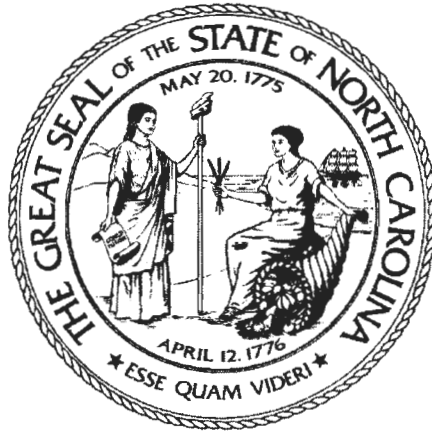


2017

**HOUSE
FINANCE –
OCCUPANCY TAX**

MINUTES



**House Committee on Finance
Subcommittee on Occupancy Tax**

Representative John Blust, Chair

Committee Clerks

Lynn Taylor

Stephen Wiley



HOUSE COMMITTEE ON FINANCE
SUBCOMMITTEE ON OCCUPANCY TAX
2017-2018 SESSION

Clerks: Lynn Taylor and Stephen Wiley



John Blust, Chairman



Becky Carney



Ed Hanes



**Cody Henson,
Vice Chair**



Mitchell Setzer



Harry Warren



**Bill Brawley,
Ex-Officio**



HOUSE COMMITTEE ON FINANCE

Subcommittee on Occupancy Tax

2017-2018 SESSION

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2208 LB Seat 49

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Rodney Bizzell

Barry Boardman

Denise Canada

Jonathan Tart

Brian Slivka

Emma Turner



ATTENDANCE

House Committee on Finance

Subcommittee on Occupancy Tax

2017-2018 Session

[illegible]



House Committee on Finance, Subcommittee on Occupancy Tax
Wednesday, June 14, 2017 at 8:30 AM
Room 544 of the Legislative Office Building

MINUTES

The House Committee on Finance, Subcommittee on Occupancy Tax met at 8:30 AM on June 14, 2017 in Room 544 of the Legislative Office Building. Representatives Brawley, Carney, Hanes, Henson, Setzer, and Warren attended.

Representative Cody Henson, Vice Chair, presided.

Chairman Henson recognized Sergeant At Arms Reggie Sills, Marvin Lee, Terry McCraw, and Thomas Terry.

The following bills were considered:

HB 143 Sanford and Harnett Occupancy Tax. (Representative Sauls)

Chairman Henson recognized Representative Sauls to present his bill. It authorizes the City of Sanford to levy an additional 3% sales tax to the existing 3% sales tax. Chairman Henson recognized Representative Setzer for a favorable report to HB 143. The motion carried.

HB 211 Increase Sampson County Occupancy Tax Auth. (Representatives Brisson, L. Bell)

Chairman Henson recognized Trina Griffin, fiscal analyst, to explain the bill. It gives Sampson County an additional 3% sales tax. The bill conforms to occupancy tax guidelines. Chairman Henson recognized Representative Brawley to move for a favorable report to HB 211. The motion carried.

HB 429 City of Saluda Occupancy Tax. (Representative Henson)

Senior Chair of Finance Representative Brawley recognized Representative Henson to present his bill. He explained it is another local occupancy tax bill that conforms to guidelines established by the House Finance Committee. HB 429 creates a special taxing district consisting of the part of the City of Saluda that is located in Polk County and would authorize that special taxing district to levy a 3% room occupancy tax. Representative Setzer was recognized for a favorable report to HB 429. The motion carried.

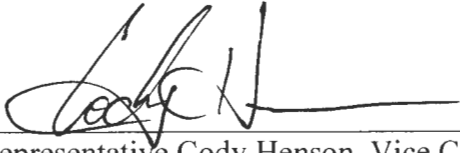
HB 282 Yadkin Occupancy Tax Modification. (Representative Zachary)

Chairman Henson recognized Representative Zachary to amend his bill and then explain it. Yadkin Valley has four municipalities in the county and all of them had occupancy taxes. Yadkin County District Y is created as a taxing district excluding the Town of Jonesville and the Town of Yadkinville as separate occupancy tax areas. Chairman Henson recognized Representative Setzer to adopt the amendment. Representative Brawley seconded the motion. The amendment is adopted. Chairman Henson recognized Representative Setzer for a favorable report to the PCS for HB 282 as amended, unfavorable to the original bill and be referred to the full Finance committee. The motion passed.

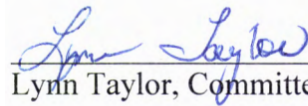
HB 444 Rowan County Occupancy Tax Changes. (Representative Ford)

Chairman Henson recognized Representative Ford to explain his bill. HB 444 reduces the Tourism Development Authority and Convention & Visitors Bureau from sixteen down to eleven members; it also cuts it down from the City to just the County; and makes a 6% sales tax uniform across the city and county. Chairman Henson recognized Representative Setzer for a favorable report to HB 444. The motion carried.

The meeting adjourned at 8:24 AM.



Representative Cody Henson, Vice Chair
Presiding



Lynn Taylor, Committee Clerk

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2017-2018 SESSION**

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

DAY & DATE: Wednesday, June 14, 2017

TIME: 8:30 AM

LOCATION: 544 LOB

COMMENTS: The Subcommittee on Occupancy Tax will be meeting from 8:30 - 9. Full House Finance Committee will meet immediately following adjournment of the Subcommittee on Occupancy Tax.

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
<u>HB 143</u>	Sanford and Harnett Occupancy Tax.	Representative Sauls
<u>HB 211</u>	Increase Sampson County Occupancy Tax Auth.	Representative Brisson
<u>HB 429</u>	City of Saluda Occupancy Tax.	Representative L. Bell
<u>HB 282</u>	Yadkin Occupancy Tax Modification.	Representative Henson
<u>HB 444</u>	Rowan County Occupancy Tax Changes.	Representative Zachary
		Representative Ford

Respectfully,

Subcommittee on Occupancy Tax

I hereby certify this notice was filed by the committee assistant at the following offices at 10:31 AM on Wednesday, June 20, 2018.

____ Principal Clerk
____ Reading Clerk – House Chamber

Lynn Taylor (Committee Assistant)



House Committee on Finance, Subcommittee on Occupancy Tax
Wednesday, June 14, 2017, 8:30 AM
544 Legislative Office Building

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 143	Sanford and Harnett Occupancy Tax.	Representative Sauls
HB 211	Increase Sampson County Occupancy Tax Auth.	Representative Brisson
HB 429	City of Saluda Occupancy Tax.	Representative L. Bell
HB 282	Yadkin Occupancy Tax Modification.	Representative Henson
HB 444	Rowan County Occupancy Tax Changes.	Representative Zachary
		Representative Ford

Presentations

Other Business

Adjournment



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H

2

HOUSE BILL 143
Committee Substitute Favorable 4/24/17

Short Title: Sanford and Harnett Occupancy Tax.

(Local)

Sponsors:

Referred to:

February 22, 2017

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

7 The General Assembly of North Carolina enacts:

8
9 **PART I. SANFORD OCCUPANCY TAX**

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

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

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

22 The following definitions apply in this section:

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

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

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



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 Sanford shall be the ex officio finance officer of the Authority.

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

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

PART II. HARNETT COUNTY OCCUPANCY TAX

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

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

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

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

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.

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

SECTION 2.2. Harnett County District H Tourism Development Authority. – (a) Appointment and Membership. – When the governing body of Harnett County District H adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the Harnett County District H Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members must be individuals who are affiliated with businesses that collect the tax in the district and at least one-half of the members must be individuals who are currently active in the promotion of travel and tourism in the district. The governing body 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 Harnett County shall be the ex officio finance officer of the Authority.

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

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

PART III. ADMINISTRATIVE PROVISIONS

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

"(g) Applicability. – Subsection (c) of this section applies to all cities 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 Beech Mountain District W, to the Cities of Belmont, Conover, Eden, Elizabeth City, Gastonia, Goldsboro, Greensboro, Hickory, High Point, Jacksonville, Kings Mountain, Lenoir, Lexington, Lincolnton, Lowell, Lumberton, Monroe, Mount Airy, Mount Holly, Reidsville, Roanoke Rapids, Salisbury, Sanford, Shelby, Statesville, Washington, and Wilmington, to the Towns of Ahoskie, Beech Mountain, Benson, Bermuda Run, Blowing Rock, Boiling Springs, Boone, Burgaw, Carolina Beach, Carrboro, Cooleemee, Cramerton, Dallas, Dobson, Elkin, Fontana Dam, Franklin, Grover, Hillsborough, Jonesville, Kenly, Kure Beach, Leland, McAdenville, Mocksville, Mooresville, Murfreesboro, North Topsail Beach, Pembroke, Pilot Mountain, Ranlo, Robbinsville, Selma, Smithfield, St. Pauls, Swansboro, Troutman, Tryon, West Jefferson, Wilkesboro, Wrightsville Beach, Yadkinville, and Yanceyville, and to the municipalities in Avery and Brunswick Counties."

SECTION 3.(b) 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

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

11
12 **PART IV. EFFECTIVE DATE**

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

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2017

Legislative Fiscal Note

BILL NUMBER: House Bill 143 (Second Edition)

SHORT TITLE: Sanford and Harnett Occupancy Tax.

SPONSOR(S): Representative Sauls

FISCAL IMPACT (\$ in millions)					
	<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	\$0.0	\$0.0	\$0.0
Local Impact					
Revenues:	**See Assumptions and Methodologies**				
Expenditures:					
NET LOCAL IMPACT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: City of Sanford; Harnett County District H					
EFFECTIVE DATE: This act is effective when it becomes law.					
TECHNICAL CONSIDERATIONS: None					

BILL SUMMARY:

House Bill 143 (Second Edition) authorizes the City of Sanford to levy a room occupancy tax of 3%. The proceeds must be remitted to a city Tourism Development Authority and 100% of the net proceeds must be used for tourism promotion.

Also, it creates a special taxing district consisting of all of Harnett County, with the exclusion of the Averbosboro Township, and authorizes that special taxing district to levy a 6% room occupancy tax. The proceeds must be remitted to a Tourism Development Authority and must be used as follows: at least two-thirds for tourism promotion and the remainder for tourism-related expenditures.

ASSUMPTIONS AND METHODOLOGY:

House Bill 143 would authorize the City of Sanford 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 2017-18. 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. Collections would increase to an estimated \$397,500 by FY 2021-22.

Also, the bill would create the Harnett County District H taxing district and authorize it to levy a room occupancy tax of up to 6%. The Dunn Area Tourism Authority reports there are approximately 55 rooms in the District H area that would be eligible for the room occupancy tax. Using tourism related economic estimates from the North Carolina Department of Commerce, Fiscal Research estimates \$63,200 in occupancy tax revenue in 2017-18. The revenue projected is estimated using the following formula: 55 (Rooms) * \$86.82 (Average Daily Room Rate) * 60.4% (Occupancy Rate) * 365 (Days in the Year) * 6% (Occupancy Tax Rate). Subsequent years are estimated using the growth rates of the Leisure and Hospitality portion of North Carolina's Gross State Product. Collections would increase to an estimated \$74,600 by FY 2021-22.

The table below shows estimated occupancy tax collections for both the City of Sanford and Harnett County District H.

House Bill 143		
Fiscal Year	City of Sanford	Harnett County District H
2016-17	337,100	63,200
2017-18	347,500	65,200
2018-19	361,500	67,800
2019-20	375,100	70,400
2020-21	384,800	72,200
2021-22	397,500	74,600

SOURCES OF DATA: Moody's Economy.com; Legislative Bill Analysis; North Carolina Department of Commerce; City of Sanford; Dunn Area Tourism Authority

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Brian Slivka

APPROVED BY:

Mark Trogdon, Director
Fiscal Research Division

DATE: June 13, 2017



Signed Copy Located in the NCGA Principal Clerk's Offices



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H

1

HOUSE BILL 211

Short Title: Increase Sampson County Occupancy Tax Auth.

(Local)

Sponsors: Representatives Brisson and L. Bell (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: State and Local Government II, if favorable, Finance

March 1, 2017

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE AN ADDITIONAL SAMPSON COUNTY OCCUPANCY TAX.

The General Assembly of North Carolina enacts:

SECTION 1. Section 1 of S.L. 2007-63 is amended by adding a new subsection to read:

"SECTION 1.(a1) Authorization of Additional Tax. – In addition to the tax authorized by subsection (a) of this section, the Board of Commissioners of Sampson County 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. Sampson County may not levy a tax under this subsection unless it also levies the tax authorized under subsection (a) of this section."

SECTION 2. Section 2(a) of S.L. 2007-63 reads as rewritten:

"SECTION 2. Tourism Development Authority. – (a) Appointment and Membership. – When the Board of Commissioners adopts a resolution levying a room occupancy tax under Section 1(a) of this act, it shall also adopt a resolution creating the Sampson County Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members shall be individuals who are affiliated with businesses that collect the tax in the county, and at least one-half of the members shall be individuals who are currently active in the promotion of travel and tourism in the county. The 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 Sampson County shall be the ex officio finance officer of the Authority."

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





GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2017

Legislative Fiscal Note

BILL NUMBER: House Bill 211 (First Edition)

SHORT TITLE: Increase Sampson County Occupancy Tax Auth.

SPONSOR(S): Representatives Brisson and L. Bell

FISCAL IMPACT (\$ in dollars)					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
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:	\$72,900	\$75,900	\$78,700	\$80,800	\$83,400
Expenditures:					
NET LOCAL IMPACT	\$72,900	\$75,900	\$78,700	\$80,800	\$83,400
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Sampson County					
EFFECTIVE DATE: This act is effective when it becomes law.					
TECHNICAL CONSIDERATIONS: None					

BILL SUMMARY:

House Bill 211 would increase from 3% to 6% the county's authority to levy an occupancy tax. No other changes are being made, so this local act would continue to conform to the Occupancy Tax Guidelines.

ASSUMPTIONS AND METHODOLOGY:

According to the North Carolina Department of Revenue, Sampson County averaged occupancy tax collections of \$62,584 between FY11-12 and FY13-14, the most recent data available. Those collections were based on a 3% room occupancy tax rate. Under HB 211, the current occupancy tax rate would be doubled to 6%.

Assuming for yearly growth in the leisure and hospitality industries in North Carolina, Sampson County would see an increase in FY17-18 occupancy tax collections of \$72,900 over current.

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

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Brian Slivka

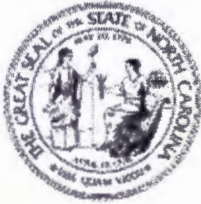
APPROVED BY:

Mark Trogdon, Director
Fiscal Research Division



DATE: June 13, 2017

Signed Copy Located in the NCGA Principal Clerk's Offices



HOUSE BILL 444: Rowan County Occupancy Tax Changes.

2017-2018 General Assembly

Committee: House Finance
Introduced by: Rep. Ford
Analysis of: PCS to First Edition
H444-CSSVxr-11

Date: June 14, 2017
Prepared by: Trina Griffin
Committee Co-Counsel

OVERVIEW: *The Proposed Committee Substitute for House Bill 444 would repeal Salisbury's authority to levy an occupancy tax, it would increase Rowan County's authority to levy an occupancy tax from 3% to 6%, and it would make other conforming changes so that the overall legislation conforms to the Guidelines for Occupancy Tax adhered to by the House Finance Committee.*

CURRENT LAW: Since 1987, Rowan County has had the authority to levy a 3% occupancy tax. The net proceeds are remitted to the county Tourism Development Authority, which may only use the funds to promote travel, tourism, and conventions and to sponsor tourist-oriented events and activities. The Authority may not spend any funds for the construction, improvement, or maintenance of real property or for any other capital project.

In 2009, the General Assembly authorized the City of Salisbury to levy a 3% occupancy tax, the proceeds of which are used for tourism promotion and tourism-related expenditures.

BILL ANALYSIS: The PCS would repeal the City of Salisbury's authority to levy an occupancy tax and it would increase Rowan County's authority to 6%. The net proceeds would be remitted to the Tourism Development Authority, which must use at least two-thirds for tourism promotion and the remainder for tourism-related expenditures. It modifies the composition of the Authority to reflect representation by both the county and the City of Salisbury; the overall number of members remains the same.

The Salisbury-Rowan County Convention & Visitors Bureau, which was formed by the Rowan County Tourism Development Authority and the Salisbury Tourism Development Authority, voted unanimously to amend the existing occupancy tax legislation so that there is a singular county-wide occupancy tax for all of Rowan County.

EFFECTIVE DATE: The bill would become 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

¹ G.S. 153A-155 and G.S. 160A-215.

Karen Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578

House PCS 444

Page 2

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 2017

H

D

HOUSE BILL 444
PROPOSED COMMITTEE SUBSTITUTE H444-CSSVxr-11 [v.2]

04/11/2017 02:41:07 PM

Short Title: Rowan County Occupancy Tax Changes.

(Local)

Sponsors:

Referred to:

March 23, 2017

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE ROWAN COUNTY TO LEVY AN ADDITIONAL THREE PERCENT (3%) OCCUPANCY TAX, TO MAKE ADMINISTRATIVE CHANGES TO ROWAN COUNTY'S EXISTING OCCUPANCY TAX LEGISLATION, AND TO REPEAL THE CITY OF SALISBURY'S AUTHORITY TO LEVY AN OCCUPANCY TAX.

The General Assembly of North Carolina enacts:

SECTION 1. Part II of S.L. 2009-428 is repealed.

SECTION 2. Sections 1 and 1.1 of Chapter 379 of the 1987 Session Laws, as amended by Chapter 882 of the 1991 Session Laws and by Part VIII of S.L. 2001-439, read as rewritten:

"Section 1. Occupancy tax. (a) Authorization and scope. – The Rowan County Board of Commissioners 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 similar accommodation furnished by a hotel, motel, inn, 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.~~

(a1) Authorization of Additional Tax. – In addition to the tax authorized by subsection (a) of this section, the Rowan 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. Rowan County may not levy a tax under this subsection unless it also levies the tax authorized under subsection (a) of this section.

(b) Repealed.

(c) 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.

(d) Repealed.

(e) Distribution and use of tax revenue. – Rowan County ~~shall apply the net proceeds of the occupancy tax to the purposes provided in this subsection. The county shall, on a monthly basis, remit the net proceeds of the occupancy tax to the Rowan County Tourism Development Authority. The Authority shall spend funds remitted to it under this subsection only to promote travel, tourism, and conventions in Rowan County and to sponsor tourist-oriented events and activities in Rowan County. The Authority may not spend any of the~~



1 funds for construction, improvement, or maintenance of real property or for any other capital
2 project. The Authority shall report at the close of the fiscal year to the board of commissioners
3 on its receipts and expenditures for the year in such detail as the board may require.

4 As used in this subsection, 'net proceeds' means gross proceeds less the cost to the county of
5 administering and collecting the tax, as determined by the finance officer, use at least two-thirds
6 of the funds remitted to it under this subsection to promote travel and tourism in Rowan County
7 and shall use the remainder for tourism-related expenditures.

8 The following definition apply in this subsection:

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

24 (f) Repealed.

25 (g) Repealed.

26 Section 1.1. Establishment, Appointment, and Duties of Rowan County Tourism Authority.

27 (a) Appointment and Membership. – When the Rowan County Board of Commissioners adopts
28 a resolution levying a room occupancy tax under this act, it shall also ~~The board of~~
29 ~~commissioners shall~~ adopt a resolution establishing and creating the Rowan County Tourism
30 Development Authority, which shall be a public authority under the Local Government Budget
31 and Fiscal Control Act and shall be composed of the following 11 ~~members appointed by the~~
32 ~~board of commissioners; members:~~

- 33 (1) A county commissioner or his or her designee.
- 34 (2) A member of the Salisbury City Council or his or her designee.
- 35 (3) ~~Two~~ Four owners, operators, or representatives of hotels, motels, or other
36 taxable tourist accommodations. Two shall be appointed by the Rowan
37 County Board of Commissioners and two shall be appointed by the
38 Salisbury City Council.
- 39 (4) Two individuals to represent all bona fide Rowan County sites and
40 attractions, to be selected from those sites and attractions. One individual
41 shall be appointed by the Rowan County Board of Commissioners and one
42 individual shall be appointed by the Salisbury City Council.
- 43 (5) One individual to represent the Rowan County Chamber of Commerce,
44 either the chair of the board or the chair's ~~designee~~, designee, assigned for
45 appointment by the Rowan County Board of Commissioners.
- 46 (6) ~~Four~~ Two individuals who have an interest in tourism development and do
47 not own or operate hotels, motels, or other taxable tourist accommodations.
48 One individual shall be appointed by the Rowan County Board of
49 Commissioners and one individual shall be appointed by the Salisbury City
50 Council.

1 ~~The board of commissioners shall appoint all members of the Tourism Development~~
2 ~~Authority, except for the City of Salisbury appointee, who shall be appointed directly by the~~
3 ~~Salisbury City Council from its council members.~~ The term of office of each member of the
4 Authority shall be two years. Members may serve no more than two consecutive terms. All
5 members of the Authority shall serve without compensation.

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

9 (b) Duties. – The Authority shall expend the net proceeds of the tax levied under this
10 act for the purposes provided in this act. The Authority shall promote travel, tourism, and
11 conventions in the county, sponsor tourist-related events and activities in the county, and
12 finance tourist-related capital projects in the county. In addition to any other powers and duties
13 of the Authority otherwise conferred by law, the Authority may contract with any person, firm,
14 or agency to advise and assist it in the promotion of travel and tourism and to carry out the
15 purposes identified in Section 1 of this act. The Authority may accept contributions from any
16 source to be used for the purposes stated in Section 1 of this act.

17 (c) Reports. – The Authority shall report quarterly and at the close of the fiscal year to
18 the Rowan County Board of Commissioners on its receipts and expenditures for the preceding
19 quarter and for the year in such detail as the board may require."

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



**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017**

H

1

HOUSE BILL 429

Short Title: City of Saluda Occupancy Tax. (Local)

Sponsors: Representative Henson.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: State and Local Government II, if favorable, Finance

March 23, 2017

A BILL TO BE ENTITLED

AN ACT TO CREATE A SPECIAL TAXING DISTRICT MADE UP OF THE PORTION OF
THE CITY OF SALUDA THAT LIES IN POLK COUNTY AND TO AUTHORIZE THE
SPECIAL TAXING DISTRICT TO LEVY A THREE PERCENT ROOM OCCUPANCY
TAX.

The General Assembly of North Carolina enacts:

SECTION 1. Saluda District D created. – Saluda District D is created as a taxing district. Its jurisdiction consists of only that part of Saluda that is located within Polk County. Saluda District D is a body politic and corporate and has the power to carry out the provisions of this act. The Saluda Board of Commissioners shall serve ex officio as the governing body of the district, and the officers of the County shall serve as the officers of the governing body of the district. A simple majority of the governing body constitutes a quorum, and approval by a majority of those present is sufficient to determine any matter before the governing body, if a quorum is present.

SECTION 2. Occupancy tax. – (a) Authorization and Scope. – The governing body of Saluda District D 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 district that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax.

SECTION 2.(b) Administration. – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215 as if Saluda District D were a city. The penalties provided in G.S. 160A-215 apply to a tax levied under this act.

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

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



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

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

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

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

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

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

35 **SECTION 4.** G.S. 160A-215(g) reads as rewritten:

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

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

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2017

Legislative Fiscal Note

BILL NUMBER: House Bill 429 (First Edition)

SHORT TITLE: City of Saluda Occupancy Tax.

SPONSOR(S): Representative Henson

FISCAL IMPACT (\$ in millions)					
	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> No Estimate Available		
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:					
Expenditures:					
NET LOCAL IMPACT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: City of Saluda					
EFFECTIVE DATE: This act is effective when it becomes law.					
TECHNICAL CONSIDERATIONS: None					

BILL SUMMARY:

House Bill 429 would create a special taxing district consisting of the part of the City of Saluda that is located in Polk County and would authorize that special taxing district to levy a 3% room occupancy tax. The proceeds must be remitted to a Tourism Development Authority and must be used as follows: at least two-thirds for tourism promotion and the remainder for tourism-related expenditures. The bill conforms to the Occupancy Tax Guidelines established by the House Finance Committee.

ASSUMPTIONS AND METHODOLOGY:

The Fiscal Research Division was unable to determine the number of hotels and hotel rooms that are currently present in the part of the City of Saluda that is located in Polk County. For comparison sake, Columbus and Tryon are also located in Polk County and each currently has a

3% occupancy tax. For each municipality, that tax generated approximately \$18,000 in occupancy tax collections in FY13-14.

SOURCES OF DATA: Moody's Economy.com; Legislative Bill Analysis

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Brian Slivka

APPROVED BY:

Mark Trogdon, Director
Fiscal Research Division

DATE: June 13, 2017



Signed Copy Located in the NCGA Principal Clerk's Offices

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H

D

HOUSE BILL 282
PROPOSED COMMITTEE SUBSTITUTE H282-PCS10369-SVx-36

Short Title: Yadkin Occupancy Tax Modification.

(Local)

Sponsors:

Referred to:

March 9, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO MODIFY THE AUTHORIZATIONS FOR OCCUPANCY TAX LEVIES
3 INSIDE YADKIN COUNTY.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Section 2 of S.L. 2007-340 reads as rewritten:

6 "SECTION 2. Yadkin County District Y Created. – Yadkin County District Y is created as
7 a taxing district. Its jurisdiction consists of that part of Yadkin County that is located outside of
8 ~~incorporated areas within the county~~ the Town of Jonesville and the Town of Yadkinville.
9 Yadkin County District Y is a body politic and corporate and has the power to carry out the
10 provisions of this act. The Yadkin County Board of Commissioners shall serve ex officio as the
11 governing body of the district, and the officers of the county shall serve as the officers of the
12 governing body of the district. A simple majority of the governing body constitutes a quorum,
13 and approval by a majority of those present is sufficient to determine any matter before the
14 governing body, if a quorum is present."

15 **SECTION 2.** The governing body of Yadkin County District Y and the Yadkin
16 County Board of Commissioners shall adopt any resolutions or modify any adopted resolutions,
17 as needed, to carry out the provisions of this act.

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



* H 2 8 2 - P C S 1 0 3 6 9 - S V x - 3 6 *



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H

1

HOUSE BILL 282

Short Title: Yadkin Occupancy Tax Modification. (Local)

Sponsors: Representative Zachary.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: State and Local Government II, if favorable, Finance

March 9, 2017

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE AUTHORIZATIONS FOR OCCUPANCY TAX LEVIES INSIDE
YADKIN COUNTY.

The General Assembly of North Carolina enacts:

SECTION 1. Section 2 of S.L. 2007-340 reads as rewritten:

"SECTION 2. Yadkin County District Y Created. – Yadkin County District Y is created as a taxing district. Its jurisdiction consists of that part of Yadkin County that is located outside of ~~incorporated areas within the county~~ the Town of Jonesville. Yadkin County District Y is a body politic and corporate and has the power to carry out the provisions of this act. The Yadkin County Board of Commissioners shall serve ex officio as the governing body of the district, and the officers of the county shall serve as the officers of the governing body of the district. A simple majority of the governing body constitutes a quorum, and approval by a majority of those present is sufficient to determine any matter before the governing body, if a quorum is present."

SECTION 2. The governing body of Yadkin County District Y and the Yadkin County Board of Commissioners shall adopt any resolutions or modify any adopted resolutions, as needed, to carry out the provisions of this act.

SECTION 3. Sections 7 and 8 of S.L. 2007-340 are repealed.

SECTION 4. G.S. 160A-215(g) reads as rewritten:

"(g) Applicability. – Subsection (c) of this section applies to all cities 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 Beech Mountain District W, to the Cities of Belmont, Conover, Eden, Elizabeth City, Gastonia, Goldsboro, Greensboro, Hickory, High Point, Jacksonville, Kings Mountain, Lake Santeetlah, Lenoir, Lexington, Lincolnton, Lowell, Lumberton, Monroe, Mount Airy, Mount Holly, Reidsville, Roanoke Rapids, Salisbury, Shelby, Statesville, Washington, and Wilmington, to the Towns of Ahoskie, Beech Mountain, Benson, Bermuda Run, Blowing Rock, Boiling Springs, Boone, Burgaw, Carolina Beach, Carrboro, Cooleemee, Cramerton, Dallas, Dobson, Elkin, Fontana Dam, Franklin, Grover, Hillsborough, Jonesville, Kenly, Kure Beach, Leland, McAdenville, Mocksville, Mooresville, Murfreesboro, North Topsail Beach, Pembroke, Pilot Mountain, Ranlo, Robbinsville, Selma, Smithfield, St. Pauls, Swansboro, Troutman, Tryon, West Jefferson, Wilkesboro, Wrightsville Beach, ~~Yadkinville~~, and Yanceyville, and to the municipalities in Avery and Brunswick Counties."

SECTION 5. This act becomes effective July 1, 2017.





GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2017

Legislative Fiscal Note

BILL NUMBER: House Bill 282 (First Edition)

SHORT TITLE: Yadkin Occupancy Tax Modification.

SPONSOR(S): Representative Zachary

FISCAL IMPACT (\$ in dollars)					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
State Impact	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
General Fund Revenues:					
General Fund Expenditures:					
State Positions:					
NET STATE IMPACT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Local Impact					
Revenues:	**See Assumptions and Methodology**				
Expenditures:					
NET LOCAL IMPACT	\$0	\$0	\$0	\$0	\$0
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Yadkin County, Town of Yadkinville					
EFFECTIVE DATE: This act becomes effective July 1, 2017.					
TECHNICAL CONSIDERATIONS: None					

BILL SUMMARY:

House Bill 282 amends SL 2007-340 to re-define the borders of Yadkin County Taxing District Y as that part of Yadkin County located outside of the Town of Jonesville (currently the part of Yadkin County located outside of incorporated areas within the county). It directs the governing body of Yadkin County District Y and the Yadkin County Board of Commissioners to adopt any resolutions or modify any adopted resolutions to carry out the provisions of this act. The bill repeals SL 2007-340 sections 7 and 8, concerning the Yadkinville occupancy tax and amends GS 160A-215(g) to delete the town of Yadkinville from the list of cities to which the statute (uniform provisions for room occupancy tax) applies.

ASSUMPTIONS AND METHODOLOGY:

House Bill 282 would eliminate the 6% room occupancy tax the Town of Yadkinville is currently able to levy. Under the bill, the Town of Yadkinville would fall under Yadkin County District Y, which is the area located within Yadkin County outside of the Town of Jonesville. Therefore, occupancy tax collections that had been collected under the Town of Yadkinville's 6% room occupancy tax would be collected under Yadkin County's 6% room occupancy tax.

In FY 2013-14, the North Carolina Department of Revenue reports \$24,372.71 in occupancy taxes were collected in the Town of Yadkinville. Under House Bill 282, that amount would be collected under the Yadkin County occupancy tax. The table pictured below shows the estimated impact of House Bill 282 on occupancy tax collections in both Yadkin County and the Town of Yadkinville.

House Bill 282 Occupancy Tax Collections		
Fiscal Year	Yadkin County	Town of Yadkinville
2017-18	28,400	-28,400
2018-19	29,500	-29,500
2019-20	30,700	-30,700
2020-21	31,400	-31,400
2021-22	32,500	-32,500

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 Trogon, Director
Fiscal Research Division

DATE: June 13, 2017



Signed Copy Located in the NCGA Principal Clerk's Offices

House Committee on Finance, Subcommittee on Occupancy Tax
Monday, June 26, 2017 at 3:15 PM
Room 544 of the Legislative Office Building

MINUTES

The House Committee on Finance, Subcommittee on Occupancy Tax met at 3:15 PM on June 26, 2017 in Room 544 of the Legislative Office Building. Representatives Blust, Brawley, Carney, Henson, and Warren attended.

Representative William Brawley, Senior Chair, presided.

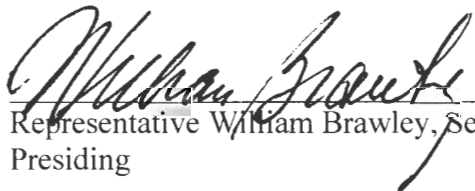
The following bills were considered:

SB 552 Omnibus Occupancy Taxes. (Senators Tillman, Cook)

Rep. Carl Ford recognized to present on Senate Bill 552

- Ms. Trina Griffin, Fiscal Research, recognized to present on S552
- Rep. Becky Carney recognized for clarifying questions for staff
 - o Ms. Griffin recognized to respond
 - o Rep. Carney recognized for a follow up
 - o Ms. Griffin recognized to respond
- Mr. Dana Simpson, Legislative Council for the North Carolina Travel and Tourism, recognized to comment on the bill
- Rep. Ford recognized to comment on the bill
- Rep. Harry Warren recognized for comment
- Rep. Warren moves for a recommendation from the subcommittee for a favorable report for the PCS to the full committee
 - o Motion passes

The meeting adjourned at 3:25 PM.


Representative William Brawley, Senior Chair
Presiding


Stephen Wiley, Committee Clerk



**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2017-2018 SESSION**

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

DAY & DATE: Monday, June 26, 2017

TIME: 3:15 PM

LOCATION: 544 LOB

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
<u>SB 552</u>	Modify Sales Tax Remittance: Boat/Jet Repairs.	Senator Tillman Senator Cook

Respectfully,

Rep. Cody Henson

I hereby certify this notice was filed by the committee assistant at the following offices at 4:37 PM on Sunday, June 25, 2017.

____ Principal Clerk
____ Reading Clerk – House Chamber

Stephen Wiley (Committee Assistant)



**House Committee on Finance, Subcommittee on Occupancy Tax
Monday, June 26, 2017, 3:15 PM
544 Legislative Office Building**

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
SB 552	Modify Sales Tax Remittance: Boat/Jet Repairs.	Senator Tillman Senator Cook

Presentations

Other Business

Adjournment



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

S

D

SENATE BILL 552
PROPOSED HOUSE COMMITTEE SUBSTITUTE S552-CSSVxr-40 [v.3]

06/25/2017 12:37:04 PM

Short Title: Omnibus Occupancy Taxes.

(Public)

Sponsors:

Referred to:

April 3, 2017

A BILL TO BE ENTITLED
AN ACT TO MAKE VARIOUS OCCUPANCY TAX CHANGES AFFECTING THE CITIES
OF SANFORD, SALUDA, JACKSONVILLE, HICKORY, AND CONOVER AND
AFFECTING THE COUNTIES OF HARNETT, SAMPSON, YADKIN, AND ROWAN.

The General Assembly of North Carolina enacts:

PART I. SANFORD OCCUPANCY TAX

SECTION 1.1. Occupancy Tax. – (a) Authorization and Scope. – The Sanford City Council may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the city that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax.

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

SECTION 1.1(c) Distribution and Use of Tax Revenue. – Sanford shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Sanford Tourism Development Authority. The Authority shall use two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Sanford and shall use the remaining one-third of the funds remitted to it under this subsection for the operation, maintenance, promotion, and renovation of the Dennis A. Wicker Civic Center, an activity so closely related to travel and tourism in Sanford as to be credited with helping to generate as much as eighty percent (80%) of that city's tourism-related revenues. Any funds dedicated under this subsection for the Dennis A. Wicker Civic Center that are not spent or obligated by the close of a fiscal year may be used by the Authority for the promotion of travel and tourism in Sanford.

The following definitions apply in this subsection:

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



* S S S 2 - C S S V X R - 4 0 *

SECTION 1.2. Sanford Tourism Development Authority. – (a) Appointment and Membership. – When the Sanford City Council adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating a city Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members must be individuals who are affiliated with businesses that collect the tax in the city, and at least one-half of the members must 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 Sanford shall be the ex officio finance officer of the Authority.

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

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

PART II. SALUDA OCCUPANCY TAX

SECTION 2.1. Saluda District D created. – Saluda District D is created as a taxing district. Its jurisdiction consists of only that part of Saluda that is located within Polk County. Saluda District D is a body politic and corporate and has the power to carry out the provisions of this act. The Saluda Board of Commissioners shall serve ex officio as the governing body of the district, and the officers of the County shall serve as the officers of the governing body of the district. A simple majority of the governing body constitutes a quorum, and approval by a majority of those present is sufficient to determine any matter before the governing body, if a quorum is present.

SECTION 2.2. Occupancy tax. – (a) Authorization and Scope. – The governing body of Saluda District D 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 district that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax.

SECTION 2.2.(b) Administration. – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215 as if Saluda District D were a city. The penalties provided in G.S. 160A-215 apply to a tax levied under this act.

SECTION 2.2.(c) Definitions. – The following definitions apply in this act:

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

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

SECTION 2.2.(d) Distribution and use of tax revenue. – Saluda District D shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Saluda District D Tourism Development Authority. The Authority shall use at least two-thirds of the proceeds remitted to it to promote travel and tourism in Saluda District D and shall use the remainder for tourism-related expenditures. In accordance with the North Carolina Constitution and the United States Constitution, the tax proceeds may be used only for the direct benefit of the jurisdiction of Saluda District D. None of the proceeds may be used to promote travel or tourism in areas within Saluda that are outside of the district or for tourism-related expenditures in the county that are outside of the district.

SECTION 2.3. Saluda District D Tourism Development Authority. – (a) Appointment and Membership. – When the governing body of the district adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the Saluda District D Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members must be individuals affiliated with businesses that collect the tax in the district, and at least one-half of the members must be individuals currently active in the promotion of travel and tourism in the district. The board of commissioners shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

SECTION 2.3.(b) Duties. – The Authority shall expend the net proceeds of the tax levied under this act for the purposes provided in Section 2 of this act. The Authority shall promote travel, tourism, and conventions in the district, sponsor tourist-related events and activities in the district, and finance tourist-related capital projects in the district.

SECTION 2.3.(c) Reports. – The Authority shall report quarterly and at the close of the fiscal year to the governing body of the district on its receipts and expenditures for the preceding quarter and for the year in such detail as the governing body of the district may require.

PART III. JACKSONVILLE OCCUPANCY TAX

SECTION 3.1.(a) Section 1.1(d) of S.L. 2009-429 reads as rewritten:

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

SECTION 3.1.(b) Section 1.1(d) of S.L. 2009-429, as amended by Section 7.1 of this Part, reads as rewritten:

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

travel and tourism and shall use the remainder for tourism-related expenditures in Jacksonville."

SECTION 3.1.(c) Subsection (a) of this section becomes effective on July 1, 2017, and expires on July 1, 2027. Subsection (b) of this section becomes effective on July 1, 2027. The remainder of this section is effective when it becomes law.

PART IV. HICKORY AND CONOVER OCCUPANCY TAX

SECTION 4.1.(a) Section 1(d) of S.L. 2009-169 reads as rewritten:

"SECTION 1.(d) Distribution and Use of Tax Revenue. – The City of Hickory shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Hickory-Conover Tourism Development Authority. The funds remitted under this subsection must be used as follows:

- (1) Through December 31, ~~2019-2029~~. – Prior to and through December 31, ~~2019-2029~~, the Authority may use two-thirds of the funds remitted to it under this subsection for improving, leasing, constructing, financing, operating, or acquiring facilities and properties as needed to provide for a convention center facility, including parking facilities for the convention center. The remainder of the funds must be used to promote travel and tourism. Debt issued to finance these improvements or facilities and that is secured by occupancy tax proceeds remitted under this subdivision must mature on or before December 31, ~~2019-2029~~.
- (2) After December 31, ~~2019-2029~~. – After December 31, ~~2019-2029~~, the Authority must use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in the area and must use the remainder for tourism-related expenditures."

SECTION 4.1.(b) Section 3(d) of S.L. 2009-169 reads as rewritten:

"SECTION 3.(d) Distribution and Use of Tax Revenue. – The City of Conover shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Hickory-Conover Tourism Development Authority. The funds remitted under this subsection must be used as follows:

- (1) Through December 31, ~~2019-2029~~. – Prior to and through December 31, ~~2019-2029~~, the Authority may use two-thirds of the funds remitted to it under this subsection for improving, leasing, constructing, financing, operating, or acquiring facilities and properties as needed to provide for a convention center facility, including parking facilities for the convention center. The remainder of the funds must be used to promote travel and tourism. Debt issued to finance these improvements or facilities and that is secured by occupancy tax proceeds remitted under this subdivision must mature on or before December 31, ~~2019-2029~~.
- (2) After December 31, ~~2019-2029~~. – After December 31, ~~2019-2029~~, the Authority must use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in the area and must use the remainder for tourism-related expenditures."

PART V. HARNETT COUNTY OCCUPANCY TAX

SECTION 5.1.(a) District H Created. – Harnett County District H is created as a taxing district. Its jurisdiction consists of all of Harnett County exclusive of the Averbosboro Township. Harnett County District H is a body politic and corporate and has the power to carry out the provisions of this section. The Harnett County Board of Commissioners shall serve ex officio as the governing body of the district and the officers of the board of commissioners shall serve as the officers of the governing body of the district. A simple majority of the governing

body constitutes a quorum and approval by a majority of those present is sufficient to determine any matter before the governing body, if a quorum is present.

SECTION 5.1.(b) Authorization and Scope. – The governing body of Harnett County District H may levy a room occupancy tax of up to six percent (6%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the district that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales or room occupancy tax.

SECTION 5.1.(c) Administration. – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 153A-155 as if Harnett County District H were a county. The penalties provided in G.S. 153A-155 apply to a tax levied under this section.

SECTION 5.1.(d) Distribution and Use of Tax Revenue. – Harnett County District H shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Harnett County District H Tourism Development Authority. The Harnett County District H Tourism Development Authority shall use at least two-thirds of the proceeds to promote travel and tourism and shall use the remainder for tourism-related expenditures in the district. In accordance with the North Carolina Constitution and the United States Constitution, the tax proceeds may be used only for the direct benefit of the jurisdiction of Harnett County District H.

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

SECTION 5.2. Harnett County District H Tourism Development Authority. – (a) Appointment and Membership. – When the governing body of Harnett County District H adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the Harnett County District H Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members must be individuals who are affiliated with businesses that collect the tax in the district and at least one-half of the members must be individuals who are currently active in the promotion of travel and tourism in the district. The governing body 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 Harnett County shall be the ex officio finance officer of the Authority.

1 **SECTION 5.2.(b) Duties.** – The Authority shall expend the net proceeds of the tax
2 levied under this act for the purposes provided in this act. The Authority shall promote travel
3 and tourism in the district and make tourism-related expenditures in the district.

4 **SECTION 5.2.(c) Reports.** – The Authority shall report quarterly and at the close
5 of the fiscal year to the Harnett County Board of Commissioners on its receipts and
6 expenditures for the preceding quarter and for the year in such detail as the board may require.
7

8 **PART VI. SAMPSON OCCUPANCY TAX**

9 **SECTION 6.1.(a)** Section 1 of S.L. 2007-63 is amended by adding a new
10 subsection to read:

11 "**SECTION 1.(a1) Authorization of Additional Tax.** – In addition to the tax authorized by
12 subsection (a) of this section, the Board of Commissioners of Sampson County may levy an
13 additional room occupancy tax of up to three percent (3%) of the gross receipts derived from
14 the rental of accommodations taxable under subsection (a) of this section. The levy, collection,
15 administration, and repeal of the tax authorized by this subsection shall be in accordance with
16 the provisions of this section. Sampson County may not levy a tax under this subsection unless
17 it also levies the tax authorized under subsection (a) of this section."

18 **SECTION 6.1.(b)** Section 2(a) of S.L. 2007-63 reads as rewritten:

19 **"SECTION 2. Tourism Development Authority.** – (a) Appointment and Membership. –
20 When the Board of Commissioners adopts a resolution levying a room occupancy tax under
21 Section 1(a) of this act, it shall also adopt a resolution creating the Sampson County Tourism
22 Development Authority, which shall be a public authority under the Local Government Budget
23 and Fiscal Control Act. The resolution shall provide for the membership of the Authority,
24 including the members' terms of office, and for the filling of vacancies on the Authority. At
25 least one-third of the members shall be individuals who are affiliated with businesses that
26 collect the tax in the county, and at least one-half of the members shall be individuals who are
27 currently active in the promotion of travel and tourism in the county. The Board of
28 Commissioners shall designate one member of the Authority as chair and shall determine the
29 compensation, if any, to be paid to members of the Authority.

30 The Authority shall meet at the call of the chair and shall adopt rules of procedure to govern
31 its meetings. The Finance Officer for Sampson County shall be the ex officio finance officer of
32 the Authority."
33

34 **PART VII. YADKIN OCCUPANCY TAX**

35 **SECTION 7.1.(a)** Section 2 of S.L. 2007-340 reads as rewritten:

36 **"SECTION 2. Yadkin County District Y Created.** – Yadkin County District Y is created as
37 a taxing district. Its jurisdiction consists of that part of Yadkin County that is located outside of
38 ~~incorporated areas within the county~~ the Town of Jonesville and the Town of Yadkinville.
39 Yadkin County District Y is a body politic and corporate and has the power to carry out the
40 provisions of this act. The Yadkin County Board of Commissioners shall serve ex officio as the
41 governing body of the district, and the officers of the county shall serve as the officers of the
42 governing body of the district. A simple majority of the governing body constitutes a quorum,
43 and approval by a majority of those present is sufficient to determine any matter before the
44 governing body, if a quorum is present."

45 **SECTION 7.1.(b)** The governing body of Yadkin County District Y and the
46 Yadkin County Board of Commissioners shall adopt any resolutions or modify any adopted
47 resolutions, as needed, to carry out the provisions of this act.
48

49 **PART VIII. ROWAN OCCUPANCY TAX**

50 **SECTION 8.1.** Part II of S.L. 2009-428 is repealed.

1 **SECTION 8.2.** Sections 1 and 1.1 of Chapter 379 of the 1987 Session Laws, as
2 amended by Chapter 882 of the 1991 Session Laws and by Part VIII of S.L. 2001-439, read as
3 rewritten:

4 "Section 1. Occupancy tax. (a) Authorization and scope. – The Rowan County Board of
5 Commissioners may levy a room occupancy tax of up to three percent (3%) of the gross
6 receipts derived from the rental of any room, lodging, or similar accommodation furnished by a
7 hotel, motel, inn, or similar place within the county 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. ~~This tax~~
9 ~~does not apply to accommodations furnished by nonprofit charitable, educational, or religious~~
10 ~~organizations.~~

11 (a1) Authorization of Additional Tax. – In addition to the tax authorized by subsection
12 (a) of this section, the Rowan County Board of Commissioners may levy an additional room
13 occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of
14 accommodations taxable under subsection (a) of this section. The levy, collection,
15 administration, and repeal of the tax authorized by this subsection shall be in accordance with
16 the provisions of this section. Rowan County may not levy a tax under this subsection unless it
17 also levies the tax authorized under subsection (a) of this section.

18 (b) Repealed.

19 (c) Administration. – A tax levied under this section shall be levied, administered,
20 collected, and repealed as provided in G.S. 153A-155. The penalties provided in
21 G.S. 153A-155 apply to a tax levied under this section.

22 (d) Repealed.

23 (e) Distribution and use of tax revenue. – Rowan County ~~shall apply the net proceeds of~~
24 ~~the occupancy tax to the purposes provided in this subsection. The county shall, on a monthly~~
25 ~~shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Rowan County~~
26 ~~Tourism Development Authority. The Authority shall spend funds remitted to it under this~~
27 ~~subsection only to promote travel, tourism, and conventions in Rowan County and to sponsor~~
28 ~~tourist-oriented events and activities in Rowan County. The Authority may not spend any of the~~
29 ~~funds for construction, improvement, or maintenance of real property or for any other capital~~
30 ~~project. The Authority shall report at the close of the fiscal year to the board of commissioners~~
31 ~~on its receipts and expenditures for the year in such detail as the board may require.~~

32 As used in this subsection, 'net proceeds' means gross proceeds less the cost to the county of
33 administering and collecting the tax, as determined by the finance officer. use at least two-thirds
34 of the funds remitted to it under this subsection to promote travel and tourism in Rowan County
35 and shall use the remainder for tourism-related expenditures.

36 The following definition apply in this subsection:

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

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

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

(f) Repealed.

(g) Repealed.

"Section 1.1. ~~Establishment, Appointment, and Duties of Rowan County Tourism Authority.~~ (a) Appointment and Membership. – When the Rowan County Board of Commissioners adopts a resolution levying a room occupancy tax under this act, it shall also
~~The board of commissioners shall adopt a resolution establishing and creating the Rowan County Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act and shall be composed of the following 11 members appointed by the board of commissioners:~~members:

(1) A county commissioner or his or her designee.

(2) A member of the Salisbury City Council or his or her designee.

(3) ~~Two-Four~~ owners, operators, or representatives of hotels, motels, or other taxable tourist accommodations. Two shall be appointed by the Rowan County Board of Commissioners and two shall be appointed by the Salisbury City Council.

(4) Two individuals to represent all bona fide Rowan County sites and attractions, to be selected from those sites and attractions. One individual shall be appointed by the Rowan County Board of Commissioners and one individual shall be appointed by the Salisbury City Council.

(5) One individual to represent the Rowan County Chamber of Commerce, either the chair of the board or the chair's ~~designee~~ designee, assigned for appointment by the Rowan County Board of Commissioners.

(6) ~~Four-Two~~ individuals who have an interest in tourism development and do not own or operate hotels, motels, or other taxable tourist accommodations. One individual shall be appointed by the Rowan County Board of Commissioners and one individual shall be appointed by the Salisbury City Council.

~~The board of commissioners shall appoint all members of the Tourism Development Authority, except for the City of Salisbury appointee, who shall be appointed directly by the Salisbury City Council from its council members. The term of office of each member of the Authority shall be two years. Members may serve no more than two consecutive terms. All members of the Authority shall serve without compensation.~~

The Authority shall meet at the call of the chair and shall adopt rules of procedure to govern its meetings. The Finance Officer for Rowan County 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 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. In addition to any other powers and duties of the Authority otherwise conferred by law, the Authority may contract with any person, firm, or agency to advise and assist it in the promotion of travel and tourism and to carry out the purposes identified in Section 1 of this act. The Authority may accept contributions from any source to be used for the purposes stated in Section 1 of this act.

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

PART IX. ADMINISTRATIVE PROVISIONS

SECTION 9.1.(a) G.S. 160A-215(g) reads as rewritten:

"(g) Applicability. – Subsection (c) of this section applies to all cities 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 Beech Mountain District W, to the Cities of Belmont, Conover, Eden, Elizabeth City, Gastonia, Goldsboro, Greensboro, Hickory, High Point, Jacksonville, Kings Mountain, Lenoir, Lexington, Lincolnton, Lowell, Lumberton, Monroe, Mount Airy, Mount Holly, Reidsville, Roanoke Rapids, Salisbury, Sanford, Shelby, Statesville, Washington, and Wilmington, to the Towns of Ahoskie, Beech Mountain, Benson, Bermuda Run, Blowing Rock, Boiling Springs, Boone, Burgaw, Carolina Beach, Carrboro, Cooleemee, Cramerton, Dallas, Dobson, Elkin, Fontana Dam, Franklin, Grover, Hillsborough, Jonesville, Kenly, Kure Beach, Leland, McAdenville, Mocksville, Mooresville, Murfreesboro, North Topsail Beach, Pembroke, Pilot Mountain, Ranlo, Robbinsville, Selma, Smithfield, St. Pauls, Swansboro, Troutman, Tryon, West Jefferson, Wilkesboro, Wrightsville Beach, Yadkinville, ~~and~~ Yanceyville, ~~and~~ to the municipalities in Avery and Brunswick ~~Counties~~ Counties, and to Saluda District D."

SECTION 9.1.(b) 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, Washington, Wayne, and Wilson Counties, to Harnett County District H, ~~to~~ New Hanover County District U, ~~to~~ Surry County District S, ~~to~~ Watauga County District U, ~~to~~ Wilkes County District K, ~~to~~ Yadkin County District Y, and ~~to~~ the Township of Averagesboro in Harnett County and the Ocracoke Township Taxing District."

PART X. EFFECTIVE DATE

SECTION 10.1. Except as otherwise provided, this act is effective when it becomes law.





SENATE BILL 552: Omnibus Occupancy Taxes.

2017-2018 General Assembly

Committee: House Finance
Introduced by: Sens. Tillman, Cook
Analysis of: PCS to First Edition
S552-CSSVxr-40

Date: June 26, 2017
Prepared by: Trina Griffin
Committee Co-Counsel

OVERVIEW: *The Proposed Committee Substitute for Senate Bill 552 would place into one bill various occupancy tax changes that are currently in stand-alone bills plus one additional provision. The changes would affect the cities of Sanford, Saluda, Jacksonville, Hickory, and Conover, and the counties of Harnett, Sampson, Yadkin, and Rowan.*

CURRENT LAW & BILL ANALYSIS:

PART I. SANFORD OCCUPANCY TAX

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. Specifically, these funds are used for the Dennis A. Wicker Civic Center.

BILL ANALYSIS: Part I of the PCS 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. The Authority must use two-thirds of the funds to promote travel and tourism in Sanford and must use the remainder for the operation, maintenance, promotion, and renovation of the Dennis A. Wicker Civic Center. If any of the funds dedicated for the Dennis A. Wicker Civic Center are not spent or obligated by the close of a fiscal year, they may be used by the Authority for the promotion of travel and tourism in Sanford.

This Part of the PCS reflects the contents of Senate Bill 13, which is different than the Sanford provision of House Bill 143, which passed the House on June 15. Under that bill, 100% of the proceeds of the 3% tax would be used for tourism promotion.

PART II. SALUDA OCCUPANCY TAX

CURRENT LAW: Saluda does not currently have an occupancy tax. Saluda lies in both Henderson and Polk Counties. The occupancy tax guidelines set a maximum total rate of 6% (county and city combined). Henderson County already has authority to levy a 6% occupancy tax, which effectively prevents Saluda from levying an occupancy tax in that part of the city that lies in Henderson County. Polk County has authority to levy 3%, which means that the maximum rate that Saluda could levy on the Polk side would be 3%.

¹ S.L. 1987-538.

Karen Cochrane-Brown
Director



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Senate PCS 552

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BILL ANALYSIS: In order to effectuate the levy of a tax in only part of the city that meets the constitutional uniformity requirement, this Part would create a special taxing district consisting of the part of the City of Saluda that is located in Polk County. The Saluda Board of Commissioners would serve as the governing body for the district and would be authorized to levy a 3% room occupancy tax in the district. The proceeds of the tax must be remitted to a district Tourism Development Authority. The Authority must use at least two-thirds of the funds for tourism promotion and the remainder for tourism-related expenditures.

This Part of the PCS reflects the contents of House Bill 429, which passed the House on June 15, 2017.

PART III. JACKSONVILLE OCCUPANCY TAX

CURRENT LAW: Session Law 2009-429 authorized the City of Jacksonville² to levy a room occupancy tax of up to 3%. The provisions of the 2009 authorization conform to the uniform guidelines traditionally followed by the House Finance Committee. Under those guidelines, the proceeds are used as follows:

- At least two-thirds of the proceeds to promote travel and tourism. – Proceeds dedicated for this purpose must be used to advertise or market the city, publish and distribute marketing materials, or engage in similar promotional activities that attract tourists to the city.
- The remainder for tourism-related expenditures. – Proceeds dedicated for this purposes must be used for expenditures that, in the judgment of the Jacksonville Tourism Development Authority, are designed to increase the use of facilities in the city or to attract people to the city.

BILL ANALYSIS: Part III of the PCS would modify the use of occupancy tax proceeds for the City of Jacksonville by reversing the normal distribution formula so that for a period of 10 years, the majority, and potentially all, of the proceeds could be used for tourism-related expenditures and the remainder for the promotion of travel and tourism. After 10 years, the formula would revert to the current distribution formula, at which point the legislation would comply with the uniform guidelines.

This Part of the PCS reflects the contents of Senate Bill 283, which is currently in Senate Finance.

PART IV. HICKORY AND CONOVER OCCUPANCY TAX

CURRENT LAW: In 1986, the General Assembly authorized the Cities of Hickory and Conover to levy a room occupancy tax of not less than 3% and not more than 5%, with 100% of the proceeds to be remitted to the Hickory-Conover Tourism Development Authority, for its use in funding tourism-related projects, events, and activities, with priority to be given to providing a civic center facility.

In 2009, both Cities were authorized to levy an additional 1% room occupancy tax³, for a total rate of up to 6%. Under that legislation, the TDA may use up to two-thirds of the funds, through December 31, 2019, for the convention center facility, including parking facilities, with the remainder being used to promote travel and tourism. After December 31, 2019, the distribution of the tax proceeds would return to the standard formula set out in the House Finance Occupancy Tax Guidelines, which require at least two-thirds for promote travel and tourism and the remainder for tourism-related expenditures. The current local act also requires that any debt service entered into to finance improvements to the convention center, including parking facilities, mature on or before December 31, 2019.

² Jacksonville is located in Onslow County, which also has authority to levy a 3% occupancy tax.

³ The Towns sought the additional 1% to be able to construct a parking deck adjacent to the convention center.

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BILL ANALYSIS: Part IV of the PCS would extend by 10 years, the period for which the Cities of Hickory and Conover may use two-thirds of their occupancy tax proceeds for the convention center facility and the date by which any debt service to finance improvements to the convention center must mature.

PART V. HARNETT COUNTY OCCUPANCY TAX

CURRENT LAW: Harnett County, as the governing body of Averagesboro Township, is authorized to levy a 6% room occupancy tax in the township. The proceeds must be remitted to the Averagesboro Township Tourism Development Authority and must be used as follows: two-thirds for tourism promotion and the remainder for tourism-related expenditures. The tax only applies in within the township limits. Currently, there is no occupancy tax levied in Harnett County other than in Averagesboro.

BILL ANALYSIS: Part V of the PCS would create a special taxing district consisting of all of Harnett County, exclusive of the Averagesboro Township. The Harnett County Board of Commissioners would serve as the governing body for the district and would be authorized to levy a 6% room occupancy tax in the district. The proceeds of the tax must be remitted to a district Tourism Development Authority. The Authority must use at least two-thirds of the funds for tourism promotion and the remainder for tourism-related expenditures.

This Part of the PCS reflects the contents of House Bill 143, which passed the House on June 15.

PART VI. SAMPSON OCCUPANCY TAX

CURRENT LAW: In 2007, the General Assembly granted Sampson County the authority to levy a 3% room occupancy tax. The provisions of that act conform to the Occupancy Tax Guidelines adhered to by the House Finance Committee.

BILL ANALYSIS: This Part of the PCS would increase from 3% to 6% the county's authority to levy an occupancy tax. No other changes are being made, so this local act would continue to conform to the Occupancy Tax Guidelines.

This Part of the PCS reflects the contents of House Bill 211, which passed the House on June 15.

PART VII. YADKIN OCCUPANCY TAX

CURRENT LAW: Yadkin County has the authority to levy a 6% occupancy tax in all of the unincorporated areas of the county. There are 4 municipalities in Yadkin County: Boonville, East Bend, Jonesville, and Yadkinville. Both Jonesville and Yadkinville have the authority to levy a 6% occupancy tax.

BILL ANALYSIS: This Part of the PCS would expand the area in which Yadkin County may levy the county tax to all areas in the county other than the Towns of Jonesville and Yadkinville.

This Part of the PCS reflects the contents of House Bill 282, which passed the House on June 15.

PART VIII. ROWAN OCCUPANCY TAX

CURRENT LAW: Since 1987, Rowan County has had the authority to levy a 3% occupancy tax. The net proceeds are remitted to the county Tourism Development Authority, which may only use the funds

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to promote travel, tourism, and conventions and to sponsor tourist-oriented events and activities. The Authority may not spend any funds for the construction, improvement, or maintenance of real property or for any other capital project.

In 2009, the General Assembly authorized the City of Salisbury to levy a 3% occupancy tax, the proceeds of which are used for tourism promotion and tourism-related expenditures.

BILL ANALYSIS: This Part of the PCS would repeal the City of Salisbury's authority to levy an occupancy tax and it would increase Rowan County's authority to 6%. The net proceeds would be remitted to the Tourism Development Authority, which must use at least two-thirds for tourism promotion and the remainder for tourism-related expenditures. It modifies the composition of the Authority to reflect representation by both the county and the City of Salisbury; the overall number of members remains the same.

The Salisbury-Rowan County Convention & Visitors Bureau, which was formed by the Rowan County Tourism Development Authority and the Salisbury Tourism Development Authority, voted unanimously to amend the existing occupancy tax legislation so that there is a singular county-wide occupancy tax for all of Rowan County.

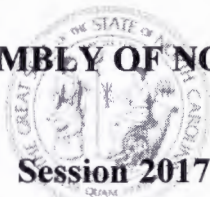
This Part of the PCS reflects the contents of House Bill 444, which passed the House on June 19.

BACKGROUND: In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax,⁴ 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.

⁴ G.S. 153A-155 and G.S. 160A-215.

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 25, 2017
TO: House Finance Committee
FROM: Brian Slivka
 Fiscal Research Division
RE: PCS to S552v1 – Omnibus Occupancy Taxes

FISCAL IMPACT (\$ in millions)					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
State Impact	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
General Fund Revenues:					
General Fund Expenditures:					
State Positions:					
NET STATE IMPACT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Local Impact					
Revenues:	**See Assumptions and Methodology**				
Expenditures:					
NET LOCAL IMPACT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: City of Sanford; City of Saluda; City of Jacksonville; City of Hickory; City of Conover; Harnett County; Yadkin County; City of Salisbury; Rowan County					
EFFECTIVE DATE: This act is effective when it becomes law.					
TECHNICAL CONSIDERATIONS: None					

BILL SUMMARY:

The PCS to Senate Bill 552 would include a number of occupancy tax related changes, as illustrated below.

PART I. SANFORD OCCUPANCY TAX

Part I of the PCS 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. The Authority must use two-thirds of the funds to promote travel and tourism in Sanford and must use the remainder for the operation, maintenance, promotion, and renovation of the Dennis A. Wicker Civic Center.

PART II. SALUDA OCCUPANCY TAX

Part II would create a special taxing district consisting of the part of the City of Saluda that is located in Polk County. The Saluda Board of Commissioners would serve as the governing body for the district and would be authorized to levy a 3% room occupancy tax in the district. The proceeds of the tax must be remitted to a district Tourism Development Authority. The Authority must use at least two-thirds of the funds for tourism promotion and the remainder for tourism related expenditures.

PART III. JACKSONVILLE OCCUPANCY TAX

Part III of the PCS would modify the use of occupancy tax proceeds for the City of Jacksonville by reversing the distribution formula so that for a period of 10 years, the majority, and potentially all, of the proceeds could be used for tourism-related expenditures and the remainder for the promotion of travel and tourism. After 10 years, the formula would revert to the current distribution formula.

PART IV. HICKORY AND CONOVER OCCUPANCY TAX

Part IV of the PCS would extend by 10 years, the period for which the Cities of Hickory and Conover may use two-thirds of their occupancy tax proceeds for the convention center facility and the date by which any debt service to finance improvements to the convention center must mature.

PART V. HARNETT COUNTY OCCUPANCY TAX

Part V of the PCS would create a special taxing district consisting of all of Harnett County, exclusive of the Averagesboro Township. The Harnett County Board of Commissioners would serve as the governing body for the district and would be authorized to levy a 6% room occupancy tax in the district. The proceeds of the tax must be remitted to a district Tourism Development Authority. The Authority must use at least two-thirds of the funds for tourism promotion and the remainder for tourism-related expenditures.

PART VI. SAMPSON OCCUPANCY TAX

This Part of the PCS would increase from 3% to 6% the county's authority to levy an occupancy tax. No other changes are being made, so this local act would continue to conform to the Occupancy Tax Guidelines.

PART VII. YADKIN OCCUPANCY TAX

This Part of the PCS would expand the area in which Yadkin County may levy the county tax to all areas in the county other than the Towns of Jonesville and Yadkinville.

PART VIII. ROWAN OCCUPANCY TAX

This Part of the PCS would repeal the City of Salisbury's authority to levy an occupancy tax and it would increase Rowan County's authority to 6%. The net proceeds would be remitted to the Tourism Development Authority, which must use at least two-thirds for tourism promotion and the remainder for tourism-related expenditures. It modifies the composition of the Authority to reflect representation by both the county and the City of Salisbury; the overall number of members remains the same.

ASSUMPTIONS AND METHODOLOGY:

PCS to S552v1: Omnibus Occupancy Taxes					
Occupancy Tax Revenue					
Fiscal Year	City of Sanford	Harnett County District H	Sampson County	Rowan County	City of Salisbury
2017-18	347,500	65,200	72,900	398,300	-398,300
2018-19	361,500	67,800	75,900	414,300	-414,300
2019-20	375,100	70,400	78,700	429,900	-429,900
2020-21	384,800	72,200	80,800	441,000	-441,000
2021-22	397,500	74,600	83,400	455,600	-455,600

PART I. SANFORD OCCUPANCY TAX

Part I of the PCS would authorize the City of Sanford 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 2017-18. 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. Collections would increase to an estimated \$397,500 by FY 2021-22.

PART II. SALUDA OCCUPANCY TAX

For Part II of the PCS, the Fiscal Research Division was unable to determine the number of hotels and hotel rooms that are currently present in the part of the City of Saluda that is located in Polk County. For comparison sake, Columbus and Tryon are also located in Polk County and each currently has a 3% occupancy tax. For each municipality, that tax generated approximately \$18,000 in occupancy tax collections in FY13-14.

PART III. JACKSONVILLE OCCUPANCY TAX

Part III of the PCS would not have a fiscal impact. It would modify the use of occupancy tax proceeds for the City of Jacksonville by reversing the distribution formula.

PART IV. HICKORY AND CONOVER OCCUPANCY TAX

Part IV of the PCS would not have a fiscal impact. It would extend, by 10 years, the period for which the Cities of Hickory and Conover may use two-thirds of their occupancy tax proceeds for the convention center facility.

PART V. HARNETT COUNTY OCCUPANCY TAX

Part V of the PCS would create the Harnett County District H taxing district and authorize it to levy a room occupancy tax of up to 6%. The Dunn Area Tourism Authority reports there are approximately 55 rooms in the District H area that would be eligible for the room occupancy tax.

Using tourism related economic estimates from the North Carolina Department of Commerce, Fiscal Research estimates \$63,200 in occupancy tax revenue in FY2017-18. The revenue projected is estimated using the following formula: 55 (Rooms) * \$86.82 (Average Daily Room Rate) * 60.4% (Occupancy Rate) * 365 (Days in the Year) * 6% (Occupancy Tax Rate). Subsequent years are estimated using the growth rates of the Leisure and Hospitality portion of North Carolina's Gross State Product. Collections would increase to an estimated \$74,600 by FY2021-22.

PART VI. SAMPSON OCCUPANCY TAX

For Part VI of the PCS, according to the North Carolina Department of Revenue, Sampson County averaged occupancy tax collections of \$62,584 between FY2011-12 and FY2013-14, the most recent data available. Those collections were based on a 3% room occupancy tax rate. Under the PCS, the current occupancy tax rate would be doubled to 6%.

Assuming for yearly growth in the leisure and hospitality industries in North Carolina, Sampson County would see an increase in FY17-18 occupancy tax collections of \$72,900 over current.

PART VII. YADKIN OCCUPANCY TAX

This Part of the PCS would expand the area in which Yadkin County may levy the county tax to Boonville and East Bend. According to Yadkin County, there is a single bed and breakfast in that area. The fiscal impact of increasing the 6% County occupancy tax would be negligible.

PART VIII. ROWAN OCCUPANCY TAX

According to the North Carolina Department of Revenue, Rowan County collected \$341,732 in occupancy tax revenue in FY13-14. They generated that amount with their current 3% room occupancy tax rate. By setting the rate to 6% and using growth by the leisure and hospitality

industry in North Carolina, the estimated revenue increase for Rowan County would be \$398,300 in FY17-18.

Also, this part of the PCS would repeal the City of Salisbury's authority to levy their 3% occupancy tax. The North Carolina Department of Revenue reported that the city collected \$341,732 in occupancy tax revenue in FY13-14. Assuming growth by the leisure and hospitality industry portion of North Carolina's gross state product, the city would lose \$398,300 in occupancy tax revenue for FY17-18.

SOURCES OF DATA: Committee Counsel Bill Analysis, Moody's Analytics, North Carolina Department of Revenue, North Carolina Department of Commerce, Yadkin County

TECHNICAL CONSIDERATIONS: None



Committee Sergeants at Arms

NAME OF COMMITTEE FINANCE SUBCOMM OCCUPANCY TAX

DATE: 6-26-17

Room: 544

House Sgt-At Arms:

1. Name: REGGIE SILLS

2. Name: WARREN HAWKINS

3. Name: TERRY McCRAW

4. Name: THOMAS TERRY

5. Name: _____

Senate Sgt-At Arms:

1. Name: _____

2. Name: _____

3. Name: _____

4. Name: _____

5. Name: _____

