

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE DRH50538-SV-11 (03/29)

Short Title: Occupancy Tax Study. (Public)

Sponsors: Representatives Clary, Current, and Neumann (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE THE REVENUE LAWS STUDY COMMITTEE TO
3 STUDY THE NATURE, SCOPE, AND DEGREE OF UNIFORMITY OF LOCAL
4 OCCUPANCY TAXES THROUGHOUT THE STATE.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** The Revenue Laws Study Committee may study the nature
7 and scope of local occupancy tax laws, the degree of uniformity among those laws,
8 whether occupancy tax laws are effective in promoting travel and tourism, and whether
9 any features of the occupancy tax should be modified. The study shall include a review
10 of various features of the occupancy tax laws in light of the need for the revenue
11 generated by the occupancy tax and the uses for which it is needed. The study may
12 include consideration of the following issues pertaining to occupancy tax:

- 13 (1) For what purposes the revenue generated is actually being used and
14 whether the use conforms to the purposes stated in the various local
15 acts.
- 16 (2) The variation among taxing units with regard to the amount of tax
17 authorized to be levied.
- 18 (3) The effectiveness of the guidelines for occupancy tax legislation
19 adhered to by the House Finance Committee.
- 20 (4) Whether the rate should be capped, and if so, whether that cap should
21 be codified.
- 22 (5) Whether the authorized use of the revenue generated should be
23 restricted to certain purposes and whether the existing purposes should
24 be modified in any way.

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- 1 (6) Whether the distribution formula established by the guidelines is an
2 effective use of the proceeds, whether it provides local governments
3 with the best return on their expenditure of funds, and whether the
4 formula should be modified.
- 5 (7) Whether there should be guidelines or legislation addressing refunds of
6 occupancy tax.
- 7 (8) The effectiveness of tourism development authorities in administering
8 occupancy tax proceeds and whether there should be any statutory
9 guidance with regard to the composition, duties, appointment,
10 removal, or other aspects of tourism development authorities.
- 11 (9) How the combined occupancy and sales tax rates in North Carolina
12 compare with rates in other states that have a comparably ranked
13 tourism industry.
- 14 (10) The advantages and disadvantages of establishing a uniform system for
15 occupancy taxes and whether that system, in whole or in part, should
16 be incorporated into the statutes.

17 **SECTION 2.** The Revenue Laws Study Committee may make an interim
18 report to the 2008 Regular Session of the 2007 General Assembly and shall make a final
19 report, including any recommendations or legislative proposals, to the 2009 General
20 Assembly.

21 **SECTION 3.** This act is effective when it becomes law.