

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005**

**HOUSE BILL 2259  
RATIFIED BILL**

AN ACT TO AUTHORIZE THE TOWNS OF ELKIN, PILOT MOUNTAIN, AND DOBSON TO LEVY A SIX PERCENT ROOM OCCUPANCY AND TOURISM DEVELOPMENT TAX.

The General Assembly of North Carolina enacts:

**PART I. ELKIN OCCUPANCY TAX**

**SECTION 1.1.** Occupancy Tax. – (a) Authorization and Scope. – The Elkin Town Council may levy a room occupancy tax of up to six percent (6%) 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 – A tax levied under this part shall be levied, administered, collected, and repealed as provided in G.S. 160A-215.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 part.

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

The following definitions apply in this part:

- (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 receipts collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area. The term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the town or to attract tourists or business travelers to the town. The term includes tourism-related capital expenditures.

**SECTION 1.2.** Elkin Tourism Development Authority. – (a) Appointment and Membership. – When the Elkin Town Council adopts a resolution levying a room occupancy tax under this part, it shall also adopt a resolution creating a town Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members must be individuals affiliated with

businesses that collect the tax in the town, and at least one-half of the members must be individuals currently active in the promotion of travel and tourism in the town. The town council shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

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

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

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

**SECTION 2.1. Occupancy Tax.** – (a) Authorization and Scope. – The Pilot Mountain Board of Commissioners may levy a room occupancy tax of up to six percent (6%) 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 2.1.(b) Administration.** – A tax levied under this part 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 part.

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

The following definitions apply in this part:

- (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 receipts collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area. The term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the town or to attract tourists or business travelers to the town. The term includes tourism-related capital expenditures.

**SECTION 2.2. Pilot Mountain Tourism Development Authority.** – (a) Appointment and Membership. – When the Pilot Mountain Board of Commissioners adopts a resolution levying a room occupancy tax under this part, it shall also adopt a resolution creating a town Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members must be individuals affiliated with businesses that collect the tax in the town,

and at least one-half of the members must be individuals currently active in the promotion of travel and tourism in the town. The Board of Commissioners shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

**SECTION 2.2.(b) Duties.** – The Authority shall expend the net proceeds of the tax levied under this part for the purposes provided in this part. The Authority shall promote travel, tourism, and conventions in the town, sponsor tourist-related events and activities in the town, and finance tourist-related capital projects in the town.

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

### **PART III. DOBSON OCCUPANCY TAX**

**SECTION 3.1. Occupancy Tax.** – (a) Authorization and Scope. – The Dobson Board of Commissioners may levy a room occupancy tax of up to six percent (6%) 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 3.1.(b) Administration.** – A tax levied under this part 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 part.

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

The following definitions apply in this part:

- (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 receipts collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area. The term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the town or to attract tourists or business travelers to the town. The term includes tourism-related capital expenditures.

**SECTION 3.2. Dobson Tourism Development Authority.** – (a) Appointment and Membership. – When the Dobson Board of Commissioners adopts a resolution levying a room occupancy tax under this part, it shall also adopt a resolution creating a town Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide for the membership of the Authority, including the members' terms of office, and for the filling of vacancies on the Authority. At least one-third of the members must

be individuals affiliated with businesses that collect the tax in the town, and at least one-half of the members must be individuals currently active in the promotion of travel and tourism in the town. The Board of Commissioners shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

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

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

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

**PART IV. ADMINISTRATIVE PROVISIONS**

**SECTION 4.** G.S. 160A-215(g) reads as rewritten:

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

**PART V. EFFECTIVE DATE**

**SECTION 5.** This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 13<sup>th</sup> day of July, 2006.

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Beverly E. Perdue  
President of the Senate

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James B. Black  
Speaker of the House of Representatives