(k) of S.L. 2007-527, and only as it applies to Graham County, is rewritten and recodified as Sections 2 and 3 of this act. This act does not affect the rights or liabilities of the county, a taxpayer, or another person arising under the law rewritten and recodified by this act before the effective date of this act, nor does it affect the right to any refund or credit of a tax that accrued under the law rewritten and recodified by this act before the effective date of this act.

SECTION 2. Occupancy tax. – (a) Authorization and Scope. – The Graham County Board of Commissioners may levy a room occupancy tax of 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 county 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 act 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 Part.

SECTION 2.(c) 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 Graham County 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.

SECTION 2.(d) Distribution and Use of Tax Revenue. – Graham County shall, on a quarterly basis, remit the net proceeds of the occupancy tax levied under this act to the Graham County 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 Graham County and shall use the remainder for tourism-related expenditures.

SECTION 3. Tourism Development Authority. – (a) Appointment and Membership. – The Graham County Board of Commissioners shall adopt a resolution modifying the Graham County Tourism Development Authority to conform with the requirements of this section. The Authority shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution adopted by the Board of Commissioners 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 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 Graham 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 Section 2 of this act for the purposes provided in 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.

SECTION 3.(c) Reports. – The Authority shall report quarterly and at the close of the fiscal year to the Graham County 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.

SECTION 4. Section 3 of Chapter 969 of the 1985 Session Laws, as amended by S.L. 2011-170, reads as rewritten:

"**Sec. 3.** This act applies only to the following counties: ~~Graham~~, Clay, Durham, Macon, Polk, and Transylvania."

SECTION 5. Section 3 of Chapter 118 of the 1987 Session Laws, as amended by S.L. 2011-170, reads as rewritten:

"**Sec. 3.** This act applies only to the following counties: ~~Clay, Graham~~, Clay and Macon."

SECTION 6. Section 2 of Chapter 195 of the 1987 Session Laws, as amended by S.L. 2011-170, reads as rewritten:

"**Sec. 2.** This act applies only to the following counties: ~~Clay, Graham~~, Clay and Macon."

SECTION 7. G.S. 153A-155(g) reads as rewritten:

"(g) Applicability. – Subsection (c) of this section applies to all counties and county districts that levy an occupancy tax. To the extent subsection (c) conflicts with any provision of a local act, subsection (c) supersedes that provision. The remainder of 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, Edgecombe, Forsyth, Franklin, Graham, Granville, Halifax, Haywood, Henderson, Jackson, Madison, Martin, McDowell, Montgomery, Moore, Nash, New Hanover, Northampton, Pasquotank, Pender, Perquimans, Person, Randolph, Richmond, Rockingham, Rowan, Rutherford, Sampson, Scotland, Stanly, Swain, Transylvania, Tyrrell, Vance,



1 Washington, and Wilson Counties, to New Hanover County District U, to Surry County
2 District S, to Watauga County District U, to Wilkes County District K, to Yadkin County
3 District Y, and to the Township of Averasboro in Harnett County and the Ocracoke Township
4 Taxing District."

5 **SECTION 8.** This act is effective when it becomes law, and the Graham County
6 Board of Commissioners shall adopt the resolution required by Section 3 of this act within 60
7 days of that date.





HOUSE BILL 347: Modify Graham County Occupancy Tax

2015-2016 General Assembly

Committee: House Finance
Introduced by: Rep. West
Analysis of: First Edition

Date: April 20, 2015
Prepared by: Trina Griffin
Committee Counsel

SUMMARY: House Bill 347 would recodify the previously authorized Graham County occupancy tax to make it more uniform with current occupancy tax guidelines. By doing so, Graham County would be able to use up to one-third of the occupancy tax proceeds for tourism-related expenditures, which it cannot do under current law.

CURRENT LAW: In 1985, the General Assembly authorized Graham County to levy an occupancy tax of 3%. The county must place the net proceeds of the tax in a special Travel and Tourism Fund, and the net proceeds must be used only to promote travel and tourism in the County.

BILL ANALYSIS: House Bill 347 would recodify the existing law authorizing a room occupancy tax in Graham County to more closely conform to the uniform guidelines currently used for occupancy taxes. The tax rate would remain the same. By conforming to the guidelines, Graham County would be able to use up to one-third of the occupancy tax proceeds for tourism-related expenditures, which it cannot do under current law. The bill also makes the Graham County occupancy tax subject to the uniform provisions for room occupancy taxes in G.S. 153A-155 and requires the Graham County Board of Commissioners to adopt a resolution modifying the Graham County Tourism Development Authority to conform with the requirements of the bill within 60 days of the act becoming law.

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

BACKGROUND: In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax,¹ which provide uniformity among counties and cities with respect to the levy, administration, collection, repeal, and imposition of penalties. In 1993, the House Finance Committee established the Occupancy Tax Guidelines, which address the rate of tax, the use of the tax proceeds, the administration of the tax, and the body with authority to determine how the proceeds will be spent. A summary of these provisions is detailed in the chart below.

UNIFORM OCCUPANCY TAX PROVISIONS	
Rate	The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.
Use	Two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism related expenditures.
Definitions	The term "net proceeds", "promote travel and tourism", and "tourism related expenditures" are defined terms.
Administration	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.
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.

Kelly Tornow, counsel to House Local Government, substantially contributed to this summary.

¹ G.S. 153A-155 and G.S. 160A-215.





GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

Legislative Fiscal Note

BILL NUMBER: House Bill 347 (First Edition)

SHORT TITLE: Modify Graham County Occupancy Tax.

SPONSOR(S): Representative West

FISCAL IMPACT (\$ in millions)					
	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
State Impact					
General Fund Revenues:					
General Fund Expenditures:					
State Positions:					
NET STATE IMPACT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Graham County					
EFFECTIVE DATE: This act is effective when it becomes law.					
TECHNICAL CONSIDERATIONS: None					

BILL SUMMARY:

House Bill 347 deletes Graham County from the list of counties to which the provisions of the following Session Laws apply to: Chapter 969 of the 1985 Session Laws, Chapter 118 of the 1987 Session Laws, and Chapter 195 of the 1987 Session Laws, all concerning occupancy taxes. It makes conforming changes to GS 153A-155

ASSUMPTIONS AND METHODOLOGY:

House Bill 347 makes changes to bring Graham County into conformity with the House occupancy tax guidelines. There is no fiscal impact due to these changes.

SOURCES OF DATA:

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Brian Slivka



APPROVED BY:

Mark Trogdon, Director
Fiscal Research Division

DATE: April 20, 2015



Signed Copy Located in the NCGA Principal Clerk's Offices



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 531
PROPOSED COMMITTEE SUBSTITUTE H531-CSSVx-14 [v.1]

4/18/2015 10:23:02 AM

Short Title: Increase/Modify Goldsboro Occupancy Tax.

(Local)

Sponsors:

Referred to:

April 2, 2015

A BILL TO BE ENTITLED
AN ACT TO PROMOTE TOURISM, AGRICULTURE, AND MILITARY RELATIONS IN
THE CITY OF GOLDSBORO BY MODIFYING THE GOLDSBORO OCCUPANCY
TAX.

The General Assembly of North Carolina enacts:

SECTION 1. Sections 2 through 9 of Chapter 555 of the 1991 Session Laws, as amended by Section 1 of S.L. 1997-447, Section 60(l) of S.L. 2013-414, and Section 14.23 of S.L. 2014-3, reads as rewritten:

"Sec. 2. Levy of Tax. The City of Goldsboro may levy a room occupancy and tourism development tax.

The room occupancy and tourism development tax that may be levied under this act shall not be less than three percent (3%) nor more than five percent (5%) of the gross receipts derived from the rental of any room, lodging, or similar accommodation furnished by ~~any a~~ hotel, motel, inn, ~~tourist camp~~, or other similar place within the levying unit now subject to the ~~three percent (3%)~~ 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.

"Sec. 2A. Authorization of Additional Tax. – In addition to the tax authorized by Section 2 of this act, the City of Goldsboro 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 Section 2 of this act. The levy, collection, administration, and repeal of the tax authorized by this section shall be in accordance with the provisions of this act. The City of Goldsboro may not levy a tax under this section unless it also levies the tax authorized under Section 2 of this act at the rate of five percent (5%).

"Sec. 5. Administration of Tax. A tax levied under this ~~section-act~~ 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-act~~.

~~"Sec. 7. Disposition of Taxes Collected. (a) Feasibility Study. After levying a tax under this act, the City of Goldsboro shall place the net proceeds of the tax in a special fund. 'Net proceeds' means gross proceeds less the cost to the city of collecting and administering the tax. When sufficient proceeds have been accumulated in the special fund, the city council shall create a citizens' advisory committee to conduct a study of the feasibility of the construction of a civic center in Goldsboro. The citizens' advisory committee shall be composed of either five or seven members, as determined by the city council. If the committee is composed of five members, three shall be appointed by the city council and two shall be appointed by the Chamber of Commerce of Wayne County. If the committee is composed of seven members, four shall be appointed by the city council and three shall be appointed by the Chamber of~~



* H 5 3 1 - C S S V X - 1 4 - V - 1 *



1 Commerce of Wayne County. The city shall remit no more than twenty percent (20%) of the
2 net proceeds of the tax levied under this act to the Goldsboro Tourism Council created in
3 Section 8 of this act. The Council shall use the proceeds to develop tourism, support services,
4 and tourist-related events, and for any other appropriate activities to provide tourism-related
5 facilities and attractions. The citizens' advisory committee shall use the remainder of the net
6 proceeds of the tax levied under this act for a study of the feasibility of the construction of a
7 civic center in Goldsboro.

8 (b) ~~If Civic Center Feasible. If the Goldsboro City Council determines that the results of~~
9 ~~the feasibility study indicate that a civic center would be a viable alternative for the city, the~~
10 ~~proceeds of the tax levied under this act shall thereafter be used as provided in this subsection.~~
11 ~~The citizens' advisory committee created pursuant to subsection (a) of this section shall~~
12 ~~continue to serve in an advisory capacity to the Goldsboro City Council. The city shall remit no~~
13 ~~more than twenty percent (20%) of the net proceeds of the tax levied under this act to the~~
14 ~~Goldsboro Tourism Council created in Section 8 of this act. The Council shall use the proceeds~~
15 ~~to develop tourism, support services, and tourist-related events, and for any other appropriate~~
16 ~~activities to provide tourism-related facilities and attractions. The city shall use the remainder~~
17 ~~of the net proceeds for improving, leasing, constructing, financing, operating, or acquiring~~
18 ~~facilities and properties as needed to provide for a civic center facility for Goldsboro. The city~~
19 ~~may contract with any person, firm, or agency to assist it in carrying out the purposes provided~~
20 ~~in this subsection.~~

21 (c) ~~If Civic Center Not Feasible at Present. If the Goldsboro City Council determines~~
22 ~~that the results of the feasibility study indicate that a civic center would not be a viable~~
23 ~~alternative for the city at present or without the participation of other governmental,~~
24 ~~educational, or nonprofit entities, then the city may, on a monthly basis, remit up to fifty~~
25 ~~percent (50%) of the net proceeds of the tax to the Goldsboro Tourism Council created in~~
26 ~~Section 8 of this act. The Council shall use the proceeds to develop tourism, support services,~~
27 ~~and tourist-related events, and for any other appropriate activities to provide tourism-related~~
28 ~~facilities and attractions. The remaining net proceeds of the tax shall be invested in a special~~
29 ~~interest bearing fund and held by the city for improving, leasing, constructing, financing,~~
30 ~~operating, or acquiring facilities and properties, either by the city or in conjunction with other~~
31 ~~governmental, educational, or nonprofit entities. Thereafter, if the Goldsboro City Council~~
32 ~~determines that a civic center would be a viable alternative for the city, then a citizens' advisory~~
33 ~~committee shall be again created, if it has been disbanded, pursuant to subsection (a) of this~~
34 ~~section, and the provisions of subsection (b) of this section shall apply. Further, the citizens'~~
35 ~~advisory committee may conduct additional feasibility studies as it deems necessary. If the~~
36 ~~Goldsboro City Council later determines that a civic center would not be a viable alternative for~~
37 ~~the city, then the provisions of subsection (d) of this section shall apply.~~

38 (d) ~~If Civic Center Not Feasible. If the Goldsboro City Council determines that the~~
39 ~~results of the feasibility study indicate that a civic center would not be a viable alternative for~~
40 ~~the city, the proceeds of the tax levied under this act shall thereafter be used as provided in this~~
41 ~~subsection. The citizens' advisory committee created pursuant to subsection (a) of this section~~
42 ~~shall be disbanded. The city shall, on a monthly basis, remit the net proceeds of the tax to the~~
43 ~~Goldsboro Tourism Council created in Section 8 of this act. The Council shall use the proceeds~~
44 ~~to develop tourism, support services, and tourist-related events, and for any other appropriate~~
45 ~~activities to provide tourism-related facilities and attractions.~~

46 "Sec. 7A. Distribution and Use of Tax Revenue. – The City of Goldsboro shall, on a
47 quarterly basis, remit the net proceeds of the occupancy tax levied under this act to the
48 Goldsboro Tourism Development Authority. The Authority shall use at least one-third of the
49 funds remitted to it under this section to promote travel and tourism in the City of Goldsboro
50 and shall use the remainder for tourism-related expenditures.

51 The following definitions apply in this section:



- (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 gross proceeds.
- (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 city. The term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Authority, are designed to increase the use of lodging facilities in the city or to attract tourists or business travelers to the city. The term includes tourism-related capital expenditures.

~~"Sec. 8. Goldsboro Tourism Council. (a) The Goldsboro City Council shall adopt a resolution creating a Goldsboro Tourism Council. The membership of the Goldsboro Tourism Council shall be appointed by the Goldsboro City Council as follows:~~

- ~~(1) Three owners or operators of hotels, motels, or other taxable accommodations in the City of Goldsboro.~~
- ~~(2) Three individuals who have demonstrated an interest in conventions and tourism development in the Goldsboro area, and who do not own or operate hotels, motels, or other taxable tourism accommodations~~
- ~~(3) Three ex officio members: the city manager, the executive vice president of the Chamber of Commerce of Wayne County, and the mayor of the City of Goldsboro.~~

~~(b) All members of the Council shall serve without compensation. Travel expenses, as approved in the annual budget, may be provided by the Goldsboro Tourism Council. Vacancies in the Council shall be filled in the same manner as the original appointments. Members appointed to fill vacancies shall serve for the remainder of the unexpired term for which they are appointed to fill. Members shall serve three-year terms which will be staggered as provided by the city council; members may serve no more than two consecutive three-year terms. The members shall elect a chairperson and treasurer, who shall serve for a term of two years. The Council shall meet at the call of the chairperson and shall adopt rules of procedure to govern its meeting as provided by Robert's Rules of Order.~~

~~(c) The Goldsboro Tourism Council may contract with any person, firm, or agency to assist it in carrying out the purposes provided in this act. The Council shall prepare an annual budget and shall report quarterly and at the close of the fiscal year to the Goldsboro City Council on its receipts and expenditures for the preceding quarter and year in such detail as the city may require. An audit will be conducted as part of the city's audit contract.~~

"Sec. 8A. Tourism Development Authority. (a) Appointment and Membership. – When the City Council adopts a resolution levying a room occupancy tax under Section 2A of this act, it shall also adopt a resolution creating the Goldsboro Tourism Development Authority, which is 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 Goldsboro shall be the ex officio finance officer of the Authority.



(b) Duties. – The Authority shall expend the net proceeds of the tax levied under this act for the purposes provided in Section 7A 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.

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

"Sec. 10. The Goldsboro Tourism Council shall remit any proceeds of the tax authorized by this act to the Goldsboro Tourism Development Authority within 30 days of the creation of the Authority."

SECTION 2. Section 7A of Chapter 555 of the 1991 Session Laws, as amended by Section 1 of S.L. 1997-447, Section 60(l) of S.L. 2013-414, Section 14.23 of S.L. 2014-3, and Section 1 of this act, reads as rewritten:

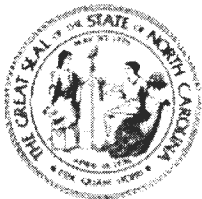
"Sec. 7A. Distribution and Use of Tax Revenue. – The City of Goldsboro shall, on a quarterly basis, remit the net proceeds of the occupancy tax levied under this act to the Goldsboro Tourism Development Authority. The Authority shall use at least ~~one-third~~ two-thirds of the funds remitted to it under this section to promote travel and tourism in the City of Goldsboro 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 city of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the gross proceeds.
- (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 city. The term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Authority, are designed to increase the use of lodging facilities in the city or to attract tourists or business travelers to the city. The term includes tourism-related capital expenditures."

SECTION 3. Section 2 of this act becomes effective 20 years after this act becomes law. The remainder of this act is effective when it becomes law.





HOUSE BILL 531: Increase/Modify Goldsboro Occupancy Tax

2015-2016 General Assembly

Committee: House Finance
Introduced by: Reps. J. Bell, Dixon, L. Bell
Analysis of: First Edition

Date: April 20, 2015
Prepared by: Trina Griffin
Committee Counsel

SUMMARY: *House Bill 531 would authorize the City of Goldsboro to levy an additional 1% room occupancy tax. The bill would modify the overall use of the tax proceeds by requiring that, for a period of 20 years, at least one-third of the proceeds would be used for tourism promotion and the remainder be used for tourism-related expenditures. After 20 years, the formula would reverse.*

CURRENT LAW: The City of Goldsboro is authorized to levy an occupancy tax of at least 3% but no more than 5%. The City is currently levying 5%. At a minimum, up to 20% of the proceeds are remitted to the Goldsboro Tourism Council to develop tourism, support services and tourist-related events, and to provide any other tourism-related facilities and attractions. The manner in which the remainder of the proceeds is distributed depends upon whether the City has determined whether the construction of a civic center is feasible. If the City determines it is not currently feasible without the participation of other governmental or nonprofit entities, then 50% of the proceeds are remitted to the Goldsboro Tourism Council and the remainder is invested in a special interest-bearing fund held for improving, leasing, constructing, financing, operating, or acquiring facilities. If the City has determined the construction of a civic center is not feasible, the City must remit the entire net proceeds to the Goldsboro Tourism Council. The Goldsboro Tourism Council is a 9-member council made up of 3 collectors of the tax (hoteliers), 3 individuals who are not hoteliers but who have demonstrated interest in conventions and tourism development, and 3 ex officio members – the city manager, the executive vice president of the Chamber of Commerce of Wayne County, and the mayor of the City of Goldsboro.

BILL ANALYSIS: House Bill would authorize the City of Goldsboro to levy an additional 1% room occupancy tax to the extent it also levies the maximum rate it is currently authorized to levy, which is 5%. For a period of 20 years, the use of the total tax proceeds would be as follows: at least one-third of the proceeds must be used for tourism promotion and the remainder must be used for tourism-related expenditures. After 20 years, the formula would reverse with at least two-thirds of the proceeds being required to be used for tourism promotion and the remainder used for tourism-related expenditures.

Upon levying the additional tax, the City would be required to create a Tourism Development Authority to administer the proceeds of the tax. Within 30 days of its creation, the City would further be required to remit any proceeds of the tax to the TDA.

The bill would bring the existing legislation into conformity with the House Finance Guidelines for Occupancy Tax with the exception of the use provision, which does not conform to the Guidelines.

BACKGROUND: In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax,¹ which provide uniformity among counties and cities with respect to the levy, administration, collection, repeal, and imposition of penalties. In 1993, the House Finance Committee established the Occupancy Tax Guidelines, which address the rate of tax, the use of

¹ G.S. 153A-155 and G.S. 160A-215.

O. Walker Reagan
Director



Research Division
(919) 733-2578



House Bill 531

Page 2

the tax proceeds, the administration of the tax, and the body with authority to determine how the proceeds will be spent. A summary of these provisions is detailed in the chart below.

UNIFORM OCCUPANCY TAX PROVISIONS	
Rate	The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.
Use	Two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism related expenditures.
Definitions	The term "net proceeds", "promote travel and tourism", and "tourism related expenditures" are defined terms.
Administration	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.
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.



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 531

Short Title: Increase/Modify Goldsboro Occupancy Tax. (Local)

Sponsors: Representatives J. Bell, Dixon, and L. Bell (Primary Sponsors).

For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Finance.

April 2, 2015

A BILL TO BE ENTITLED
AN ACT TO PROMOTE TOURISM, AGRICULTURE, AND MILITARY RELATIONS IN
THE CITY OF GOLDSBORO BY MODIFYING THE GOLDSBORO OCCUPANCY
TAX.

The General Assembly of North Carolina enacts:

SECTION 1. Sections 2 through 9 of Chapter 555 of the 1991 Session Laws, as amended by Section 1 of S.L. 1997-447, Section 60(l) of S.L. 2013-414, and Section 14.23 of S.L. 2014-3, reads as rewritten:

"Sec. 2. Levy of Tax. The City of Goldsboro may levy a room occupancy and tourism development tax.

The room occupancy and tourism development tax that may be levied under this act shall not be less than three percent (3%) nor more than five percent (5%) of the gross receipts derived from the rental of any room, lodging, or similar accommodation furnished by ~~any a~~ hotel, motel, inn, ~~tourist camp~~, or other similar place within the levying unit now subject to the ~~three percent (3%)~~ 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.

"Sec. 2A. Authorization of Additional Tax. – In addition to the tax authorized by subsection (a) of this section, the City of Goldsboro 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. The City of Goldsboro may not levy a tax under this subsection unless it also levies the tax authorized under subsection (a) of this section at the rate of five percent (5%).

"Sec. 5. Administration of Tax. 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.

~~"Sec. 7. Disposition of Taxes Collected. (a) Feasibility Study. After levying a tax under this act, the City of Goldsboro shall place the net proceeds of the tax in a special fund. Net proceeds' means gross proceeds less the cost to the city of collecting and administering the tax. When sufficient proceeds have been accumulated in the special fund, the city council shall create a citizens' advisory committee to conduct a study of the feasibility of the construction of a civic center in Goldsboro. The citizens' advisory committee shall be composed of either five or seven members, as determined by the city council. If the committee is composed of five members, three shall be appointed by the city council and two shall be appointed by the Chamber of Commerce of Wayne County. If the committee is composed of seven members,~~





four shall be appointed by the city council and three shall be appointed by the Chamber of Commerce of Wayne County. The city shall remit no more than twenty percent (20%) of the net proceeds of the tax levied under this act to the Goldsboro Tourism Council created in Section 8 of this act. The Council shall use the proceeds to develop tourism, support services, and tourist-related events, and for any other appropriate activities to provide tourism-related facilities and attractions. The citizens' advisory committee shall use the remainder of the net proceeds of the tax levied under this act for a study of the feasibility of the construction of a civic center in Goldsboro.

(b) ~~If Civic Center Feasible.~~ If the Goldsboro City Council determines that the results of the feasibility study indicate that a civic center would be a viable alternative for the city, the proceeds of the tax levied under this act shall thereafter be used as provided in this subsection. The citizens' advisory committee created pursuant to subsection (a) of this section shall continue to serve in an advisory capacity to the Goldsboro City Council. The city shall remit no more than twenty percent (20%) of the net proceeds of the tax levied under this act to the Goldsboro Tourism Council created in Section 8 of this act. The Council shall use the proceeds to develop tourism, support services, and tourist-related events, and for any other appropriate activities to provide tourism-related facilities and attractions. The city shall use the remainder of the net proceeds for improving, leasing, constructing, financing, operating, or acquiring facilities and properties as needed to provide for a civic center facility for Goldsboro. The city may contract with any person, firm, or agency to assist it in carrying out the purposes provided in this subsection.

(c) ~~If Civic Center Not Feasible at Present.~~ If the Goldsboro City Council determines that the results of the feasibility study indicate that a civic center would not be a viable alternative for the city at present or without the participation of other governmental, educational, or nonprofit entities, then the city may, on a monthly basis, remit up to fifty percent (50%) of the net proceeds of the tax to the Goldsboro Tourism Council created in Section 8 of this act. The Council shall use the proceeds to develop tourism, support services, and tourist-related events, and for any other appropriate activities to provide tourism-related facilities and attractions. The remaining net proceeds of the tax shall be invested in a special interest bearing fund and held by the city for improving, leasing, constructing, financing, operating, or acquiring facilities and properties, either by the city or in conjunction with other governmental, educational, or nonprofit entities. Thereafter, if the Goldsboro City Council determines that a civic center would be a viable alternative for the city, then a citizens' advisory committee shall be again created, if it has been disbanded, pursuant to subsection (a) of this section, and the provisions of subsection (b) of this section shall apply. Further, the citizens' advisory committee may conduct additional feasibility studies as it deems necessary. If the Goldsboro City Council later determines that a civic center would not be a viable alternative for the city, then the provisions of subsection (d) of this section shall apply.

(d) ~~If Civic Center Not Feasible.~~ If the Goldsboro City Council determines that the results of the feasibility study indicate that a civic center would not be a viable alternative for the city, the proceeds of the tax levied under this act shall thereafter be used as provided in this subsection. The citizens' advisory committee created pursuant to subsection (a) of this section shall be disbanded. The city shall, on a monthly basis, remit the net proceeds of the tax to the Goldsboro Tourism Council created in Section 8 of this act. The Council shall use the proceeds to develop tourism, support services, and tourist-related events, and for any other appropriate activities to provide tourism-related facilities and attractions.

"Sec. 7A. Distribution and Use of Tax Revenue. – The City of Goldsboro shall, on a quarterly basis, remit the net proceeds of the occupancy tax levied under this section to the Goldsboro Tourism Development Authority. The Authority shall use at least one-third of the funds remitted to it under this subsection to promote travel and tourism in the City of Goldsboro 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 county of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the gross proceeds.
- (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 county. The term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Authority, are designed to increase the use of lodging facilities in the county or to attract tourists or business travelers to the county. The term includes tourism-related capital expenditures.

~~"Sec. 8. Goldsboro Tourism Council. (a) The Goldsboro City Council shall adopt a resolution creating a Goldsboro Tourism Council. The membership of the Goldsboro Tourism Council shall be appointed by the Goldsboro City Council as follows:~~

- ~~(1) Three owners or operators of hotels, motels, or other taxable accommodations in the City of Goldsboro.~~
- ~~(2) Three individuals who have demonstrated an interest in conventions and tourism development in the Goldsboro area, and who do not own or operate hotels, motels, or other taxable tourism accommodations~~
- ~~(3) Three ex-officio members: the city manager, the executive vice president of the Chamber of Commerce of Wayne County, and the mayor of the City of Goldsboro.~~

~~(b) All members of the Council shall serve without compensation. Travel expenses, as approved in the annual budget, may be provided by the Goldsboro Tourism Council. Vacancies in the Council shall be filled in the same manner as the original appointments. Members appointed to fill vacancies shall serve for the remainder of the unexpired term for which they are appointed to fill. Members shall serve three-year terms which will be staggered as provided by the city council; members may serve no more than two consecutive three-year terms. The members shall elect a chairperson and treasurer, who shall serve for a term of two years. The Council shall meet at the call of the chairperson and shall adopt rules of procedure to govern its meeting as provided by Robert's Rules of Order.~~

~~(c) The Goldsboro Tourism Council may contract with any person, firm, or agency to assist it in carrying out the purposes provided in this act. The Council shall prepare an annual budget and shall report quarterly and at the close of the fiscal year to the Goldsboro City Council on its receipts and expenditures for the preceding quarter and year in such detail as the city may require. An audit will be conducted as part of the city's audit contract.~~

"Sec. 8A. Tourism Development Authority. (a) Appointment and Membership. – When the City Council adopts a resolution levying a room occupancy tax under subsection (a1) of Section 1 of this act, it shall also adopt a resolution creating the Goldsboro County Tourism Development Authority, which is 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 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.



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

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

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

11 "Sec. 10. The Goldsboro Tourism Council shall remit any proceeds of the tax authorized
12 by this act to the Goldsboro Tourism Development Authority within 30 days of the creation of
13 the Authority."

14 **SECTION 2.** Section 7A of Chapter 555 of the 1991 Session Laws, as amended by
15 Section 1 of S.L. 1997-447, Section 60(l) of S.L. 2013-414, Section 14.23 of S.L. 2014-3, and
16 Section 1 of this act, reads as rewritten:

17 "Sec. 7A. Distribution and Use of Tax Revenue. – The City of Goldsboro shall, on a
18 quarterly basis, remit the net proceeds of the occupancy tax levied under this section to the
19 Goldsboro Tourism Development Authority. The Authority shall use at least
20 ~~one-third~~ two-thirds of the funds remitted to it under this subsection to promote travel and
21 tourism in the City of Goldsboro and shall use the remainder for tourism-related expenditures.

22 The following definitions apply in this section:

- 23 (1) Net proceeds. – Gross proceeds less the cost to the county of administering
24 and collecting the tax, as determined by the finance officer, not to exceed
25 three percent (3%) of the gross proceeds.
- 26 (2) Promote travel and tourism. – To advertise or market an area or activity,
27 publish and distribute pamphlets and other materials, conduct market
28 research, or engage in similar promotional activities that attract tourists or
29 business travelers to the county. The term includes administrative expenses
30 incurred in engaging in the listed activities.
- 31 (3) Tourism-related expenditures. – Expenditures that, in the judgment of the
32 Authority, are designed to increase the use of lodging facilities in the county
33 or to attract tourists or business travelers to the county. The term includes
34 tourism-related capital expenditures."

35 **SECTION 3.** Section 2 of this act becomes effective 20 years after this act
36 becomes law. The remainder of this act is effective when it becomes law.



GUIDELINES FOR OCCUPANCY TAX LEGISLATION

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 (NCTTC) 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 Committee in 1993. Subsequently, the House Finance Committee established the Occupancy Tax Subcommittee, which regularly reviews occupancy tax legislation and looks for the inclusion of the following uniform provisions in the 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 expenditures, which may include beach nourishment. However, local governments in coastal counties may allocate up to 50% of occupancy tax proceeds for beach nourishment, so long as all remaining proceeds are used for tourism promotion and provided that the use of occupancy tax proceeds for beach nourishment is limited by either a statutory cap or sunset provision.¹
- ◆ **Definitions** The terms "net proceeds", "promote travel and tourism", "tourism-related expenditures", and "beach nourishment" 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

¹In May 2013, the North Carolina Travel and Tourism Coalition passed a resolution supporting a modification to the Occupancy Tax Guidelines to allow local governments in coastal counties to allocate up to 50% of occupancy tax proceeds for Beach Nourishment, so long as all remaining proceeds are used for tourism promotion and provided that the use of occupancy tax proceeds for Beach Nourishment is limited by either a statutory cap or sunset provision.

attracting tourists or business travelers to the city/county. The term includes tourism-related capital expenditures.

- **Beach Nourishment**² – 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.
- ♦ **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.³
- ♦ **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.
- ♦ **Conformity with Other Local Occupancy Taxes** – In 2008, the NCTTC formally revised its policy position with regard to occupancy taxes to include a statement that if a city seeks to impose a new occupancy tax or increase its existing tax on lodging facilities in a county that also has an existing occupancy tax, the county occupancy tax must conform to the guidelines in order for the Coalition to support the proposed municipal tax. During the 2009 Regular Session, the House Finance Chairs⁴ considered the revised policy statement of the NCTTC but declined to amend the House Finance Committee's Guidelines for Occupancy Tax accordingly.

Research Division
NC General Assembly
Revised 9/3/13

²During 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.

³ 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.

⁴ During the 2009-2010 Session, the House Finance chairs were: Representatives Luebke, Wainwright, Weiss, and Gibson.

Committee Sergeants at Arms

NAME OF COMMITTEE HOUSE COMM ON FINANCE SUB OCC TAX

DATE: 04-20-15 Room: 421

House Sgt-At Arms:

1. Name: REGGIE SILLS

2. Name: MARVIN LEE

3. Name: TERRY McCRAW

4. Name: _____

5. Name: _____

Senate Sgt-At Arms:

1. Name: _____

2. Name: _____

3. Name: _____

4. Name: _____

5. Name: _____



VISITOR REGISTRATION SHEET

HOUSE COMM ON FINANCE SUB ON OCC TAX

04-20-15

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

SMC Pclner	NCAE
TE HOBBS	HANC
Kara Weishaar	SA
Dana Simpson	SA
Frank Gray	NCRLA
Ryan Miller	NCTAA
Nelson Freeman	NC DOR
Dave Home	Smith Arthur



**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2015-2016 SESSION**

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

DAY & DATE: Monday, June 15, 2015
TIME: 4:30 PM
LOCATION: 544 LOB

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
HB 490	Sanford Occupancy Tax Authorization.	Representative Salmon
		Representative Reives
SB 140	Lake Santeetlah Occupancy Tax Authorization.	Senator J. Davis

Respectfully,

Representative Ted Davis

I hereby certify this notice was filed by the committee assistant at the following offices at 10:33 AM on Thursday, June 11, 2015.

____ Principal Clerk
____ Reading Clerk – House Chamber

Lynn Taylor (Committee Assistant)



**House Committee on Finance
Subcommittee on Occupancy Tax
Monday, June 15, 2015; 4:30 PM
544 LOB**

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills:

BILL NO.	SHORT TITLE	SPONSORS
HB 490	Sanford Occupancy Tax Authorization.	Salmon; Reives
SB 140	Lake Santeetlah Occupancy Tax Authorization.	Jim Davis

Other Business

Adjournment



House Committee on Finance, Subcommittee on Occupancy Tax
Monday, June 15, 2015 at 4:30 PM
Room 544 of the Legislative Office Building

MINUTES

The House Committee on Finance, Subcommittee on Occupancy Tax met at 4:30 PM on June 15, 2015 in Room 544 of the Legislative Office Building. Representatives Adams, Bishop, Cotham, Davis, and Warren attended.

Representative Ted Davis, Jr., presided.

The following bills were considered:

HB 490 Sanford Occupancy Tax Authorization. (Representatives Salmon, Reives)

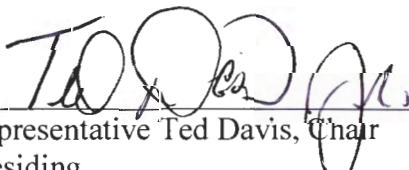
Representative Salmon was recognized to explain the bill. Representative Warren motioned to give a favorable report to the committee substitute, unfavorable to the original bill. The motion carried.

SB 140 Lake Santeetlah Occupancy Tax Authorization. (Senator J. Davis)

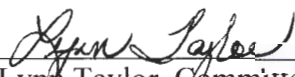
Senator Davis was recognized to explain the bill. Representative Warren motioned to give a favorable report. The motion carried.

Chairman Davis will report these bills favorably in the meeting of the House Finance Committee on Tuesday, June 16, 2015.

The meeting adjourned at 4:40 PM.



Representative Ted Davis, Chair
Presiding



Lynn Taylor, Committee Clerk



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H

D

HOUSE BILL 490
PROPOSED COMMITTEE SUBSTITUTE H490-CSSVx-27 [v.1]

6/1/2015 9:31:12 AM

Short Title: Sanford Occupancy Tax Authorization.

(Local)

Sponsors:

Referred to:

April 2, 2015

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE THE CITY OF SANFORD TO LEVY AN OCCUPANCY TAX.
3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** Occupancy tax. – (a) Authorization and Scope. – The Sanford City
5 Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts
6 derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel,
7 inn, tourist camp, or similar place within the city that is subject to sales tax imposed by the
8 State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax.

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

12 **SECTION 1.(c)** Distribution and Use of Tax Revenue. – Sanford shall, on a
13 quarterly basis, remit the net proceeds of the occupancy tax to the Sanford Tourism
14 Development Authority. The Authority shall use one hundred percent (100%) of the funds
15 remitted to it under this subsection to promote travel and tourism in Sanford.

16 The following definitions apply in this subsection:

- 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 receipts 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 **SECTION 2.** Sanford Tourism Development Authority. – (a) Appointment and
28 Membership. – When the Sanford City Council adopts a resolution levying a room occupancy
29 tax under this act, it shall also adopt a resolution creating a city Tourism Development
30 Authority, which shall be a public authority under the Local Government Budget and Fiscal
31 Control Act. The resolution shall provide for the membership of the Authority, including the
32 members' terms of office, and for the filling of vacancies on the Authority. At least one-third of
33 the members must be individuals who are affiliated with businesses that collect the tax in the
34 city, and at least one-half of the members must be individuals who are currently active in the
35 promotion of travel and tourism in the city. The city council shall designate one member of the



* H 4 9 0 - C S S V X - 2 7 - V - 1 *

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

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

6 **SECTION 2.(b) Duties.** – The Authority shall expend the net proceeds of the tax
7 levied under this act for the purposes provided in this act. The Authority shall promote travel,
8 tourism, and conventions in the city and sponsor tourist-related events and activities in the city.

9 **SECTION 2.(c) Reports.** – The Authority shall report quarterly and at the close of
10 the fiscal year to the Sanford City Council on its receipts and expenditures for the preceding
11 quarter and for the year in such detail as the city council may require.

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

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

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



HOUSE BILL 490: Sanford Occupancy Tax Authorization

2015-2016 General Assembly

Committee: Occupancy Tax Subcommittee
Introduced by: Reps. Salmon, Reives
Analysis of: PCS to First Edition
H490-CSSVx-27

Date: June 15, 2015
Prepared by: Trina Griffin
Committee Counsel

SUMMARY: *House Bill 490 would authorize the City of Sanford to levy a room occupancy tax of up to 3%, the proceeds of which would be remitted to a Tourism Development Authority. The Proposed Committee Substitute would require that 100% of the proceeds be used for tourism promotion.*

CURRENT LAW: The City of Sanford is located in Lee County, which has the authority to levy a 3% room occupancy tax.¹ The proceeds of the county tax are used for the construction and maintenance of a community resource center; the excess over the amount needed for maintenance may be used for any lawful purpose.

BILL ANALYSIS: House Bill 490 would authorize Sanford to levy a 3% room occupancy tax. The City would be required to establish a Tourism Development Authority to administer the proceeds. One hundred percent (100%) of the proceeds must be used for tourism promotion. Under the guidelines, *at least* two-thirds of the proceeds must be used for tourism promotion; two-thirds is a minimum requirement and a TDA has discretion to use more funds for that purpose. In this instance, because Lee County's occupancy tax legislation pre-dates the guidelines and dedicates 100% of the proceeds for tourism-related expenditures, this bill proposes using all of the funds derived from Sanford accommodations for tourism promotion to achieve a balance. The bill conforms to the Guidelines for Occupancy Tax adopted by the House Finance Committee.

EFFECTIVE DATE: This 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. 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,² which provide uniformity among counties and cities with respect to the levy, administration, collection, repeal, and imposition of penalties.

In 1993, the House Finance Committee established the Occupancy Tax Guidelines, which address the rate of tax, the use of the tax proceeds, the administration of the tax, and the body with authority to determine how the proceeds will be spent. A summary of these provisions is detailed in the chart below. Many of the principles contained in the Guidelines are similar to those contained in policy statements adopted by the North Carolina Travel and Tourism Coalition and the North Carolina Restaurant and Lodging Association.

¹ S.L. 1987-538

² G.S. 153A-155 and G.S. 160A-215.

O. Walker Reagan
Director



* H 4 9 0 - S M S V - 5 9 C S S V X - 2 7 - V 1 *

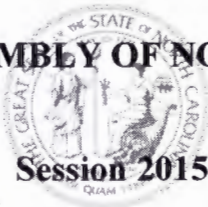
Research Division
(919) 733-2578

House Bill 490

Page 2

UNIFORM OCCUPANCY TAX PROVISIONS	
Rate	– The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.
Use	– Two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism related expenditures.
Definitions	The term “net proceeds”, “promote travel and tourism”, and “tourism related expenditures” are defined terms.
Administration	– 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.
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.

GENERAL ASSEMBLY OF NORTH CAROLINA



FISCAL ANALYSIS MEMORANDUM

[This confidential fiscal memorandum is a fiscal analysis of a draft bill, amendment, committee substitute, or conference committee report that has not been formally introduced or adopted on the chamber floor or in committee. This is not an official fiscal note. If upon introduction of the bill you determine that a formal fiscal note is needed, please make a fiscal note request to the Fiscal Research Division, and one will be provided under the rules of the House and the Senate.]

DATE: June 15, 2015
TO: Representatives Salmon and Reives
FROM: Brian Slivka
 Fiscal Research Division
RE: PCS to H0490v1

FISCAL IMPACT					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
State Impact					
General Fund Revenues:					
General Fund Expenditures:					
State Positions:					
NET STATE IMPACT	\$0	\$0	\$0	\$0	\$0
Local Impact					
Revenues:	\$337,100	\$349,367	\$362,907	\$375,166	\$385,883
Expenditures:					
NET LOCAL IMPACT	\$337,100	\$349,367	\$362,907	\$375,166	\$385,883
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: City of Sanford					
EFFECTIVE DATE: This act is effective when it becomes law.					
TECHNICAL CONSIDERATIONS: None					

BILL SUMMARY:

House Bill 490 would authorize Sanford to levy a 3% room occupancy tax. The City would be required to establish a Tourism Development Authority to administer the proceeds. One hundred percent (100%) of the proceeds must be used for tourism promotion. Under the guidelines, at least two-thirds of the proceeds must be used for tourism promotion; two-thirds is a minimum

requirement and a TDA has discretion to use more funds for that purpose. In this instance, because Lee County's occupancy tax legislation pre-dates the guidelines and dedicates 100% of the proceeds for tourism-related expenditures, this bill proposes using all of the funds derived from Sanford accommodations for tourism promotion to achieve a balance. The bill conforms to the Guidelines for Occupancy Tax adopted by the House Finance Committee.

ASSUMPTIONS AND METHODOLOGY:

House Bill 490 would authorize the Sanford City Council to levy a room occupancy tax of up to 3%. The City of Sanford reports there are 587 rooms in the city that would be eligible for the room occupancy tax. Using tourism related economic estimates from the North Carolina Department of Commerce, Fiscal Research estimates \$337,100 in occupancy tax revenue in 2015-16. The revenue projected is estimated using the following formula: 587 (Rooms) * \$86.82 (Average Daily Room Rate) * 60.4% (Occupancy Rate) * 365 (Days in the Year) * 3% (Occupancy Tax Rate). Subsequent years are estimated using the growth rates of the Leisure and Hospitality portion of North Carolina's Gross State Product.

SOURCES OF DATA: Moody's Economy.com, North Carolina Department of Commerce

TECHNICAL CONSIDERATIONS: None

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S

2

SENATE BILL 140
Second Edition Engrossed 3/24/15

Short Title: Lake Santeetlah Occupancy Tax Authorization. (Local)

Sponsors: Senator J. Davis (Primary Sponsor).

Referred to: Rules and Operations of the Senate.

March 4, 2015

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE THE TOWN OF LAKE SANTEETLAH TO LEVY AN
3 OCCUPANCY TAX.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Occupancy tax. – (a) Authorization and Scope. – The Town Council
6 of the Town of Lake Santeetlah may levy a room occupancy tax of up to three percent (3%) of
7 the gross receipts derived from the rental of an accommodation within the town that is subject
8 to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any
9 State or local sales tax.

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

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

18 The following definitions apply in this section:

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

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

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

34 **SECTION 1.(d)** Tourism Development Authority. – Appointment and
35 Membership. – When the Town Council adopts a resolution levying a room occupancy tax
36 under this section, it shall also adopt a resolution creating the Lake Santeetlah Tourism



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

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

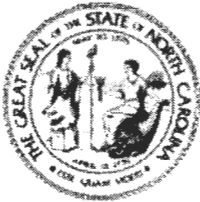
12 **SECTION 1.(e) Duties.** – The Authority shall expend the net proceeds of the tax
13 levied under this section for the purposes provided in subsection (c) of this section. The
14 Authority shall promote travel, tourism, and conventions in the town, sponsor tourist-related
15 events and activities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

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

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

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

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



SENATE BILL 140: Lake Santeetlah Occupancy Tax Authorization

2015-2016 General Assembly

Committee: Occupancy Tax Subcommittee
Introduced by: Sen. J. Davis
Analysis of: Second Edition

Date: June 15, 2015
Prepared by: Trina Griffin
Committee Counsel

SUMMARY: *Senate Bill 140 would authorize the Town of Lake Santeetlah to levy a room occupancy tax of up to 3%, the proceeds of which would be remitted to a Tourism Development Authority. The Authority would be required to use at least two-thirds of the proceeds to promote travel and tourism and the remainder for tourist-related expenditures.*

[As introduced, this bill was identical to H221, as introduced by Rep. West, which is currently in House Local Government, if favorable, Finance.]

CURRENT LAW: The Town of Lake Santeetlah is located in Graham County, which has the authority to levy a 3% room occupancy tax.¹

BILL ANALYSIS: Senate Bill 140 would authorize Lake Santeetlah to levy a 3% room occupancy tax. The Town would be required to establish a Tourism Development Authority to administer the proceeds. The proceeds must be used as follows: at least two-thirds for tourism promotion and the remainder for tourism-related expenditures. The bill conforms to the Guidelines for Occupancy Tax adopted by the House Finance Committee.

EFFECTIVE DATE: This 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. 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,² which provide uniformity among counties and cities with respect to the levy, administration, collection, repeal, and imposition of penalties.

In 1993, the House Finance Committee established the Occupancy Tax Guidelines, which address the rate of tax, the use of the tax proceeds, the administration of the tax, and the body with authority to determine how the proceeds will be spent. A summary of these provisions is detailed in the chart below. Many of the principles contained in the Guidelines are similar to those contained in policy statements adopted by the North Carolina Travel and Tourism Coalition and the North Carolina Restaurant and Lodging Association.

¹ S.L. 1985-969, as amended by S.L. 1987-118 and S.L. 1987-195.

² G.S. 153A-155 and G.S. 160A-215.

O. Walker Reagan
Director



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Research Division
(919) 733-2578

Senate Bill 140

Page 2

UNIFORM OCCUPANCY TAX PROVISIONS

Rate – The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.

Use – Two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism related expenditures.

Definitions The term “net proceeds”, “promote travel and tourism”, and “tourism related expenditures” are defined terms.

Administration – 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.

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.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

Legislative Fiscal Note

BILL NUMBER: Senate Bill 140 (First Edition)

SHORT TITLE: Lake Santeetlah Occupancy Tax Authorization.

SPONSOR(S): Senator J. Davis

FISCAL IMPACT					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
State Impact					
General Fund Revenues:					
General Fund Expenditures:					
State Positions:					
NET STATE IMPACT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Local Impact					
Revenues:	\$18,700	\$19,400	\$20,100	\$20,700	\$21,300
Expenditures:					
NET LOCAL IMPACT	\$18,700	\$19,400	\$20,100	\$20,700	\$21,300
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Town of Lake Santeetlah					
EFFECTIVE DATE: This act is effective when it becomes law.					
TECHNICAL CONSIDERATIONS: None					

BILL SUMMARY:

Senate Bill 140 authorizes the Lake Santeetlah Town Council to levy a room occupancy tax of up to 3 percent. 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 Lake Santeetlah Tourism Development Authority (TDA) to be created and requires the TDA to use at least two-thirds of the occupancy tax proceeds to promote travel and tourism in the town and the remainder for tourism-related expenditures. It mandates that at least one-third of the members of the TDA be affiliated with businesses that collect the tax in the town and at least one-half must be currently active in the town's travel and tourism promotion. The bill makes conforming changes to GS 160A-215.

ASSUMPTIONS AND METHODOLOGY:

Senate Bill 140 would allow the Lake Santeetlah Town Council to levy a room occupancy tax of up to 3 percent. Assuming they levy a 3 percent room occupancy tax by July 1, 2015, the town would be able to collect an estimated \$18,700 in occupancy tax revenue in FY 2015-16. Revenue is calculated using the following formula: (30 rooms * 57.4% room occupancy rate * \$99.26 average daily room rate * 365 days * 3% occupancy tax rate). Fiscal year estimates are then grown using the leisure and hospitality portion of North Carolina's gross state product.

SOURCES OF DATA: North Carolina Department of Commerce; Moody's Economy.com

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Brian Slivka

APPROVED BY:

Mark Trogdon, Director
Fiscal Research Division



DATE: March 19, 2015

Signed Copy Located in the NCGA Principal Clerk's Offices

Committee Sergeants at Arms

NAME OF COMMITTEE FINANCE SUBCOMM ON OCCUPANCY TAX

DATE: 06-15-2015 Room: 544

House Sgt-At Arms:

1. Name: REGGIE SILLS
2. Name: MARVIN LEE
3. Name: TERRY McCRAW
4. Name: _____
5. Name: _____

Senate Sgt-At Arms:

1. Name: _____
2. Name: _____
3. Name: _____
4. Name: _____
5. Name: _____



VISITOR REGISTRATION SHEET

FINANCE SUBCOMM ON OCCUPANCY TAX

06-15-2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Seth Palmer	NCAE
Bob Joyce	Sanford Chamber
Katie Stanley	Rep Salmon's Office
Shera Reid	IOG
Jim HEBBS	HANC
Mia Bailey	Electric Cities
David McGowan	NCPC
Christine Cray	Wakefield
Dana Simpson	SVA



Corrected #1: HB 531 Added

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2015-2016 SESSION**

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

DAY & DATE: Thursday, July 16, 2015

TIME: 8:00 AM

LOCATION: 544 LOB

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
SB 50	Wilson County Occupancy Tax Modification.	Senator Bryant
HB 531	Increase/Modify Goldsboro Occupancy Tax.	Representative J. Bell Representative Dixon Representative L. Bell

Respectfully,

Representative Ted Davis, Jr.

I hereby certify this notice was filed by the committee assistant at the following offices at 1:35 PM on Wednesday, July 15, 2015.

____ Principal Clerk
____ Reading Clerk – House Chamber

Lynn Taylor (Committee Assistant)



House Committee on Finance, Subcommittee on Occupancy Tax
Thursday, July 16, 2015, 8:00 AM
544 Legislative Office Building

AGENDA
Representative Ted Davis

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
SB 50	Wilson County Occupancy Tax Modification.	Senator Bryant
HB 531	Increase/Modify Goldsboro Occupancy Tax.	Representative J. Bell Representative Dixon Representative L. Bell

Adjournment



House Committee on Finance, Subcommittee on Occupancy Tax
Thursday, July 16, 2015 at 8:00 AM
Room 544 of the Legislative Office Building

MINUTES

The House Committee on Finance, Subcommittee on Occupancy Tax met at 8:00 AM on July 16, 2015 in Room 544 of the Legislative Office Building. Representatives Adams, Cotham, Davis, and Warren attended.

Representative Ted Davis, Jr., presided.

The following bills were considered:

SB 50 Wilson County Occupancy Tax Modification. (Senator Bryant)

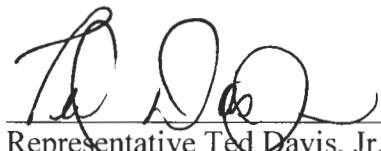
Representative Davis recognized Representative Martin to explain the bill. Representative Warren motioned to give a favorable report to the PCS, unfavorable to the original bill. The motion carried.

HB 531 Increase/Modify Goldsboro Occupancy Tax. (Representatives J. Bell, Dixon, L. Bell)

Representative Davis recognized Representative J. Bell to explain the bill. Representative Cotham motioned to give a favorable report to the PCS, unfavorable to the original bill. The motion carried.

Chairman Davis reported these bills were found to be in compliance and will be favorably reported to the next meeting of the House Finance Committee on Thursday, July 16, 2015.

The meeting adjourned at 8:07 AM.



Representative Ted Davis, Jr.
Presiding



Lynn Taylor, Committee Clerk



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S

D

SENATE BILL 50

State and Local Government Committee Substitute Adopted 4/28/15

Finance Committee Substitute Adopted 6/9/15

PROPOSED HOUSE COMMITTEE SUBSTITUTE S50-CSSVx-34 [v.1]

6/29/2015 7:49:27 PM

Short Title: Wilson County Occupancy Tax Modification.

(Local)

Sponsors:

Referred to:

February 10, 2015

A BILL TO BE ENTITLED

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

The General Assembly of North Carolina enacts:

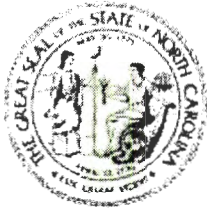
SECTION 1. Chapter 484 of the 1987 Session Laws, as amended by Chapter 901 of the 1987 Session Laws, Chapter 912 of the 1988 Session Laws, Section 21(t) of S.L. 2007-527, and S.L. 2009-297, is amended by adding a new subsection to read:

"(a1) Authorization of Additional Tax. – In addition to the tax authorized by subsection (a) of this section, the Wilson 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. Wilson 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.



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SENATE BILL 50: Wilson County Occupancy Tax Modification

2015-2016 General Assembly

Committee: House Finance
Introduced by: Sen. Bryant
Analysis of: PCS to Third Edition
S50-CSSVx-34

Date: July 15, 2015
Prepared by: Trina Griffin
Committee Counsel

SUMMARY: *The Proposed Committee Substitute for Senate Bill 50 authorizes Wilson County to levy an additional three percent (3%) room occupancy and tourism development tax. This bill and Wilson County's existing legislation conform to the Occupancy Tax Guidelines supported by the North Carolina Travel and Tourism Coalition and adhered to by the House Finance Committee.*

CURRENT LAW: In 1987, the General Assembly authorized Wilson County to levy a three percent occupancy tax.¹ The funds are required to be remitted to a Tourism Development Authority and used for tourism-related purposes. Although largely conforming already, the legislation was brought into full conformity in 2009 when other administrative changes were made.

BILL ANALYSIS: The bill would authorize Wilson County to levy an additional 3% room occupancy tax. The net proceeds of the additional 3% would be used in the same manner as the existing 3%, which is in accordance with the House Finance guidelines for occupancy tax: at least two-thirds for tourism promotion and the remainder for tourism-related expenditures.

EFFECTIVE DATE: This 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. 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,² which provide uniformity among counties and cities with respect to the levy, administration, collection, repeal, and imposition of penalties.

In 1993, the House Finance Committee established the Occupancy Tax Guidelines, which address the rate of tax, the use of the tax proceeds, the administration of the tax, and the body with authority to determine how the proceeds will be spent. A summary of these provisions is detailed in the chart below. Many of the principles contained in the Guidelines are similar to those contained in policy statements adopted by the North Carolina Travel and Tourism Coalition and the North Carolina Restaurant and Lodging Association. The House Finance Committee Chairs have traditionally appointed a Subcommittee on Occupancy Taxes to scrutinize occupancy tax legislation to determine whether the legislation adheres to the Guidelines.

¹ The Town of Kenly is authorized to levy a two percent (2%) occupancy tax. Kenly lies partly in Johnston County and partly in Wilson County. According to the Town, there are no hotels currently located on the Wilson side of Kenly. However, if a hotel was to locate there, the tax rate would be eight percent (8%), which would exceed the guidelines. If this situation arose, the legislation could be modified to address it.

² G.S. 153A-155 and G.S. 160A-215.

O. Walker Reagan
Director



Research Division
(919) 733-2578

Senate Bill 50

Page 2

UNIFORM OCCUPANCY TAX PROVISIONS

Rate – The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.

Use – Two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism related expenditures.

Definitions The term “net proceeds”, “promote travel and tourism”, and “tourism related expenditures” are defined terms.

Administration – 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.

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.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

Legislative Fiscal Note

BILL NUMBER: Senate Bill 50 (Third Edition)
SHORT TITLE: Wilson County Occupancy Tax Modification.
SPONSOR(S): Senator Bryant

FISCAL IMPACT (\$ in millions)					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
State Impact					
General Fund Revenues:					
General Fund Expenditures:					
State Positions:					
NET STATE IMPACT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Local Impact					
Revenues:	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
Expenditures:					
NET LOCAL IMPACT	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Wilson County					
EFFECTIVE DATE: Effective when it becomes law.					
TECHNICAL CONSIDERATIONS: None					

BILL SUMMARY:

Senate Bill 50 (Third Edition) would authorize an additional occupancy tax of up to 3%, for a total occupancy tax rate in Wilson County of 6%. Two-thirds of the tax proceeds would be distributed to the Wilson County TDA and used to promote travel and tourism in Wilson County. The bill provides that the remaining one-third would be distributed to the City of Wilson and used for tourism-related expenditures in Wilson County as approved in advance by the Wilson County TDA.

ASSUMPTIONS AND METHODOLOGY:

Wilson County currently levies a 3% room occupancy tax. Senate Bill 50 would allow the county to levy an additional 3% tax, bringing the total levy up to a 6% room occupancy tax. The most recent data available from the North Carolina Department of Revenue shows that occupancy tax

collections for 2010-11, under the current 3% rate, were \$427,523. Using the growth of the Travel and Leisure portion of North Carolina's Gross State Product, it's estimated that the 2015-16 occupancy tax collections for an additional 3% tax would yield \$463,741 in additional revenue for the county.

SOURCES OF DATA:

North Carolina Department of Revenue, Moody's Analytics

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Brian Slivka

APPROVED BY:

Mark Trogdon, Director
Fiscal Research Division

DATE: July 15, 2015



Signed Copy Located in the NCGA Principal Clerk's Offices

Senate Bill 50 (Third Edition)

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H

D

HOUSE BILL 531
PROPOSED COMMITTEE SUBSTITUTE H531-CSSVxr-14 [v.4]

6/20/2015 1:19:36 PM

Short Title: Authorize Wayne County Occupancy Tax.

(Local)

Sponsors:

Referred to:

April 2, 2015

A BILL TO BE ENTITLED
AN ACT TO AUTHORIZE WAYNE COUNTY TO LEVY A ONE PERCENT (1%) ROOM
OCCUPANCY TAX.

The General Assembly of North Carolina enacts:

SECTION 1. Occupancy Tax. – (a) Authorization and Scope. – The Wayne County Board of Commissioners may levy a room occupancy tax of one percent (1%) 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 county 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.

SECTION 1.(b) Administration. – A tax levied under this section 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.

SECTION 1.(c) Distribution and Use of Tax Revenue. – Wayne County shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Wayne County Tourism Development Authority. The Authority shall use one hundred percent (100%) of the funds remitted to it under this subsection to promote travel and tourism in Wayne County.

The following definitions apply in this subsection:

- (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 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.

SECTION 2. Tourism Development Authority. – (a) Appointment and Membership. – When the Wayne County Board of Commissioners adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating a 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 tax in the county, and at least one-half of the members shall be individuals who are



* H 5 3 1 - C S S V X R - 1 4 - V - 4 *

1 currently active in the promotion of travel and tourism in the county. The Wayne County Board
2 of Commissioners shall designate one member of the Authority as chair and shall determine the
3 compensation, if any, to be paid to members of the Authority.

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

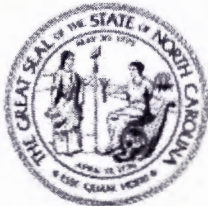
7 **SECTION 2.(b) Duties.** – The Authority shall expend the net proceeds of the tax
8 levied under this Act for the purposes provided in this Act. The Authority shall promote travel,
9 tourism, and conventions in the county and sponsor tourist-related events and activities in the
10 county.

11 **SECTION 2.(c) Reports.** – The Authority shall report quarterly and at the close of
12 the fiscal year to the Wayne Board of County Commissioners on its receipts and expenditures
13 for the preceding quarter and for the year in such detail as the board may require.

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

15 "(g) Applicability. – Subsection (c) of this section applies to all counties and county
16 districts that levy an occupancy tax. To the extent subsection (c) conflicts with any provision of
17 a local act, subsection (c) supersedes that provision. The remainder of this section applies only
18 to Alleghany, Anson, Brunswick, Buncombe, Burke, Cabarrus, Camden, Carteret, Caswell,
19 Chatham, Cherokee, Chowan, Clay, Craven, Cumberland, Currituck, Dare, Davie, Duplin,
20 Durham, Edgecombe, Forsyth, Franklin, Granville, Halifax, Haywood, Henderson, Jackson,
21 Madison, Martin, McDowell, Montgomery, Moore, Nash, New Hanover, Northampton,
22 Pasquotank, Pender, Perquimans, Person, Randolph, Richmond, Rockingham, Rowan,
23 Rutherford, Sampson, Scotland, Stanly, Swain, Transylvania, Tyrrell, Vance, Washington,
24 Wayne, and Wilson Counties, to New Hanover County District U, to Surry County District S,
25 to Watauga County District U, to Wilkes County District K, to Yadkin County District Y, and
26 to the Township of Averagesboro in Harnett County and the Ocracoke Township Taxing
27 District."

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



HOUSE BILL 531: Wayne Co. Occupancy Tax

2015-2016 General Assembly

Committee: House Finance
Introduced by: Reps. J. Bell, Dixon, L. Bell
Analysis of: PCS to First Edition
H531-CSSVxr-14

Date: July 16, 2015
Prepared by: Trina Griffin
Committee Counsel

SUMMARY: *The Proposed Committee Substitute for House Bill 531 would authorize Wayne County to levy a 1% room occupancy tax, the proceeds of which would be remitted to a county Tourism Development Authority. One hundred percent (100%) of the proceeds would be used for tourism promotion.*

CURRENT LAW: Wayne County is not currently authorized to levy a room occupancy tax. The City of Goldsboro, which is located in Wayne County, is authorized to levy an occupancy tax of at least 3% but no more than 5%. The City is currently levying 5%.

BILL ANALYSIS: As introduced, the bill would have authorized the City of Goldsboro to levy an additional 1% room occupancy tax. It would have further required that, for a period of 20 years, at least one-third of the proceeds be used for tourism promotion and the remainder be used for tourism-related expenditures. After 20 years, the formula would reverse. These provisions would violate the Occupancy Tax Guidelines adopted by the House Finance Committee.

To avoid violating the Guidelines, the bill has been modified to authorize Wayne County to levy a 1% room occupancy tax and to use all of the proceeds for tourism promotion. The county would be required to remit the proceeds to a Tourism Development Authority. As drafted, the PCS conforms to the Guidelines.

BACKGROUND: In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax,¹ which provide uniformity among counties and cities with respect to the levy, administration, collection, repeal, and imposition of penalties. In 1993, the House Finance Committee established the Occupancy Tax Guidelines, which address the rate of tax, the use of the tax proceeds, the administration of the tax, and the body with authority to determine how the proceeds will be spent. A summary of these provisions is detailed in the chart below.

UNIFORM OCCUPANCY TAX PROVISIONS	
Rate	The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.
Use	Two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism related expenditures.
Definitions	The term "net proceeds", "promote travel and tourism", and "tourism related expenditures" are defined terms.
Administration	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.
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.

¹ G.S. 153A-155 and G.S. 160A-215.

O. Walker Reagan
Director



Research Division
(919) 733-2578

House Bill 531

Page 2

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

Legislative Fiscal Note

BILL NUMBER: House Bill 531 (First Edition)

SHORT TITLE: Increase/Modify Goldsboro Occupancy Tax.

SPONSOR(S): Representatives J. Bell, Dixon, and L. Bell

FISCAL IMPACT					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
State Impact					
General Fund Revenues:					
City of Goldsboro Revenues	\$132,352	\$137,116	\$142,053	\$146,740	\$150,849
General Fund Expenditures:					
State Positions:					
NET STATE IMPACT	\$132,352	\$137,116	\$142,053	\$146,740	\$150,849
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: City of Goldsboro					
EFFECTIVE DATE: Section 2 of this act becomes effective 20 years after this act becomes law. The remainder of this act is effective when it becomes law.					
TECHNICAL CONSIDERATIONS: None					

BILL SUMMARY:

House Bill 531 would authorize the City of Goldsboro to levy an additional 1% room occupancy tax. The bill would modify the overall use of the tax proceeds by requiring that, for a period of 20 years, at least one-third of the proceeds would be used for tourism promotion and the remainder be used for tourism-related expenditures. After 20 years, the formula would reverse.

ASSUMPTIONS AND METHODOLOGY:

The City of Goldsboro currently levies a 5% room occupancy tax. House Bill 531 would authorize the city to levy an additional 1% room occupancy tax. Using collection data from the last three available fiscal years, FY2010-11 through FY 2012-13, the City of Goldsboro averages approximately \$120,000 per 1% of room occupancy tax. Using the Leisure and Hospitality portion of the North Carolina Gross State Product, that amount is grown to \$132,352 for FY2015-16.

SOURCES OF DATA: North Carolina Department of Revenue; Moody's Economy.com

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Brian Slivka

APPROVED BY:

Mark Trogdon, Director
Fiscal Research Division

DATE: April 20, 2015



Signed Copy Located in the NCGA Principal Clerk's Offices

House Bill 531 (First Edition)

2

Committee Sergeants at Arms

NAME OF COMMITTEE FINANCE

DATE: 07-16-2015 Room: 544

House Sgt-At Arms:

1. Name: REGGIE SILLS
2. Name: MARVIN LEE
3. Name: TERRY McCRAW
4. Name: YOUNG BAE
5. Name: DAVID LEIGHTON

Senate Sgt-At Arms:

1. Name: DAVID LINTHICUM
2. Name: _____
3. Name: _____
4. Name: _____
5. Name: _____



**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2015-2016 SESSION**

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

DAY & DATE: Tuesday, August 11, 2015
TIME: 8:00 AM
LOCATION: 544 LOB
COMMENTS: Chairman Representative Ted Davis, presiding.

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
HB 504	Moore County Occupancy Tax Increase.	Representative Boles Representative McNeill

Respectfully,

Representative Ted Davis

I hereby certify this notice was filed by the committee assistant at the following offices at 11:15 AM on Monday, August 10, 2015.

____ Principal Clerk
____ Reading Clerk – House Chamber

Lynn Taylor (Committee Assistant)



**House Committee on Finance, Subcommittee on Occupancy Tax
Tuesday, August 11, 2015, 8:00 AM
544 Legislative Office Building**

Chair Representative Ted Davis

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 504	Moore County Occupancy Tax Increase.	Representative Boles Representative McNeill

Adjournment



House Committee on Finance, Subcommittee on Occupancy Tax
Tuesday, August 11, 2015 at 8:00 AM
Room 544 of the Legislative Office Building

MINUTES

The House Committee on Finance, Subcommittee on Occupancy Tax met at 8:00 AM on August 11, 2015 in Room 544 of the Legislative Office Building. Representatives Adams, Davis, and Warren attended.

Representative Ted Davis, presided.

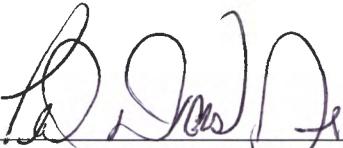
Chairman Davis called the meeting to order at 8:15 AM. Noting those in attendance did not officially constitute a quorum, and no member of the minority party was present, he would include this in his report to the Finance Committee. There being no objection to the lack of quorum, the bill was considered by the subcommittee.

The following bills were considered:

HB 504 Moore County Occupancy Tax Increase. (Representatives Boles, McNeill)

Representative McNeill was recognized to explain the bill. Trina Griffin, Research Attorney, confirmed HB 504 was in compliance with the House Occupancy Tax guidelines. Representative Warren motioned to give a favorable report. The motion carried.

The meeting adjourned at 8:20 AM.



Representative Ted Davis
Presiding



Lynn Taylor, Committee Clerk





HOUSE BILL 504: Moore County Occupancy Tax Increase

2015-2016 General Assembly

Committee: House Finance
Introduced by: Reps. Boles, McNeill
Analysis of: Second Edition

Date: August 11, 2015
Prepared by: Trina Griffin
Committee Counsel

SUMMARY: *House Bill 504 would authorize Moore County to levy an additional room occupancy tax of three percent (3%) and makes a technical change. The bill conforms to the Guidelines for Occupancy Tax adopted by the House Finance Committee.*

CURRENT LAW: In 1987, the General Assembly authorized Moore County to levy a room occupancy tax of three percent (3%). In 2011, the local act was recodified to make it consistent with the Occupancy Tax Guidelines. By conforming to the Guidelines, Moore County is able to use up to one-third of the occupancy tax proceeds for tourism-related expenditures, which it could not do under its prior law.

BILL ANALYSIS: House Bill 504 would authorize Moore County to levy an additional three percent (3%) room occupancy tax bringing the total rate to six percent (6%). The bill makes no change to the current distribution: at least two-thirds of the proceeds must be used for tourism promotion and the remainder must be used for tourism-related expenditures.

The bill also makes a technical change by deleting exemption language related to the applicability of occupancy tax to "accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose."

The deletion of this language makes the local act conform to the Uniform Provisions for Room Occupancy Taxes (G.S. 153A-155). In 2010¹, the General Assembly amended the uniform provisions to provide that room occupancy tax applies to the same gross receipts as the State sales tax on accommodations and is calculated in the same manner as that tax. The legislation further provided that to the extent this provision conflicts with any provision of a local act, the general law supersedes the local provision. Therefore, this change is technical to the extent the language conflicts with State law and has been superseded by the 2010 legislation. Specifically, the exemption for summer camps is not needed because they are already exempt under State law. The other deletions also reflect the application of State sales tax on accommodations.

With both of these changes, the local act would continue to conform to the House Finance Occupancy Tax Guidelines.

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

¹ Section 31.6 of S.L. 2010-31.

O. Walker Reagan
Director



Research Division
(919) 733-2578

House Bill 504

Page 2

BACKGROUND: In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax,² which provide uniformity among counties and cities with respect to the levy, administration, collection, repeal, and imposition of penalties. In 1993, the House Finance Committee established the Occupancy Tax Guidelines, which address the rate of tax, the use of the tax proceeds, the administration of the tax, and the body with authority to determine how the proceeds will be spent. A summary of these provisions is detailed in the chart below.

UNIFORM OCCUPANCY TAX PROVISIONS	
Rate	The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.
Use	Two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism related expenditures.
Definitions	The term "net proceeds", "promote travel and tourism", and "tourism related expenditures" are defined terms.
Administration	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.
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.

² G.S. 153A-155 and G.S. 160A-215.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H

2

HOUSE BILL 504
Committee Substitute Favorable 8/5/15

Short Title: Moore County Occupancy Tax Increase.

(Local)

Sponsors:

Referred to:

April 2, 2015

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE MOORE COUNTY TO LEVY AN ADDITIONAL
OCCUPANCY TAX.

The General Assembly of North Carolina enacts:

SECTION 1. Section 2 of S.L. 2011-113 reads as rewritten:

"SECTION 2. Occupancy tax. – (a) Authorization and Scope. – The Board of Commissioners of Moore County 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 county 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.(a1) Authorization of Additional Tax. – In addition to the tax authorized by subsection (a) of this section, the Moore 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. Moore County may not levy a tax under this subsection unless it also levies the tax authorized under subsection (a) of this section.

"SECTION 2.(b) Administration. – A tax levied under this section 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.

"SECTION 2.(c) 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 Moore County Tourism Development Authority, are designed to increase the



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

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

9 **SECTION 2.** This act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

Legislative Fiscal Note

BILL NUMBER: House Bill 504 (Second Edition)

SHORT TITLE: Moore County Occupancy Tax Increase.

SPONSOR(S): Representatives Boles and McNeill

FISCAL IMPACT (\$ in millions)					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
State Impact					
General Fund Revenues:					
General Fund Expenditures:					
State Positions:					
NET STATE IMPACT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Local Impact					
Revenues:	\$1.1	\$1.5	\$1.6	\$1.7	\$1.7
Expenditures:					
NET LOCAL IMPACT	\$1.1	\$1.5	\$1.6	\$1.7	\$1.7
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Moore County					
EFFECTIVE DATE: This act is effective when it becomes law.					
TECHNICAL CONSIDERATIONS: None					

BILL SUMMARY:

House Bill 504 would authorize Moore County to levy an additional room occupancy tax of three percent (3%) and makes a technical change. The bill conforms to the Guidelines for Occupancy Tax adopted by the House Finance Committee.

ASSUMPTIONS AND METHODOLOGY:

Moore County currently has the ability to levy a three percent (3%) room occupancy tax. House Bill 504 would allow Moore County to levy an additional three percent (3%) room occupancy tax, for a total county room occupancy tax of six percent (6%).

According to the North Carolina Department of Revenue, the county averaged \$1.4 million in occupancy tax collections for FY2012-13 and FY2013-14. Assuming the new six percent (6%)

room occupancy tax is in effect beginning in October 2015, it's estimated that Moore County would collect an additional \$1.1 Million in occupancy tax revenue in FY2015-16. That additional revenue would increase to \$1.5 Million, which would be a full fiscal year impact, beginning in FY2016-17.

SOURCES OF DATA: North Carolina Department of Revenue, Moody's Analytics

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Brian Slivka

APPROVED BY:

Mark Trogdon, Director
Fiscal Research Division

DATE: August 10, 2015



Signed Copy Located in the NCGA Principal Clerk's Offices

VISITOR REGISTRATION SHEET

FINANCE SUBCOMM ON OCCUPANCY TAX

08-11-2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Frank Bray

NCPCA

Dave Horn

Smith & Horn

Kara Weishaar

SA

Jim

NCTIA

Philan Mewald

WM

David Troxler

DMV

