

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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**HOUSE BILL 2259
Committee Substitute Favorable 6/22/06
Senate Finance Committee Substitute Adopted 7/5/06**

Short Title: Various Occupancy Taxes. (Local)

Sponsors:

Referred to:

May 22, 2006

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE THE TOWNS OF ELKIN, PILOT MOUNTAIN,
2 DOBSON, AND AHOSKIE TO LEVY A ROOM OCCUPANCY AND TOURISM
3 DEVELOPMENT TAX, TO CREATE A TAXING DISTRICT IN OCRACOKE
4 TOWNSHIP FOR THE PURPOSE OF AUTHORIZING THE LEVY OF A ROOM
5 OCCUPANCY AND TOURISM DEVELOPMENT TAX, AND TO AMEND THE
6 ROOM OCCUPANCY AND TOURISM DEVELOPMENT TAXES FOR THE
7 COUNTIES OF CHOWAN AND MARTIN.

8
9 The General Assembly of North Carolina enacts:

10 **PART I. ELKIN OCCUPANCY TAX**

11 **SECTION 1.1.** Occupancy Tax. – (a) Authorization and Scope. – The Elkin
12 Town Council may levy a room occupancy tax of up to six percent (6%) of the gross
13 receipts derived from the rental of any room, lodging, or accommodation furnished by a
14 hotel, motel, inn, tourist camp, or similar place within the town that is subject to sales
15 tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State
16 or local sales tax. This tax does not apply to accommodations furnished by nonprofit
17 charitable, educational, or religious organizations when furnished in furtherance of their
18 nonprofit purpose.

19 **SECTION 1.1.(b)** Administration. – A tax levied under this act shall be
20 levied, administered, collected, and repealed as provided in G.S. 160A-215. The
21 penalties provided in G.S. 160A-215 apply to a tax levied under this section.

22 **SECTION 1.1.(c)** Distribution and Use of Tax Revenue. – The Town of
23 Elkin shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Elkin
24 Tourism Development Authority. The Authority shall use at least two-thirds of the
25 funds remitted to it under this section to promote travel and tourism in Elkin and shall
26 use the remainder for tourism-related expenditures.

27 The following definitions apply in this act:

- 1 (1) Net proceeds. – Gross proceeds less the cost to the town of
2 administering and collecting the tax, as determined by the finance
3 officer, not to exceed three percent (3%) of the first five hundred
4 thousand dollars (\$500,000) of gross proceeds collected each year and
5 one percent (1%) of the remaining gross receipts collected each year.
- 6 (2) Promote travel and tourism. – To advertise or market an area or
7 activity, publish and distribute pamphlets and other materials, conduct
8 market research, or engage in similar promotional activities that attract
9 tourists or business travelers to the area. The term includes
10 administrative expenses incurred in engaging in the listed activities.
- 11 (3) Tourism-related expenditures. – Expenditures that, in the judgment of
12 the Tourism Development Authority, are designed to increase the use
13 of lodging facilities, meeting facilities, or convention facilities in the
14 town or to attract tourists or business travelers to the town. The term
15 includes tourism-related capital expenditures.

16 **SECTION 1.2.** Elkin Tourism Development Authority. – (a) Appointment
17 and Membership. – When the Elkin Town Council adopts a resolution levying a room
18 occupancy tax under this act, it shall also adopt a resolution creating a town Tourism
19 Development Authority, which shall be a public authority under the Local Government
20 Budget and Fiscal Control Act. The resolution shall provide for the membership of the
21 Authority, including the members' terms of office, and for the filling of vacancies on the
22 Authority. At least one-third of the members must be individuals affiliated with
23 businesses that collect the tax in the town, and at least one-half of the members must be
24 individuals currently active in the promotion of travel and tourism in the town. The
25 town council shall designate one member of the Authority as chair and shall determine
26 the compensation, if any, to be paid to members of the Authority.

27 The Authority shall meet at the call of the chair and shall adopt rules of
28 procedure to govern its meetings. The Finance Officer for Elkin shall be the ex officio
29 finance officer of the Authority.

30 **SECTION 1.2.(b)** Duties. – The Authority shall expend the net proceeds of
31 the tax levied under this part for the purposes provided in this part. The Authority shall
32 promote travel, tourism, and conventions in the town, sponsor tourist-related events and
33 activities in the town, and finance tourist-related capital projects in the town.

34 **SECTION 1.2.(c)** Reports. – The Authority shall report quarterly and at the
35 close of the fiscal year to the Elkin Town Council on its receipts and expenditures for
36 the preceding quarter and for the year in such detail as the town council may require.

37 **PART II. PILOT MOUNTAIN OCCUPANCY TAX**

38 **SECTION 2.1.** Occupancy Tax. – (a) Authorization and Scope. – The Pilot
39 Mountain Board of Commissioners may levy a room occupancy tax of up to six percent
40 (6%) of the gross receipts derived from the rental of any room, lodging, or
41 accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within
42 the town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3).
43 This tax is in addition to any State or local sales tax. This tax does not apply to

1 accommodations furnished by nonprofit charitable, educational, or religious
2 organizations when furnished in furtherance of their nonprofit purpose.

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

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

11 The following definitions apply in this act:

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

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

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

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

39 The Authority shall meet at the call of the chair and shall adopt rules of
40 procedure to govern its meetings. The Finance Officer for Pilot Mountain shall be the ex
41 officio finance officer of the Authority.

42 **SECTION 2.2.(b)** Duties. – The Authority shall expend the net proceeds of
43 the tax levied under this part for the purposes provided in this part. The Authority shall

1 promote travel, tourism, and conventions in the town, sponsor tourist-related events and
2 activities in the town, and finance tourist-related capital projects in the town.

3 **SECTION 2.2.(c) Reports.** – The Authority shall report quarterly and at the
4 close of the fiscal year to the Pilot Mountain Board of Commissioners on its receipts
5 and expenditures for the preceding quarter and for the year in such detail as the Board of
6 Commissioners may require.

7 **PART III. DOBSON OCCUPANCY TAX**

8 **SECTION 3.1. Occupancy Tax.** – (a) Authorization and Scope. – The
9 Dobson Board of Commissioners may levy a room occupancy tax of up to six percent
10 (6%) of the gross receipts derived from the rental of any room, lodging, or
11 accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within
12 the town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3).
13 This tax is in addition to any State or local sales tax. This tax does not apply to
14 accommodations furnished by nonprofit charitable, educational, or religious
15 organizations when furnished in furtherance of their nonprofit purpose.

16 **SECTION 3.1.(b) Administration.** – A tax levied under this act shall be
17 levied, administered, collected, and repealed as provided in G.S. 160A-215. The
18 penalties provided in G.S. 160A-215 apply to a tax levied under this section.

19 **SECTION 3.1.(c) Distribution and Use of Tax Revenue.** – The Town of
20 Dobson shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the
21 Dobson Tourism Development Authority. The Authority shall use at least two-thirds of
22 the funds remitted to it under this section to promote travel and tourism in Dobson and
23 shall use the remainder for tourism-related expenditures.

24 The following definitions apply in this act:

- 25 (1) Net proceeds. – Gross proceeds less the cost to the town of
26 administering and collecting the tax, as determined by the finance
27 officer, not to exceed three percent (3%) of the first five hundred
28 thousand dollars (\$500,000) of gross proceeds collected each year and
29 one percent (1%) of the remaining gross receipts collected each year.
- 30 (2) Promote travel and tourism. – To advertise or market an area or
31 activity, publish and distribute pamphlets and other materials, conduct
32 market research, or engage in similar promotional activities that attract
33 tourists or business travelers to the area. The term includes
34 administrative expenses incurred in engaging in the listed activities.
- 35 (3) Tourism-related expenditures. – Expenditures that, in the judgment of
36 the Tourism Development Authority, are designed to increase the use
37 of lodging facilities, meeting facilities, or convention facilities in the
38 town or to attract tourists or business travelers to the town. The term
39 includes tourism-related capital expenditures.

40 **SECTION 3.2. Dobson Tourism Development Authority.** – (a)
41 Appointment and Membership. – When the Dobson Board of Commissioners adopts a
42 resolution levying a room occupancy tax under this act, it shall also adopt a resolution
43 creating a town Tourism Development Authority, which shall be a public authority
44 under the Local Government Budget and Fiscal Control Act. The resolution shall

1 provide for the membership of the Authority, including the members' terms of office,
2 and for the filling of vacancies on the Authority. At least one-third of the members must
3 be individuals affiliated with businesses that collect the tax in the town, and at least
4 one-half of the members must be individuals currently active in the promotion of travel
5 and tourism in the town. The Board of Commissioners shall designate one member of
6 the Authority as chair and shall determine the compensation, if any, to be paid to
7 members of the Authority.

8 The Authority shall meet at the call of the chair and shall adopt rules of
9 procedure to govern its meetings. The Finance Officer for Dobson shall be the ex officio
10 finance officer of the Authority.

11 **SECTION 3.2.(b) Duties.** – The Authority shall expend the net proceeds of
12 the tax levied under this part for the purposes provided in this part. The Authority shall
13 promote travel, tourism, and conventions in the town, sponsor tourist-related events and
14 activities in the town, and finance tourist-related capital projects in the town.

15 **SECTION 3.2.(c) Reports.** – The Authority shall report quarterly and at the
16 close of the fiscal year to the Dobson Board of Commissioners on its receipts and
17 expenditures for the preceding quarter and for the year in such detail as the Board of
18 Commissioners may require.

19 **PART IV. TOWN OF AHOSKIE OCCUPANCY TAX**

20 **SECTION 4.1. Occupancy Tax.** – (a) Authorization and Scope. – The
21 Ahoskie Town Council may levy a room occupancy tax of up to three percent (3%) of
22 the gross receipts derived from the rental of any room, lodging, or accommodation
23 furnished by a hotel, motel, inn, tourist camp, or similar place within the town that is
24 subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in
25 addition to any State or local sales tax. This tax does not apply to accommodations
26 furnished by nonprofit charitable, educational, or religious organizations when
27 furnished in furtherance of their nonprofit purpose.

28 **SECTION 4.1.(b) Administration.** – A tax levied under this part shall be
29 levied, administered, collected, and repealed as provided in G.S. 160A-215. The
30 penalties provided in G.S. 160A-215 apply to a tax levied under this section.

31 **SECTION 4.1.(c) Distribution and Use of Tax Revenue.** – The Town of
32 Ahoskie shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the
33 Town of Ahoskie Tourism Development Authority. The Authority shall use at least
34 two-thirds of the funds remitted to it under this subsection to promote travel and tourism
35 in the town and shall use the remainder for tourism-related expenditures.

36 The following definitions apply in this part:

- 37 (1) Net proceeds. – Gross proceeds less the cost to the town of
38 administering and collecting the tax, as determined by the finance
39 officer, not to exceed three percent (3%) of the first five hundred
40 thousand dollars (\$500,000) of gross proceeds collected each year and
41 one percent (1%) of the remaining gross receipts collected each year.
- 42 (2) Promote travel and tourism. – To advertise or market an area or
43 activity, publish and distribute pamphlets and other materials, conduct
44 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 Tourism Development Authority, are designed to increase the use
5 of lodging facilities, meeting facilities, or convention facilities in a
6 town or to attract tourists or business travelers to the town. The term
7 includes tourism-related capital expenditures.

8 **SECTION 4.2.** Town of Ahoskie Tourism Development Authority. – (a)
9 Appointment and Membership. – When the Ahoskie Town Council adopts a resolution
10 levying a room occupancy tax under this act, it shall also adopt a resolution creating a
11 town Tourism Development Authority, which shall be a public authority under the
12 Local Government Budget and Fiscal Control Act. The resolution shall provide for the
13 membership of the Authority, including the members' terms of office, and for the filling
14 of vacancies on the Authority. At least one-third of the members must be individuals
15 affiliated with businesses that collect the tax in the town, and at least one-half of the
16 members must be individuals currently active in the promotion of travel and tourism in
17 the town. The town council shall designate one member of the Authority as chair and
18 shall 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 Ahoskie shall be
21 the ex officio finance officer of the Authority.

22 **SECTION 4.2.(b)** Duties. – The Authority shall expend the net proceeds of
23 the tax levied under this part for the purposes provided in this part. The Authority shall
24 promote travel, tourism, and conventions in the town, sponsor tourist-related events and
25 activities in the town, and finance tourist-related capital projects in the town.

26 **SECTION 4.2.(c)** Reports. – The Authority shall report quarterly and at the
27 close of the fiscal year to the Ahoskie Town Council on its receipts and expenditures for
28 the preceding quarter and for the year in such detail as the town council may require.

29 **PART V. OCRACOKE OCCUPANCY TAX**

30 **SECTION 5.1.** Occupancy Tax. – The Ocracoke Township Taxing District
31 is created. It is coterminous with Ocracoke Township in Hyde County. The Ocracoke
32 Township Taxing District is a body politic and corporate and has the power to carry out
33 the provisions of this part. The Hyde County Board of Commissioners shall serve ex
34 officio as the governing body of the district, and the officers of the county shall serve as
35 the officers of the governing body of the district. A simple majority of the governing
36 body constitutes a quorum, and approval by a majority of those present is sufficient to
37 determine any matter before the governing body, if a quorum is present.

38 **SECTION 5.2.(a)** Authorization and Scope. – The governing body of
39 Ocracoke Township Taxing District may levy a room occupancy tax of up to two
40 percent (2%) of the gross receipts derived from the rental of any room, lodging, or
41 accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within
42 the district that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3).
43 This tax is in addition to any State or local sales or room occupancy tax. This tax does

1 not apply to accommodations furnished by nonprofit charitable, educational, or religious
2 organizations when furnished in furtherance of their nonprofit purpose.

3 **SECTION 5.2.(b)** Administration. – A tax levied under this part shall be
4 levied, administered, collected, and repealed as provided in G.S. 153A-155, as if it were
5 a county. The penalties provided in G.S. 153A-155 apply to a tax levied under this act.

6 **SECTION 5.2.(c)** Distribution and Use of Tax Revenue. – Ocracoke
7 Township Taxing District shall, on a quarterly basis, distribute the net proceeds of the
8 occupancy tax to the Ocracoke Township Tourism Development Authority created
9 pursuant to subsection (a) of Section 5.3 of this part. The Authority shall use at least
10 two-thirds of the proceeds distributed to it to promote travel and tourism in the district
11 and shall use the remainder for tourism-related expenditures in the district. In
12 accordance with the North Carolina Constitution and the United States Constitution, the
13 tax proceeds may be used only for the direct benefit of Ocracoke Township. None of
14 the proceeds may be used to promote travel or tourism in areas within Hyde County that
15 are outside of the district or for tourism-related expenditures in the county that are
16 outside of the district.

17 The following definitions apply in this part:

- 18 (1) Net proceeds. – Gross proceeds less the cost to the district of
19 administering and collecting the tax, as determined by the finance
20 officer, not to exceed three percent (3%) of the first five hundred
21 thousand dollars (\$500,000) of gross proceeds collected each year and
22 one percent (1%) of the remaining gross receipts collected each year.
- 23 (2) Promote travel and tourism. – To advertise or market an area or
24 activity, publish and distribute pamphlets and other materials, conduct
25 market research, or engage in similar promotional activities that attract
26 tourists or business travelers to the area. The term includes
27 administrative expenses incurred in engaging in the listed activities.
- 28 (3) Tourism-related expenditures. – Expenditures that, in the judgment of
29 the Tourism Development Authority, are designed to increase the use
30 of lodging facilities, meeting facilities, or convention facilities in a
31 district or to attract tourists or business travelers to the district. The
32 term includes tourism-related capital expenditures.

33 **SECTION 5.3.(a)** Ocracoke Township Tourism Development Authority. –
34 Appointment and Membership. – The Board of Commissioners of Hyde County shall
35 adopt a resolution creating the Ocracoke Township Tourism Development Authority,
36 which shall be a public authority under the Local Government Budget and Fiscal
37 Control Act. The Tourism Development Authority shall have five members in addition
38 to the Finance Officer. The resolution shall provide for the membership of the
39 Authority, including the members' terms of office, and for the filling of vacancies on the
40 Authority. At least one-third of the members must be individuals affiliated with
41 businesses that collect the tax in the district, and at least one-half of the members must
42 be individuals currently active in the promotion of travel and tourism in the district. The
43 Board of Commissioners shall designate one member of the Authority as chair and shall
44 determine the compensation, if any, to be paid to members of the Authority.

1 The Authority shall meet at the call of the chair and shall adopt rules of
2 procedure to govern its meetings. The Finance Officer for Hyde County shall be the ex
3 officio finance officer of the Authority.

4 **SECTION 5.3.(b) Duties.** – The Authority shall expend the net proceeds of
5 the tax levied under this part for the purposes provided in subsection (c) of Section 5.2
6 of this part. The Authority shall promote travel and tourism in the district and make
7 tourism-related expenditures in the district.

8 **SECTION 5.3.(c) Reports.** – The Authority shall report quarterly and at the
9 close of the fiscal year to the Hyde County Board of Commissioners on its receipts and
10 expenditures for the preceding quarter and for the year in such detail as the board may
11 require.

12 **PART VI. CHOWAN OCCUPANCY TAX**

13 **SECTION 6.** S.L. 1989-174 reads as rewritten:

14 **"Section 1. Occupancy tax.** ~~Tax.~~ Scope. – The
15 Chowan County Board of Commissioners may ~~by resolution, after not less than 10 days'~~
16 ~~public notice and after a public hearing held pursuant thereto,~~ levy a room occupancy
17 tax of three percent (3%) of the gross receipts derived from the rental of any room,
18 lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar
19 place within the county that is subject to sales tax imposed by the State under
20 ~~G.S. 105-164.4(3).~~ G.S. 105-164.4(a)(3). This tax is in addition to any State or local
21 sales tax. This tax does not apply to accommodations furnished by nonprofit charitable,
22 educational, or religious ~~organizations.~~ organizations when furnished in furtherance of
23 their nonprofit purpose.

24 (a1) Authorization of Additional Tax. – In addition to the tax authorized by
25 subsection (a) of this section, the Chowan County Board of Commissioners may levy an
26 additional room occupancy tax of up to two percent (2%) of the gross receipts derived
27 from the rental of accommodations taxable under subsection (a) of this section. The
28 levy, collection, administration, and repeal of the tax authorized by this subsection must
29 be in accordance with the provisions of this section. Chowan County may not levy a tax
30 under this subsection unless it also levies the tax authorized under subsection (a) of this
31 section.

32 ~~(b) Collection. Every operator of a business subject to the tax levied under this~~
33 ~~section shall, on and after the effective date of the levy of the tax, collect the tax. This~~
34 ~~tax shall be collected as part of the charge for furnishing a taxable accommodation. The~~
35 ~~tax shall be stated and charged separately from the sales records, and shall be paid by~~
36 ~~the purchaser to the operator of the business as trustee for and on account of the county.~~
37 ~~The tax shall be added to the sales price and shall be passed on to the purchaser instead~~
38 ~~of being borne by the operator of the business. The county shall design, print, and~~
39 ~~furnish to all appropriate businesses and persons in the county the necessary forms for~~
40 ~~filing returns and instructions to ensure the full collection of the tax. An operator of a~~
41 ~~business who collects the occupancy tax levied under this section may deduct from the~~
42 ~~amount remitted to the county a discount of three percent (3%) of the amount collected.~~

43 ~~(c) Administration. The county shall administer a tax levied under this section. A~~
44 ~~tax levied under this section is due and payable to the county finance officer in monthly~~

1 installments on or before the 15th day of the month following the month in which the
2 tax accrues. Every person, firm, corporation, or association liable for the tax shall, on or
3 before the 15th day of each month, prepare and render a return on a form prescribed by
4 the county. The return shall state the total gross receipts derived in the preceding month
5 from rentals upon which the tax is levied.

6 A return filed with the county finance officer under this section is not a public record
7 as defined by G.S. 132-1 and may not be disclosed except as required by law. A tax
8 levied under this section shall be levied, administered, collected, and repealed as
9 provided in G.S. 153A-155. The penalties provided in G.S. 153A-155 apply to a tax
10 levied in this section.

11 (d) Penalties. A person, firm, corporation, or association who fails or refuses to
12 file the return required by this section shall pay a penalty of ten dollars (\$10.00) for
13 each day's omission. In case of failure or refusal to file the return or pay the tax for a
14 period of 30 days after the time required for filing the return or for paying the tax, there
15 shall be an additional tax, as a penalty, of five percent (5%) of the tax due in addition to
16 any other penalty, with an additional tax of five percent (5%) for each additional month
17 or fraction thereof until the tax is paid. The board of commissioners may, for good
18 cause shown, compromise or forgive the penalties imposed by this subsection.

19 Any person who willfully attempts in any manner to evade a tax imposed under this
20 section or who willfully fails to pay the tax or make and file a return shall, in addition to
21 all other penalties provided by law, be guilty of a misdemeanor and shall be punishable
22 by a fine not to exceed one thousand dollars (\$1,000), imprisonment not to exceed six
23 months, or both.

24 (e) ~~Distribution and use of tax revenue.~~ Use of Tax Revenue. – Chowan County
25 shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Chowan
26 Tourism Development Authority. ~~The Authority may spend funds remitted to it under~~
27 ~~this subsection only to promote travel and tourism in Chowan County, to sponsor~~
28 ~~tourist oriented events and activities in Chowan County, and to finance tourist related~~
29 ~~capital projects in Chowan County. As used in this subsection, "net proceeds" means~~
30 ~~gross~~ The Authority shall use at least two-thirds of the funds remitted to it under this
31 section to promote travel and tourism in Chowan County and the remainder for
32 tourism-related expenditures.

33 The following definitions apply in this act:

- 34 (1) Net proceeds. – Gross proceeds less the cost to the county of
35 administering and collecting the tax, as determined by the finance
36 officer. officer, not to exceed three percent (3%) of the first five
37 hundred thousand dollars (\$500,000) of gross proceeds collected each
38 year and one percent (1%) of the remaining gross receipts collected
39 each year.
- 40 (2) Promote travel and tourism. – To advertise or market an area or
41 activity, publish and distribute pamphlets and other materials, conduct
42 market research, or engage in similar promotional activities that attract
43 tourists or business travelers to the area. The term includes
44 administrative expenses incurred in engaging in these activities.

1 (3) Tourism-related expenditures. – Expenditures that, in the judgment of
2 the Authority, are designed to increase the use of lodging facilities,
3 meeting facilities, and convention facilities in a county by attracting
4 tourists or business travelers to the county. The term includes
5 tourism-related capital expenditures.

6 (f) ~~Effective date of levy. A tax levied under this section shall become effective~~
7 ~~on the date specified in the resolution levying the tax. That date must be the first day of~~
8 ~~a calendar month, however, and may not be earlier than the first day of the second~~
9 ~~month after the date the resolution is adopted.~~

10 (g) ~~Repeal. A tax levied under this section may be repealed by a resolution~~
11 ~~adopted by the Chowan County Board of Commissioners. Repeal of a tax levied under~~
12 ~~this section shall become effective on the first day of a month and may not become~~
13 ~~effective until the end of the fiscal year in which the repeal resolution was adopted.~~
14 ~~Repeal of a tax levied under this section does not affect a liability for a tax that was~~
15 ~~attached before the effective date of the repeal, nor does it affect a right to a refund of a~~
16 ~~tax that accrued before the effective date of the repeal.~~

17 "Sec. 2. Tourism Development Authority. = (a) Appointment and
18 ~~membership.~~Membership. – When the board of commissioners adopts a resolution
19 levying a room occupancy tax under this act, it shall also adopt a resolution creating a
20 county Tourism Development Authority, which shall be a public authority under the
21 Local Government Budget and Fiscal Control Act. ~~The resolution shall provide for the~~
22 ~~membership of the Authority including the members' qualifications and terms of office,~~
23 ~~and for the filling of vacancies on the Authority.~~At least one-third of the members must
24 be individuals affiliated with businesses that collect the tax in the county and at least
25 one-half must be individuals currently active in the promotion of travel and tourism in
26 the county. The board of commissioners shall designate one member of the Authority as
27 chair and shall determine the compensation, if any, to be paid to members of the
28 Authority.

29 The Authority shall meet at the call of the chair and shall adopt rules of procedure to
30 govern its meetings. The county shall serve as the fiscal agent of the Authority. The
31 Finance Officer for Chowan County shall be the ex officio finance officer of the
32 Authority.

33 (b) Duties. = The Authority shall expend the net proceeds of the tax levied under
34 this act for the purposes provided in Section 1 of this act. The Authority shall promote
35 travel, tourism, and conventions in the county, sponsor tourist-related events and
36 activities in the county, and finance tourist-related capital projects in the county.

37 (c) Reports. = The Authority shall report quarterly and at the close of the fiscal
38 year to the board of commissioners on its receipts and expenditures for the preceding
39 quarter and for the year in such detail as the board may require.

40 "Sec. 3. This act is effective upon ratification."

41 **PART VII. MARTIN OCCUPANCY TAX**

42 **SECTION 7.** S.L. 1991-80 reads as rewritten:

43 "Section 1. Occupancy Tax. = (a) Authorization and ~~scope.~~Scope. – The Martin
44 County Board of Commissioners may ~~by resolution, after not less than 10 days'~~ public

1 notice and after a public hearing held pursuant thereto, levy a room occupancy tax of up
2 to three percent (3%) of the gross receipts derived from the rental of any room, lodging,
3 or similar accommodation furnished by a hotel, motel, inn, tourist camp, or similar
4 place within the county that is subject to sales tax imposed by the State under
5 G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does
6 not apply to accommodations furnished by nonprofit charitable, educational, or religious
7 organizations, when furnished in furtherance of their nonprofit purpose, by summer
8 camps, or by businesses that offer to rent no more than five units.

9 (a1) Authorization of Additional Tax. – In addition to the tax authorized by
10 subsection (a) of this section, the Martin County Board of Commissioners may levy an
11 additional room occupancy tax of up to three percent (3%) of the gross receipts derived
12 from the rental of accommodations taxable under subsection (a) of this section. The
13 levy, collection, administration, and repeal of the tax authorized by this subsection must
14 be in accordance with the provisions of this section. Martin County may not levy a tax
15 under this subsection unless it also levies the tax authorized under subsection (a) of this
16 section.

17 ~~(b) Collection. Every operator of a business subject to the tax levied under this~~
18 ~~section shall, on and after the effective date of the levy of the tax, collect the tax. This~~
19 ~~tax shall be collected as part of the charge for furnishing a taxable accommodation. The~~
20 ~~tax shall be stated and charged separately from the sales records, and shall be paid by~~
21 ~~the purchaser to the operator of the business as trustee for and on account of the county.~~
22 ~~The tax shall be added to the sales price and shall be passed on to the purchaser instead~~
23 ~~of being borne by the operator of the business. The county shall design, print, and~~
24 ~~furnish to all appropriate businesses and persons in the county the necessary forms for~~
25 ~~filing returns and instructions to ensure the full collection of the tax.~~

26 ~~(c) Administration. The county shall administer a tax levied under this section. A~~
27 ~~tax levied under this section is due and payable to the county finance officer in monthly~~
28 ~~installments on or before the fifteenth day of the month following the month in which~~
29 ~~the tax accrues. Every person, firm, corporation, or association liable for the tax shall,~~
30 ~~on or before the fifteenth day of each month, prepare and render a return on a form~~
31 ~~prescribed by the county. The return shall state the total gross receipts derived in the~~
32 ~~preceding month from rentals upon which the tax is levied.~~

33 ~~A return filed with the county finance officer under this section is not a public record~~
34 ~~as defined by G.S. 132-1 and may not be disclosed except as required by law. – A tax~~
35 ~~levied under this section shall be levied, administered, collected, and repealed as~~
36 ~~provided in G.S. 153A-155. The penalties provided in G.S. 153A-155 apply to a tax~~
37 ~~levied under this section.~~

38 ~~(d) Penalties. A person, firm, corporation, or association who fails or refuses to~~
39 ~~file the return required by this section shall be subject to and pay a penalty of ten dollars~~
40 ~~(\$10.00) for each day's omission. In case of failure or refusal to file the return or pay the~~
41 ~~tax for a period of 30 days after the time required for filing the return or for paying the~~
42 ~~tax, there shall be an additional tax, as a penalty, of five percent (5%) of the tax due in~~
43 ~~addition to any other penalty, with an additional tax of five percent (5%) for each~~
44 ~~additional month or fraction thereof until the tax is paid. The board of commissioners~~

1 may, for good cause shown, compromise or forgive the additional tax penalties imposed
2 by this subsection.

3 Any person who willfully attempts in any manner to evade a tax imposed under this
4 section or who willfully fails to pay the tax or make and file a return shall, in addition to
5 all other penalties provided by law, be guilty of a misdemeanor and shall be punishable
6 by a fine not to exceed one thousand dollars (\$1,000), imprisonment not to exceed six
7 months, or both.

8 (e) ~~Distribution and use~~Use of tax revenue.~~Tax Revenue.~~ – Martin County shall,
9 on a ~~monthly~~quarterly basis, remit the net proceeds of the occupancy tax to the Martin
10 County Travel and Tourism Authority. ~~The Authority may spend funds remitted to it~~
11 ~~under this subsection only to further the development of travel and tourism and cultural,~~
12 ~~recreational, and historic activities in Martin County through advertising and promotion,~~
13 ~~to sponsor tourist oriented events and activities in Martin County, and to finance~~
14 ~~tourist related capital activities and projects in Martin County. As used in this~~
15 ~~subsection, "net proceeds" means gross~~ The Authority shall use at least two-thirds of the
16 funds remitted to it under this subsection to promote travel and tourism in Martin
17 County and shall use the remainder for tourism-related expenditures.

18 The following definitions apply in this act:

19 (1) Net proceeds. – Gross proceeds less the cost to the county of
20 administering and collecting the tax, ~~which may tax~~, as determined by
21 the finance officer, not to exceed three percent (3%) of the first five
22 hundred thousand dollars (\$500,000) of gross proceeds, ~~proceeds~~
23 collected each year and one percent (1%) of the remaining gross
24 receipts collected each year.

25 (2) Promote travel and tourism. – To advertise or market an area or
26 activity, publish and distribute pamphlets and other materials, conduct
27 market research, or engage in similar promotional activities that attract
28 tourists or business travelers to the area. The term includes
29 administrative expenses incurred in engaging in the listed activities.

30 (3) Tourism-related expenditures. – Expenditures that, in the judgment of
31 the Tourism Development Authority, are designed to increase the use
32 of lodging facilities, meeting facilities, or convention facilities in a
33 county or to attract tourists or business travelers to the county. The
34 term includes tourism-related capital expenditures.

35 (f) ~~Effective date of levy.~~ A tax levied under this section shall become effective
36 on the date specified in the resolution levying the tax. That date must be the first day of
37 a calendar month, however, and may not be earlier than the first day of the second
38 month after the date the resolution is adopted.

39 (g) ~~Repeal.~~ A tax levied under this section may be repealed by a resolution
40 adopted by the Martin County Board of Commissioners. ~~Repeal of a tax levied under~~
41 ~~this section shall become effective on the first day of a month and may not become~~
42 ~~effective until the end of the fiscal year in which the repeal resolution was adopted.~~
43 ~~Repeal of a tax levied under this section does not affect a liability for a tax that was~~

1 ~~attached before the effective date of the repeal, nor does it affect a right to a refund of a~~
2 ~~tax that accrued before the effective date of the repeal.~~

3 "Sec. 2. ~~Martin County Travel and Tourism Development Authority.~~ = (a)
4 ~~Appointment and membership.~~ Membership. – When the board of commissioners
5 adopts a resolution levying a room occupancy tax under this act, it shall also adopt a
6 resolution creating the Martin County ~~Travel and Tourism Development~~ Development Authority,
7 which shall be a public authority under the Local Government Budget and Fiscal
8 Control Act. The resolution shall provide that the Authority shall be composed of the
9 following 12 members:

- 10 (1) A Martin County Commissioner appointed by the Martin County
11 Board of Commissioners.
- 12 (2) Two owners or operators of restaurants, motels, hotels, or other taxable
13 accommodations in Martin County that have at least five units,
14 nominated by representatives of this industry, both to be appointed by
15 the Martin County Board of Commissioners.
- 16 (3) One member selected by the Martin County Chamber of Commerce to
17 be appointed by the Martin County Board of Commissioners.
- 18 (4) One member appointed by the Martin County Board of
19 Commissioners selected from the Martin County Economic
20 Development Commission.
- 21 (5) Five members, one appointed by each member of the Martin County
22 Board of Commissioners.
- 23 (6) One member appointed by the Martin County Board of
24 Commissioners selected from the Martin County Historical Society.
- 25 (7) One member appointed by the Martin County Board of
26 Commissioners selected from the Robersonville Downtown Merchants
27 Association.

28 The appointees shall be made from throughout the County by the Martin County
29 Board of Commissioners. At least one-third of the members must be individuals
30 affiliated with businesses that collect the tax in the county and at least one-half of the
31 members must be individuals currently active in the promotion of travel and tourism in
32 the county. All members of the Authority shall serve without compensation. Vacancies
33 shall be filled in the same manner as original appointments. Members appointed to fill
34 vacancies shall serve for the remainder of the unexpired term. The Authority shall elect
35 each year from its membership a Chair. No member may serve as Chair more than two
36 one-year terms in succession. The Authority shall meet at the call of the Chair or of any
37 three members and shall adopt rules of procedure to govern its meetings. The Finance
38 Officer for Martin County shall be the ex officio finance officer of the Authority.

39 (b) Terms of office. = Members of the Authority shall serve three-year terms
40 except that the Martin County Commissioner appointed pursuant to subdivision (a)(1)
41 shall be appointed yearly by the chairman of the board of commissioners and initial
42 appointees shall serve the following terms:

- 43 (1) The Martin County Commissioner appointed pursuant to subdivision
44 (a)(1): one year.

- 1 (2) One representative of the motel and restaurant industry appointed
2 pursuant to subdivision (a)(2): one year.
- 3 (3) One representative of the motel and restaurant industry appointed
4 pursuant to subdivision (a)(2): three years.
- 5 (4) The representative of the Martin County Chamber of Commerce
6 appointed pursuant to subdivision (a)(3): three years.
- 7 (5) The representative of the Martin County Economic Development
8 Commission appointed pursuant to subdivision (a)(4): two years.
- 9 (6) Three members appointed by Martin County Commissioners pursuant
10 to subdivision (a)(5): one year.
- 11 (7) Two representatives appointed by Martin County Commissioners
12 pursuant to subdivision (a)(5): three years.
- 13 (8) The representative of the Martin County Historical Society appointed
14 pursuant to subdivision (a)(6): two years.
- 15 (9) The representative of the Robersonville Downtown Merchants
16 Association appointed pursuant to subdivision (a)(7): three years.

17 (c) Limitation on terms. – No member of the Authority shall serve more than two
18 consecutive three-year terms.

19 (d) ~~Powers and duties. The Authority may contract with any person, firm, or~~
20 ~~agency to assist it in carrying out the purposes for which the tax proceeds levied by this~~
21 ~~act may be expended.~~Duties. – The Authority shall expend the net proceeds of the tax
22 levied under this act for the purposes provided in this act. The Authority shall promote
23 travel, tourism, and conventions in the county, sponsor tourist-related events and
24 activities in the county, and finance tourist-related capital projects in the county. The
25 board of county commissioners may from time to time determine an appropriate
26 percentage not to exceed five percent (5%) of net proceeds that may be expended for
27 administrative services.

28 (e) Reports. – The Authority shall report quarterly and at the close of the fiscal
29 year to the board of commissioners on its receipts and expenditures for the preceding
30 quarter and for the year in such detail as the board may require.

31 (f) ~~Notwithstanding the provisions of this act, the board of commissioners may~~
32 ~~abolish the Martin County Travel and Tourism Authority and itself function and carry~~
33 ~~out the duties of the Authority provided in this act.~~

34 "Sec. 3. This act is effective upon ratification."

35 PART VIII. ADMINISTRATIVE PROVISIONS

36 SECTION 8.1. G.S. 160A-215(g) reads as rewritten:

37 "(g) This section applies only to Beech Mountain District W, to the Cities of
38 Belmont, Elizabeth City, Eden, Gastonia, Goldsboro, Greensboro, High Point, Kings
39 Mountain, Lexington, Lincolnton, Lumberton, Monroe, Mount Airy, Reidsville,
40 Roanoke Rapids, Shelby, Statesville, Washington, and Wilmington, to the Towns of
41 Ahoskie, Beech Mountain, Blowing Rock, Carolina Beach, Carrboro, Dobson, Elkin,
42 Franklin, Kure Beach, Jonesville, Mooresville, North Topsail Beach, Pilot Mountain,
43 Selma, Smithfield, St. Pauls, Troutman, West Jefferson, Wilkesboro, and Wrightsville
44 Beach, and to the municipalities in Avery and Brunswick Counties."

1 **SECTION 8.2.** G.S. 153A-155(g) reads as rewritten:

2 "(g) This section applies only to Alleghany, Anson, Brunswick, Buncombe,
3 Cabarrus, Camden, Carteret, Chowan, Craven, Cumberland, Currituck, Dare, Davie,
4 Duplin, Durham, Franklin, Granville, Halifax, Madison, Martin, Montgomery, Nash,
5 New Hanover, Pasquotank, Pender, Person, Randolph, Richmond, Rockingham, Rowan,
6 Scotland, Stanly, Transylvania, Tyrrell, Vance, and Washington Counties, to Watauga
7 County District U, and to the Township of Averagesboro in Harnett ~~County~~County and
8 the Ocracoke Township Taxing District."

9 **PART IX. EFFECTIVE DATE**

10 **SECTION 9.** This act is effective when it becomes law. Chowan and Martin
11 counties must ensure that the membership of the Tourism Development Authorities are
12 in compliance with the requirements of this act on or before January 1, 2007.