

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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HOUSE BILL 2259

Short Title: Elkin Occupancy Tax.

(Local)

Sponsors: Representative Harrell.

Referred to: Finance.

May 22, 2006

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE TOWN OF ELKIN TO LEVY A SIX PERCENT
ROOM OCCUPANCY AND TOURISM DEVELOPMENT TAX.

The General Assembly of North Carolina enacts:

SECTION 1. Occupancy Tax. – (a) Authorization and Scope. – The Elkin Town Council 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 town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

SECTION 2. Administration. – A tax levied under this act shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

SECTION 3. Distribution and Use of Tax Revenue. – The Town of Elkin shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Elkin Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this section to promote travel and tourism in Elkin and shall use the remainder for tourism-related expenditures.

The following definitions apply in this act:

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

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

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

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

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

22 **SECTION 5.** Duties. – The Authority shall expend the net proceeds of the
23 tax levied under this Part for the purposes provided in this Part. The Authority shall
24 promote travel, tourism, and conventions in the town, sponsor tourist-related events and
25 activities in the town, and finance tourist-related capital projects in the town.

26 **SECTION 6.** Reports. – The Authority shall report quarterly and at the close
27 of the fiscal year to the Elkin Town Council on its receipts and expenditures for the
28 preceding quarter and for the year in such detail as the town council may require.

29 **SECTION 7.** This act is effective when it becomes law.