

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

**SESSION LAW 2005-88
HOUSE BILL 470**

AN ACT TO ALLOW TRANSYLVANIA COUNTY TO INCREASE THE
OCCUPANCY TAX RATE IN THAT COUNTY.

The General Assembly of North Carolina enacts:

SECTION 1. Levy of Additional Occupancy Tax. – In addition to the tax authorized by Chapter 969 of the 1985 Session Laws, as amended by S.L. 1999-205, the Transylvania 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 accommodations taxable under that Chapter. The levy, collection, administration, and repeal of the tax authorized by this act shall be in accordance with the provisions of Section 1 of Chapter 969 of the 1985 Session Laws, as amended by S.L. 1999-205. Transylvania County may not levy a tax under this act unless it also levies the tax authorized under Chapter 969 of the 1985 Session Laws.

SECTION 2. Use of Proceeds of Additional Tax. – Transylvania County shall use funds collected under this act only in accordance with Section 1(e) of Chapter 969 of the 1985 Session Laws, as amended by S.L. 1999-205 and this act.

SECTION 3. Section 1(e) of Chapter 969 of the 1985 Session Laws, as amended by S.L. 1999-205, reads as rewritten:

"(e) Use of Tax Revenue. ~~Transylvania County shall place revenue collected from a tax levied under this act in a special Travel and Tourism Fund. Revenue in this Fund may be used only to promote travel and tourism and for tourism-related expenditures in Transylvania County.~~ shall, on a quarterly basis, remit the net proceeds of the occupancy tax levied under Chapter 969 of the 1985 Session Laws, as amended by S.L. 1999-205 and this act, and under Section 1 of this act to the Transylvania Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Transylvania County and shall use the remainder for tourism-related expenditures.

The following definitions apply in this subsection:

- (1) Net proceeds. – Gross proceeds less the cost to the 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.
- ~~(1)~~(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 these activities.

~~(2)~~(3) Tourism-related expenditures. – Expenditures that, in the judgment of the governing authority, are designed to increase the use of lodging facilities, meeting facilities, and convention facilities in a county by attracting tourists or business travelers to the county. The term includes tourism-related capital expenditures."

SECTION 4. Tourism Development Authority. – (a) Appointment and Membership. – The board of commissioners shall adopt a resolution creating a county Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority including the members' terms of office and for the filling of vacancies on the Authority. At least one-third of the members must be individuals who are affiliated with businesses that collect the occupancy tax in the county and at least one-half of the members must 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 Transylvania County shall be the ex officio finance officer of the Authority.

SECTION 4.(b) Duties. – The Authority shall expend the net proceeds of the taxes levied under this act and under Chapter 969 of the 1985 Session Laws, as amended by S.L. 1999-205, for the purposes provided in Section 1(e) of Chapter 969 of the 1985 Session Laws, as amended. The Authority shall promote travel, tourism, and conventions in the county, sponsor tourist-related events and activities in the county, and finance tourist-related capital projects in the county.

SECTION 4.(c) Reports. – The Authority shall report quarterly and at the close of the fiscal year to the board of commissioners on its receipts and expenditures for the preceding quarter and for the year in such detail as the board may require.

SECTION 5. This act applies only to Transylvania County.

SECTION 6. This act is effective when it become law.

In the General Assembly read three times and ratified this the 16th day of June, 2005.

s/ Marc Basnight
President Pro Tempore of the Senate

s/ James B. Black
Speaker of the House of Representatives