

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015**

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SENATE BILL 874

Short Title: Sanford/Harnett OT. (Local)

Sponsors: Senator Rabin (Primary Sponsor).

Referred to: State and Local Government

May 12, 2016

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE CITY OF SANFORD TO LEVY AN OCCUPANCY TAX;
AND TO CREATE A SPECIAL TAXING DISTRICT MADE UP OF ALL AREAS IN
HARNETT COUNTY EXCLUSIVE OF THE AVERASBORO TOWNSHIP AND TO
AUTHORIZE THAT SPECIAL TAXING DISTRICT TO LEVY A SIX PERCENT ROOM
OCCUPANCY TAX.

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 – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215.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 remainder for the operation, maintenance, promotion, and renovation of the Dennis A. Wicker Civic Center. 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.



1 **SECTION 1.2.** Sanford Tourism Development Authority. – (a) Appointment and
2 Membership. – When the Sanford City Council adopts a resolution levying a room occupancy tax
3 under this act, it shall also adopt a resolution creating a city Tourism Development Authority,
4 which shall be a public authority under the Local Government Budget and Fiscal Control Act. The
5 resolution shall provide for the membership of the Authority, including the members' terms of
6 office, and for the filling of vacancies on the Authority. At least one-third of the members must be
7 individuals who are affiliated with businesses that collect the tax in the city, and at least one-half
8 of the members must be individuals who are currently active in the promotion of travel and
9 tourism in the city. The city council shall designate one member of the Authority as chair and shall
10 determine the compensation, if any, to be paid to members of the Authority.

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

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

17 **SECTION 1.2.(c)** Reports. – The Authority shall report quarterly and at the close of
18 the fiscal year to the Sanford City Council on its receipts and expenditures for the preceding
19 quarter and for the year in such detail as the city council may require.
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21 **PART II. HARNETT COUNTY OCCUPANCY TAX**

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

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

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

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

45 The following definitions apply in this subsection:

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

- 1 (2) Promote travel and tourism. – To advertise or market an area or activity,
2 publish and distribute pamphlets and other materials, conduct market research,
3 or engage in similar promotional activities that attract tourists or business
4 travelers to the area. The term includes administrative expenses incurred in
5 engaging in the listed activities.
- 6 (3) Tourism-related expenditures. – Expenditures that, in the judgment of the
7 Tourism Development Authority, are designed to increase the use of lodging
8 facilities, meeting facilities, or convention facilities in the county or to attract
9 tourists or business travelers to the district. The term includes tourism-related
10 capital expenditures.

11 **SECTION 2.2.** Harnett County District H Tourism Development Authority. – (a)
12 Appointment and Membership. – When the governing body of Harnett County District H adopts a
13 resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating the
14 Harnett County District H Tourism Development Authority, which shall be a public authority
15 under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the
16 membership of the Authority, including the members' terms of office, and for the filling of
17 vacancies on the Authority. At least one-third of the members must be individuals who are
18 affiliated with businesses that collect the tax in the district, and at least one-half of the members
19 must be individuals who are currently active in the promotion of travel and tourism in the district.
20 The governing body shall designate one member of the Authority as chair and shall determine the
21 compensation, if any, to be paid to members of the Authority.

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

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

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

31 32 **PART III. ADMINISTRATIVE PROVISIONS**

33 **SECTION 3.1.** G.S. 160A-215(g) reads as rewritten:

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

48 **SECTION 3.2.** G.S. 153A-155(g) reads as rewritten:

49 "(g) Applicability. – Subsection (c) of this section applies to all counties and county
50 districts that levy an occupancy tax. To the extent subsection (c) conflicts with any provision of a
51 local act, subsection (c) supersedes that provision. The remainder of this section applies only to

1 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, Granville, Halifax, Haywood, Henderson, Jackson,
4 Madison, Martin, McDowell, Montgomery, Moore, Nash, New Hanover, Northampton,
5 Pasquotank, Pender, Perquimans, Person, Randolph, Richmond, Rockingham, Rowan, Rutherford,
6 Sampson, Scotland, Stanly, Swain, Transylvania, Tyrrell, Vance, Washington, and Wilson
7 Counties, to Harnett County District H, New Hanover County District U, ~~to~~ Surry County District
8 S, ~~to~~ Watauga County District U, ~~to~~ Wilkes County District K, ~~to~~ Yadkin County District Y, and
9 ~~to~~ the Township of Averagesboro in Harnett County and the Ocracoke Township Taxing District."

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11 **PART IV. EFFECTIVE DATE**

12 **SECTION 4.1.** This act is effective when it becomes law.