

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 2259
Committee Substitute Favorable 6/22/06

Short Title: Elkin/Pilot Mountain/Dobson Occupancy Tax.

(Local)

Sponsors:

Referred to:

May 22, 2006

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE TOWNS OF ELKIN, PILOT MOUNTAIN, AND DOBSON TO LEVY A SIX PERCENT ROOM OCCUPANCY TAX.

The General Assembly of North Carolina enacts:

PART I. ELKIN OCCUPANCY TAX

SECTION 1.1. 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 1.1.(b) 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 – A tax levied under this act shall be levied, administered, collected, and repealed as provided in G.S. 160A-215.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 1.1.(c) 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

1 market research, or engage in similar promotional activities that attract
2 tourists or business travelers to the area. The term includes
3 administrative expenses incurred in engaging in the listed activities.

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

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

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

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

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

30 **PART II. PILOT MOUNTAIN OCCUPANCY TAX**

31 **SECTION 2.1.** Occupancy Tax. – (a) Authorization and Scope. – The Pilot
32 Mountain Board of Commissioners may levy a room occupancy tax of up to six percent
33 (6%) of the gross receipts derived from the rental of any room, lodging, or
34 accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within
35 the town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3).
36 This tax is in addition to any State or local sales tax. This tax does not apply to
37 accommodations furnished by nonprofit charitable, educational, or religious
38 organizations when furnished in furtherance of their nonprofit purpose.

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

42 **SECTION 2.1.(c)** Distribution and Use of Tax Revenue. – The Town of
43 Pilot Mountain shall, on a quarterly basis, remit the net proceeds of the occupancy tax to
44 the Pilot Mountain Tourism Development Authority. The Authority shall use at least

1 two-thirds of the funds remitted to it under this section to promote travel and tourism in
2 Pilot Mountain and shall use the remainder for tourism-related expenditures.

3 The following definitions apply in this act:

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

19 **SECTION 2.2.** Pilot Mountain Tourism Development Authority. – (a)
20 Appointment and Membership. – When the Pilot Mountain Board of Commissioners
21 adopts a resolution levying a room occupancy tax under this act, it shall also adopt a
22 resolution creating a town Tourism Development Authority, which shall be a public
23 authority under the Local Government Budget and Fiscal Control Act. The resolution
24 shall provide for the membership of the Authority, including the members' terms of
25 office, and for the filling of vacancies on the Authority. At least one-third of the
26 members must be individuals affiliated with businesses that collect the tax in the town,
27 and at least one-half of the members must be individuals currently active in the
28 promotion of travel and tourism in the town. The Board of Commissioners shall
29 designate one member of the Authority as chair and shall determine the compensation,
30 if any, to be paid to members of the Authority.

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

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

38 **SECTION 2.2.(c)** Reports. – The Authority shall report quarterly and at the
39 close of the fiscal year to the Pilot Mountain Board of Commissioners on its receipts
40 and expenditures for the preceding quarter and for the year in such detail as the Board of
41 Commissioners may require.

42 **PART III. DOBSON OCCUPANCY TAX**

43 **SECTION 3.1.** Occupancy Tax. – (a) Authorization and Scope. – The
44 Dobson Board of Commissioners may levy a room occupancy tax of up to six percent

1 (6%) of the gross receipts derived from the rental of any room, lodging, or
2 accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within
3 the town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3).
4 This tax is in addition to any State or local sales tax. This tax does not apply to
5 accommodations furnished by nonprofit charitable, educational, or religious
6 organizations when furnished in furtherance of their nonprofit purpose.

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

10 **SECTION 3.1.(c)** Distribution and Use of Tax Revenue. – The Town of
11 Dobson shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the
12 Dobson Tourism Development Authority. The Authority shall use at least two-thirds of
13 the funds remitted to it under this section to promote travel and tourism in Dobson and
14 shall use the remainder for tourism-related expenditures.

15 The following definitions apply in this act:

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

31 **SECTION 3.2.** Dobson Tourism Development Authority. – (a)
32 Appointment and Membership. – When the Dobson Board of Commissioners adopts a
33 resolution levying a room occupancy tax under this act, it shall also adopt a resolution
34 creating a town Tourism Development Authority, which shall be a public authority
35 under the Local Government Budget and Fiscal Control Act. The resolution shall
36 provide for the membership of the Authority, including the members' terms of office,
37 and for the filling of vacancies on the Authority. At least one-third of the members must
38 be individuals affiliated with businesses that collect the tax in the town, and at least
39 one-half of the members must be individuals currently active in the promotion of travel
40 and tourism in the town. The Board of Commissioners shall designate one member of
41 the Authority as chair and shall determine the compensation, if any, to be paid to
42 members of the Authority.

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

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

8 **SECTION 3.2.(c) Reports.** – The Authority shall report quarterly and at the
9 close of the fiscal year to the Dobson Board of Commissioners on its receipts and
10 expenditures for the preceding quarter and for the year in such detail as the Board of
11 Commissioners may require.

12 **PART IV. ADMINISTRATIVE PROVISIONS**

13 **SECTION 4.** Administrative Provisions. – G.S. 160A-215(g) reads as
14 rewritten:

15 "(g) This section applies only to Beech Mountain District W, to the Cities of
16 Belmont, Elizabeth City, Eden, Gastonia, Goldsboro, Greensboro, High Point, Kings
17 Mountain, Lexington, Lincolnton, Lumberton, Monroe, Mount Airy, Reidsville,
18 Roanoke Rapids, Shelby, Statesville, Washington, and Wilmington, to the Towns of
19 Beech Mountain, Blowing Rock, Carolina Beach, Carrboro, Dobson, Elkin, Franklin,
20 Kure Beach, Jonesville, Mooresville, North Topsail Beach, Pilot Mountain, Selma,
21 Smithfield, St. Pauls, Troutman, West Jefferson, Wilkesboro, and Wrightsville Beach,
22 and to the municipalities in Avery and Brunswick Counties."

23 **PART V. EFFECTIVE DATE**

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