

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 1845

Short Title: Occupancy Tax Study. (Public)

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

Referred to: Finance, if favorable, Rules, Calendar, and Operations of the House.

April 19, 2007

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

The General Assembly of North Carolina enacts:

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

- (1) For what purposes the revenue generated is actually being used and whether the use conforms to the purposes stated in the various local acts.
- (2) The variation among taxing units with regard to the amount of tax authorized to be levied.
- (3) The effectiveness of the guidelines for occupancy tax legislation adhered to by the House Finance Committee.
- (4) Whether the rate should be capped, and if so, whether that cap should be codified.
- (5) Whether the authorized use of the revenue generated should be restricted to certain purposes and whether the existing purposes should be modified in any way.
- (6) Whether the distribution formula established by the guidelines is an effective use of the proceeds, whether it provides local governments

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

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

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