

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 2156
Committee Substitute Favorable 6/10/08
Senate Finance Committee Substitute Adopted 6/26/08

Short Title: Leland and Mount Holly Occupancy Tax.

(Local)

Sponsors:

Referred to:

May 19, 2008

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE TOWN OF LELAND AND THE CITY OF MOUNT
HOLLY TO LEVY A ROOM OCCUPANCY TAX.

The General Assembly of North Carolina enacts:

PART I. LELAND OCCUPANCY TAX

SECTION 1.1. Occupancy tax. – (a) Authorization and Scope. – The Town Council of the Town of Leland 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 town 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. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

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 – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215.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. – The Town of Leland shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Leland Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in the Town of Leland and shall use the remainder for tourism-related expenditures.

The following definitions apply in this subsection:

- (1) Net proceeds. – Gross proceeds less the cost to the town 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 proceeds collected each year.

1 (2) Promote travel and tourism. – To advertise or market an area or
2 activity, publish and distribute pamphlets and other materials, conduct
3 market research, or engage in similar promotional activities that attract
4 tourists or business travelers to the area; the term includes
5 administrative expenses incurred in engaging in the listed activities.

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

11 **SECTION 1.2.** Tourism Development Authority. – (a) Appointment and
12 Membership. – When the Town Council adopts a resolution levying a room occupancy
13 tax under this act, it shall also adopt a resolution creating the Leland Tourism
14 Development Authority, which shall be a public authority under the Local Government
15 Budget and Fiscal Control Act. The resolution shall provide for the membership of the
16 Authority, including the members' terms of office, and for the filling of vacancies on the
17 Authority. At least one-third of the members shall be individuals who are affiliated with
18 businesses that collect the tax in the town, and at least one-half of the members shall be
19 individuals who are currently active in the promotion of travel and tourism in the town.
20 The Town Council shall designate one member of the Authority as chair and shall
21 determine the 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
23 procedure to govern its meetings. The finance officer for the Town of Leland shall be
24 the ex officio finance officer of the Authority.

25 **SECTION 1.2.(b)** Duties. – The Authority shall expend the net proceeds of
26 the tax levied under this act for the purposes provided in Section 1 of this act. The
27 Authority shall promote travel, tourism, and conventions in the town, sponsor
28 tourist-related events and activities in the town, and finance tourist-related capital
29 projects in the town.

30 **SECTION 1.2.(c)** Reports. – The Authority shall report quarterly and at the
31 close of the fiscal year to the Leland Town Council on its receipts and expenditures for
32 the preceding quarter and for the year in such detail as the Town Council may require.
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34 **PART II. MOUNT HOLLY OCCUPANCY TAX**

35 **SECTION 2.1.** Occupancy tax. – (a) Authorization and Scope. – The City of
36 Mount Holly may levy a room occupancy tax of up to three percent (3%) of the gross
37 receipts derived from the rental of any room, lodging, or accommodation furnished by a
38 hotel, motel, inn, tourist camp, or similar place within the city that is subject to sales tax
39 imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or
40 local sales tax. This tax does not apply to accommodations furnished by nonprofit
41 charitable, educational, or religious organizations when furnished in furtherance of their
42 nonprofit purpose.

1 **SECTION 2.1.(b)** Administration. – A tax levied under this section shall be
2 levied, administered, collected, and repealed as provided in G.S. 160A-215. The
3 penalties provided in G.S. 160A-215 apply to a tax levied under this section.

4 **SECTION 2.1.(c)** Distribution and Use of Tax Revenue. – The City of
5 Mount Holly shall, on a quarterly basis, remit the net proceeds of the occupancy tax to
6 the Mount Holly Tourism Development Authority. The Authority shall use at least
7 two-thirds of the funds remitted to it under this subsection to promote travel and tourism
8 in Mount Holly and shall use the remainder for tourism-related expenditures.

9 The following definitions apply in this subsection:

10 (1) Net proceeds. – Gross proceeds less the cost to the city of
11 administering and collecting the tax, as determined by the finance
12 officer, not to exceed three percent (3%) of the first five hundred
13 thousand dollars (\$500,000) of gross proceeds collected each year and
14 one percent (1%) of the remaining gross receipts collected each year.

15 (2) Promote travel and tourism. – To advertise or market an area or
16 activity, publish and distribute pamphlets and other materials, conduct
17 market research, or engage in similar promotional activities that attract
18 tourists or business travelers to the area; the term includes
19 administrative expenses incurred in engaging in the listed activities.

20 (3) Tourism-related expenditures. – Expenditures that, in the judgment of
21 the Mount Holly Tourism Development Authority, are designed to
22 increase the use of lodging facilities, meeting facilities, or convention
23 facilities in a city or to attract tourists or business travelers to the city.
24 The term includes tourism-related capital expenditures.

25 **SECTION 2.2.** Tourism Development Authority. – (a) Appointment and
26 Membership. – When the Mount Holly City Council adopts a resolution levying a room
27 occupancy tax under this act, it shall also adopt a resolution creating a city Tourism
28 Development Authority, which shall be a public authority under the Local Government
29 Budget and Fiscal Control Act. The resolution shall provide for the membership of the
30 Authority, including the members' terms of office, and for the filling of vacancies on the
31 Authority. At least one-third of the members must be individuals who are affiliated with
32 businesses that collect the tax in the city, and at least one-half of the members must be
33 individuals who are currently active in the promotion of travel and tourism in the city.
34 The Board of Aldermen shall designate one member of the Authority as chair and shall
35 determine the compensation, if any, to be paid to members of the Authority.

36 The Authority shall meet at the call of the chair and shall adopt rules of
37 procedure to govern its meetings. The Finance Officer for the City of Mount Holly shall
38 be the ex officio finance officer of the Authority.

39 **SECTION 2.2.(b)** Duties. – The Authority shall expend the net proceeds of
40 the tax levied under this act for the purposes provided in Section 2 of this act. The
41 Authority shall promote travel, tourism, and conventions in the city, sponsor
42 tourist-related events and activities in the city, and finance tourist-related capital
43 projects in the city.

1 **SECTION 2.2.(c)** Reports. – The Authority shall report quarterly and at the
2 close of the fiscal year to the City Council on its receipts and expenditures for the
3 preceding quarter and for the year in such detail as the City Council may require.
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5 **PART III. ADMINISTRATIVE PROVISIONS**

6 **SECTION 3.** G.S. 160A-215(g) reads as rewritten:

7 "(g) This section applies only to Beech Mountain District W, to the Cities of
8 Belmont, Elizabeth City, Eden, Gastonia, Goldsboro, Greensboro, High Point, Kings
9 Mountain, Lexington, Lincolnton, Lumberton, Monroe, Mount Airy, Mount Holly,
10 Reidsville, Roanoke Rapids, Shelby, Statesville, Washington, and Wilmington, to the
11 Towns of Ahoskie, Beech Mountain, Benson, Blowing Rock, Boiling Springs, Burgaw,
12 Carolina Beach, Carrboro, Dallas, Dobson, Elkin, Franklin, Jonesville, Kenly, Kure
13 Beach, Leland, Mooresville, North Topsail Beach, Pilot Mountain, Selma, Smithfield,
14 St. Pauls, Troutman, Tryon, West Jefferson, Wilkesboro, Wrightsville Beach,
15 Yadkinville, and Yanceyville, and to the municipalities in Avery and Brunswick
16 Counties."
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18 **PART IV. EFFECTIVE DATE**

19 **SECTION 4.** This act is effective when it becomes law.