

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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SENATE BILL 1804
Finance Committee Substitute Adopted 6/8/06

Short Title: Tryon/Boiling Springs Occupancy Tax. (Local)

Sponsors:

Referred to:

May 24, 2006

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE TOWNS OF TRYON AND BOILING SPRINGS TO
LEVY A ROOM OCCUPANCY TAX.

The General Assembly of North Carolina enacts:

PART I. TRYON OCCUPANCY TAX

SECTION 1.1 Occupancy tax. – (a) Authorization and Scope. – The Board of Commissioners of Tryon 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 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 – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215.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. – The Town of Tryon shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Tryon 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 the Town of Tryon 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 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 proceeds collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct

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 Tryon Tourism Development Authority, are designed to increase the
6 use of lodging facilities, meeting facilities, or convention facilities in
7 the town or to attract tourists or business travelers to the town. The
8 term includes tourism-related capital expenditures.

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

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

24 **SECTION 1.2.(b)** Duties. – The Authority shall expend the net proceeds of
25 the tax levied under this Part for the purposes provided in Section 1 of this Part. The
26 Authority shall promote travel, tourism, and conventions in the town, sponsor
27 tourist-related events and activities in the town, and finance tourist-related capital
28 projects in the town.

29 **SECTION 1.2.(c)** Reports. – The Authority shall report quarterly and at the
30 close of the fiscal year to the Tryon Board of Commissioners on its receipts and
31 expenditures for the preceding quarter and for the year in such detail as the Board of
32 Commissioners may require.

33 **PART II. BOILING SPRINGS OCCUPANCY TAX**

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

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

1 **SECTION 2.1.(c)** Distribution and Use of Tax Revenue. – The Town of
2 Boiling Springs shall, on a quarterly basis, remit the net proceeds of the occupancy tax
3 to the Boiling Springs Tourism Development Authority. The Authority shall use at least
4 two-thirds of the funds remitted to it under this subsection to promote travel and tourism
5 in Boiling Springs and shall use the remainder for tourism-related expenditures.

6 The following definitions apply in this subsection:

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

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

34 The Authority shall meet at the call of the chair and shall adopt rules of
35 procedure to govern its meetings. The Finance Officer for Boiling Springs shall be the
36 ex officio finance officer of the Authority.

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

41 **SECTION 2.2.(c)** Reports. – The Authority shall report quarterly and at the
42 close of the fiscal year to the Boiling Springs Town Council on its receipts and
43 expenditures for the preceding quarter and for the year in such detail as the town council
44 may require.

PART III. ADMINISTRATIVE PROVISIONS

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

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

PART IV. EFFECTIVE DATE

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