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HOUSE BILL 142
Senate Finance Committee Substitute Adopted 7/7/04
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Short Title: Dare Local Option Tax Menu.

(Local)

Sponsors:

Referred to:

February 27, 2003

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE DARE COUNTY TO LEVY AN ADDITIONAL ONE-HALF PERCENT SALES AND USE TAX, A PRIVILEGE TAX ON PROVIDERS OF TRANSIENT ACCOMMODATIONS, AN ADDITIONAL ONE PERCENT PREPARED FOOD AND BEVERAGES TAX, AND A ROOM TAX, THE PROCEEDS OF ALL OF WHICH SHALL BE USED FOR BEACH NOURISHMENT.

The General Assembly of North Carolina enacts:

PART I. LOCAL OPTION SALES AND USE TAX

SECTION 1.1. Subchapter VIII of Chapter 105 of the General Statutes is amended by adding a new Article to read:

"Article 45.

"Local Government Sales and Use Tax for Beach Nourishment.

"§ 105-525. Short title.

This Article is the Local Government Sales and Use Tax for Beach Nourishment Act.

"§ 105-526. Limitations.

This Article applies only to counties that levy the first one-cent (1¢) sales and use tax under Article 39 of this Chapter or under Chapter 1096 of the 1967 Session Laws, the first one-half cent (1/2¢) local sales and use tax under Article 40 of this Chapter, the second one-half cent (1/2¢) local sales and use tax under Article 42 of this Chapter, and the third one-half cent (1/2¢) local sales and use tax under Article 44 of this Chapter.

"§ 105-527. Definitions.

The following definitions apply in this Article:

- (1) Beach nourishment. – The placement of sand, from other sand sources, on a beach or dune by mechanical means and other associated activities that are in conformity with the North Carolina Coastal Management Program, or which have otherwise been authorized by

1 the General Assembly, along the North Carolina shorelines and
2 connecting inlets for the purpose of widening the beach to benefit
3 public recreational use and mitigating damage and erosion from storms
4 to inland property and transportation routes. The term includes
5 expenditures for the following:

- 6 a. Costs directly associated with qualifying for projects either
7 contracted through the U.S. Army Corps of Engineers or
8 otherwise permitted by all appropriate federal and State
9 agencies.
- 10 b. The nonfederal share of the costs required to construct these
11 projects.
- 12 c. The costs associated with providing enhanced public beach
13 access.
- 14 d. The costs of associated nonhardening activities such as the
15 planting of vegetation, the building of dunes, and the placement
16 of sand fences.

17 (2) Net proceeds. – Defined in G.S. 105-472.

18 **"§ 105-528. Levy.**

19 The board of commissioners of a county may, by resolution, levy one-half percent
20 (1/2%) local sales and use taxes in addition to any other State and local sales and use
21 taxes levied pursuant to law. Before adopting a resolution under this section, the board
22 of commissioners must give at least 10 days' public notice of its intent to adopt the
23 resolution and must hold a public hearing on the issue of adopting the resolution.

24 **"§ 105-529. Administration of taxes.**

25 Except as provided in this Article, the adoption, levy, collection, administration, and
26 repeal of these additional taxes must be in accordance with Article 39 of this Chapter. A
27 tax levied under this Article does not apply to the sales price of food that is exempt from
28 tax pursuant to G.S. 105-164.13B.

29 **"§ 105-530. Distribution and use of taxes.**

30 (a) Distribution. – The Secretary shall, on a monthly basis, distribute to each
31 taxing county for which the Secretary collects the tax the net proceeds of the tax
32 collected in that county under this Article. If the Secretary collects local sales or use
33 taxes in a month and the taxes cannot be identified as being attributable to a particular
34 taxing county, the Secretary shall allocate the taxes among the taxing counties in
35 proportion to the amount of taxes collected in each county under this Article during that
36 month and shall include them in the monthly distribution. Amounts collected by
37 electronic funds transfer payments are included in the distribution for the month in
38 which the return that applies to the payment is received.

39 (b) Use. – A county may use the net proceeds of a tax levied under this Article
40 only for beach nourishment."

41 **SECTION 1.2.** This part applies only to Dare County and is effective when
42 it becomes law.

43
44 **PART II. PRIVILEGE TAX ON INNKEEPERS**

1 **SECTION 2.1.** Privilege tax. – Notwithstanding the provisions of
2 G.S. 153A-152, the Dare County Board of Commissioners may levy a privilege tax of
3 up to three hundred dollars (\$300.00) per rental unit on each business engaged in the
4 furnishing of any room, lodging, or accommodation within the county the rental of
5 which is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax
6 does not apply to nonprofit charitable, educational, or religious organizations that
7 furnish accommodations in furtherance of their nonprofit purpose.

8 **SECTION 2.2.** Use of Tax Revenue. – Dare County shall use the net
9 proceeds of the tax levied under this part for beach nourishment projects. As used in
10 this part, "beach nourishment" has the same meaning as in G.S. 105-527.

11 **SECTION 2.3.** This part is effective when it becomes law.
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13 **PART III. MEALS TAX**

14 **SECTION 3.1.** Chapter 449 of the 1985 Session Laws, as amended by
15 Chapter 826 of the 1985 Session Laws, Chapters 177 and 906 of the 1991 Session
16 Laws, S.L. 2001-264, S.L. 2001-347, S.L. 2001-439, S.L. 2002-72, and S.L. 2002-141,
17 is amended by adding a new section to read:

18 "Sec. 4.1. Additional Prepared Food and Beverages Tax. In addition to the tax
19 authorized by Section 4 of this act, the Dare County Board of Commissioners may levy
20 a prepared food and beverages tax of one percent (1%) of the sales price of prepared
21 food and beverage taxable under Section 4 of this act. The county may not levy a tax
22 under this section unless it also levies the tax under Section 4 of this act. Except as
23 provided in this section, the levy, collection, administration, and repeal of the tax
24 authorized by this section shall be in accordance with Section 4 of this act and with
25 G.S. 153A-154.1. The county shall use the net proceeds of the tax authorized by this
26 section for beach nourishment, as defined in G.S. 105-527."

27 **SECTION 3.2.** This part is effective when it becomes law.
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29 **PART IV. ROOM TAX**

30 **SECTION 4.1.** Chapter 449 of the 1985 Session Laws, as amended by
31 Chapter 826 of the 1985 Session Laws, Chapters 177 and 906 of the 1991 Session
32 Laws, S.L. 2001-264, S.L. 2001-347, S.L. 2001-439, S.L. 2002-72, and S.L. 2002-141,
33 is amended by adding a new section to read:

34 "Sec. 3.3. Room tax. – The Dare County Board of Commissioners may levy a room
35 tax of up to two dollars (\$2.00) per bedroom or other separate sleeping area per night
36 for the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn,
37 tourist camp, or similar place within the county that is subject to sales tax imposed by
38 the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales
39 tax and any State or local occupancy tax. This tax does not apply to accommodations
40 furnished by nonprofit charitable, educational, or religious organizations when
41 furnished in furtherance of their nonprofit purpose. Except as provided by this section,
42 the levy, collection, administration, and repeal of the tax authorized by this section shall
43 be in accordance with Section 1 of this act. The county shall use the net proceeds of the
44 tax authorized by this section for beach nourishment."

1 **SECTION 4.2.** This part is effective when it becomes law.

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3 **PART V. MISCELLANEOUS PROVISIONS**

4 **SECTION 5.1.** Section 2 of Chapter 449 of the 1985 Session Laws, as
5 amended by Chapter 177 of the 1991 Session Laws, S.L. 2001-347, and S.L. 2001-439,
6 reads as rewritten:

7 "Sec. 2. Definitions. The definitions in G.S. 105-164.3 apply in this act. In addition,
8 the following definitions apply in this act:

9 (1) Net proceeds. Gross proceeds less the cost to the county of
10 administering and collecting the tax.

11 (2) Prepared food and beverages. The term has the same meaning as the
12 term "prepared food" in G.S. 105-164.3.

13 (3) Beach nourishment. The term has the same meaning as in
14 G.S. 105-527.~~The placement of sand, from other sand sources, on a~~
15 ~~beach or dune by mechanical means and other associated activities that~~
16 ~~are in conformity with the North Carolina Coastal Management~~
17 ~~Program, or which have otherwise been authorized by the General~~
18 ~~Assembly, along the North Carolina shorelines and connecting inlets~~
19 ~~for the purpose of widening the beach to benefit public recreational use~~
20 ~~and mitigating damage and erosion from storms to inland property and~~
21 ~~transportation routes. The term includes expenditures for the~~
22 ~~following:~~

23 a. ~~Costs directly associated with qualifying for projects either~~
24 ~~contracted through the U.S. Army Corps of Engineers or~~
25 ~~otherwise permitted by all appropriate federal and State~~
26 ~~agencies;~~

27 b. ~~The nonfederal share of the costs required to construct these~~
28 ~~projects;~~

29 c. ~~The costs associated with providing enhanced public beach~~
30 ~~access; and~~

31 d. ~~The costs of associated nonhardening activities such as the~~
32 ~~planting of vegetation, the building of dunes, and the placement~~
33 ~~of sand fences."~~

34 **SECTION 5.2.** Except as otherwise provided, this act is effective when it
35 becomes law.