

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 2156

Short Title: Town of Leland Occupancy Tax. (Local)

Sponsors: Representatives Stiller and Hill (Primary Sponsors).

Referred to: Finance.

May 19, 2008

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE THE TOWN OF LELAND TO LEVY A ROOM
2 OCCUPANCY TAX.
3

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Occupancy tax. – (a) Authorization and Scope. – The Town
6 Council of the Town of Leland may levy a room occupancy tax of up to three percent
7 (3%) of the gross receipts derived from the rental of any room, lodging, or
8 accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within
9 the town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3).
10 This tax is in addition to any State or local sales tax. This tax does not apply to
11 accommodations furnished by nonprofit charitable, educational, or religious
12 organizations when furnished in furtherance of their nonprofit purpose.

13 **SECTION 1.(b)** Administration. – A tax levied under this section shall be
14 levied, administered, collected, and repealed as provided in G.S. 160A-215. The
15 penalties provided in G.S. 160A-215 apply to a tax levied under this section.

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

21 The following definitions apply in this subsection:

- 22 (1) Net proceeds. – Gross proceeds less the cost to the town of
23 administering and collecting the tax, as determined by the finance
24 officer, not to exceed three percent (3%) of the first five hundred
25 thousand dollars (\$500,000) of gross proceeds collected each year and
26 one percent (1%) of the remaining gross proceeds collected each year.
- 27 (2) Promote travel and tourism. – To advertise or market an area or
28 activity, publish and distribute pamphlets and other materials, conduct
29 market research, or engage in similar promotional activities that attract

1 tourists or business travelers to the area; the term includes
2 administrative expenses incurred in engaging in the listed activities.

- 3 (3) Tourism-related expenditures. – Expenditures that, in the judgment of
4 the Leland Tourism Development Authority, are designed to increase
5 the use of lodging facilities, meeting facilities, or convention facilities
6 in the town or to attract tourists or business travelers to the town. The
7 term includes tourism-related capital expenditures.

8 **SECTION 2.** Tourism Development Authority. – (a) Appointment and
9 Membership. – When the Town Council adopts a resolution levying a room occupancy
10 tax under this act, it shall also adopt a resolution creating the Leland Tourism
11 Development Authority, which shall be a public authority under the Local Government
12 Budget and Fiscal Control Act. The resolution shall provide for the membership of the
13 Authority, including the members' terms of office, and for the filling of vacancies on the
14 Authority. At least one-third of the members shall be individuals who are affiliated with
15 businesses that collect the tax in the town, and at least one-half of the members shall be
16 individuals who are currently active in the promotion of travel and tourism in the town.
17 The Town Council shall designate one member of the Authority as chair and shall
18 determine the compensation, if any, to be paid to members of the Authority.

19 The Authority shall meet at the call of the chair and shall adopt rules of
20 procedure to govern its meetings. The finance officer for the Town of Leland shall be
21 the ex officio finance officer of the Authority.

22 **SECTION 2.(b)** Duties. – The Authority shall expend the net proceeds of the
23 tax levied under this act for the purposes provided in Section 1 of this act. The
24 Authority shall promote travel, tourism, and conventions in the town, sponsor
25 tourist-related events and activities in the town, and finance tourist-related capital
26 projects in the town.

27 **SECTION 2.(c)** Reports. – The Authority shall report quarterly and at the
28 close of the fiscal year to the Leland Town Council on its receipts and expenditures for
29 the preceding quarter and for the year in such detail as the Town Council may require.

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