

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

**SESSION LAW 2006-120
HOUSE BILL 945**

AN ACT TO AUTHORIZE THE LEVY OF ROOM OCCUPANCY AND TOURISM DEVELOPMENT TAXES IN THE TOWNS OF BENSON, BOILING SPRINGS, AND KENLY, TO AMEND THE OCCUPANCY TAXES IN CLAY COUNTY, HALIFAX, SELMA, AND SMITHFIELD AND TO AUTHORIZE THE TOWN OF CLAYTON TO HOLD AN ADVISORY REFERENDUM ON ELECTING SOME MEMBERS OF ITS TOWN COUNCIL BY DISTRICT AND SOME AT LARGE.

The General Assembly of North Carolina enacts:

PART I. BENSON OCCUPANCY TAX.

SECTION 1.1. Occupancy Tax. – (a) Authorization and Scope. – The Town of Benson may levy a room occupancy tax of up to two percent (2%) 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 – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215.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 Benson shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Johnston County Tourism Authority created in Chapter 647 of the 1987 Session Laws. The Johnston County Tourism Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Benson and shall use the remainder for tourism-related expenditures in Benson. In accordance with the North Carolina Constitution and the United States Constitution, the tax proceeds may be used only for the direct benefit of Benson. None of the proceeds may be used to promote travel or tourism in areas within Johnston County that are outside of Benson or for tourism-related expenditures in the county that are outside of Benson. The net proceeds of the occupancy tax levied under this Part shall supplement rather than supplant any proceeds being used in the Town of Benson derived from the occupancy tax levied by Johnston County pursuant to Chapter 647 of the 1987 Session Laws.

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

PART II. BOILING SPRINGS OCCUPANCY TAX.

SECTION 2.1. Occupancy Tax. – (a) Authorization and Scope. – The Boiling Springs Town Council 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 2.1.(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 2.1.(c) Distribution and Use of Tax Revenue. – The Town of Boiling Springs shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Boiling Springs 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 Boiling Springs 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 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 a town or to attract tourists or business travelers to the town. The term includes tourism-related capital expenditures.

SECTION 2.2. Boiling Springs Tourism Development Authority. – (a) Appointment and Membership. – When the Boiling Springs Town Council adopts a resolution levying a room occupancy tax under this act, 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 who are affiliated with businesses that collect the tax in the town, and at least one-half of the members must be individuals who are 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 Boiling Springs 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 act for the purposes provided in this act. 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 Boiling Springs 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 III. KENLY OCCUPANCY TAX.

SECTION 3.1. Occupancy Tax. – (a) Authorization and Scope. – The Town of Kenly may levy a room occupancy tax of up to two percent (2%) 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 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 3.1.(c) Distribution and Use of Tax Revenue. – The Town of Kenly shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Johnston County Tourism Authority created in Chapter 647 of the 1987 Session Laws. The Johnston County Tourism Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Kenly and shall use the remainder for tourism-related expenditures in Kenly. In accordance with the North Carolina Constitution and the United States Constitution, the tax proceeds may be used only for the direct benefit of Kenly. None of the proceeds may be used to promote travel or tourism in areas within Johnston County that are outside of the district or for tourism-related expenditures in the county that are outside of Kenly. The net proceeds of the occupancy tax levied under this Part shall supplement rather than supplant any proceeds being used in the Town of Kenly derived from the occupancy tax levied by Johnston County pursuant to Chapter 647 of the 1987 Session Laws.

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

PART IV. HALIFAX COUNTY OCCUPANCY TAX.

SECTION 4. Chapter 377 of the 1987 Session Laws, as amended by S.L. 2005-46, reads as rewritten:

"Section 1. Occupancy tax. ~~Tax.~~ – (a) ~~Authorization and scope.~~ Scope. – The Halifax County Board of Commissioners may levy a room occupancy tax of three percent (3%) of the gross receipts derived from the rental of any room, lodging, or similar accommodation furnished by a hotel, motel, inn, or similar place within the county 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.

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

(b) Administration. – A tax levied under this section ~~must~~ shall be levied, administered, collected, and repealed as provided in G.S. 153A-155. The penalties provided in G.S. 153A-155 apply to a tax levied under this section.

(c) Distribution and use. ~~Use of tax revenue.~~ Tax Revenue. – Halifax County ~~must~~ shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Halifax County Tourism Development Authority. The Authority ~~must~~ shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Halifax County and ~~must~~ shall use the remainder for tourism-related expenditures.

The following definitions apply to this subsection:

- (1) Net proceeds. – Gross proceeds less the cost to the county 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 the 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 county by attracting tourists or business travelers to the county. The term includes tourism-related capital expenditures.

"Sec. 2. Tourism Development Authority. – (a) Appointment and membership. ~~Membership.~~ – When the Halifax County Board of Commissioners adopts a resolution levying a room occupancy tax under this act, it ~~must~~ shall also adopt a resolution creating a county Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution ~~must~~ shall provide for the membership of the Authority including the members' qualifications and terms of office, and for the filling of vacancies on the Authority. At least one-fifth of the members must be individuals who are affiliated with businesses that collect the tax in the county, and at least ~~three-fourths~~ one-half of the members must be individuals who are currently active in the promotion of travel and tourism in the county. ~~The Authority must designate one member as chair and one member as treasurer.~~ 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 ~~must~~shall meet at the call of the chair and ~~must~~shall adopt rules of procedure to govern its meetings. The Finance Officer for Halifax County shall be the ex officio finance officer of the Authority.

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

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

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

PART V. SELMA OCCUPANCY TAX.

SECTION 5. Part X of S.L. 2001-439 reads as rewritten:

"**SECTION 10.1.** Occupancy tax. Tax. – (a) Authorization and Scope. – The Selma Town Council of the Town of Selma may levy a room occupancy tax of one percent (1%) 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.

(a1) Authorization of Additional Tax. – In addition to the tax authorized by subsection (a) of this section, the Selma Town Council may levy an additional room occupancy tax of up to one percent (1%) of the gross receipts derived from the rental of accommodations taxable under subsection (a) of this section. The levy, collection, administration, and repeal of the tax authorized by this subsection must be in accordance with the provisions of this section. The Selma Town Council may not levy a tax under this subsection unless it also levies the tax authorized under subsection (a) of this section.

"**SECTION 10.1.(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 10.1.(c)** Distribution and Use of Tax Revenue. – The Town of Selma shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Johnston County Tourism Authority created in Chapter 647 of the 1987 Session Laws. The Johnston County Tourism Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Selma and shall use the remainder for tourism-related expenditures in Selma. In accordance with the North Carolina Constitution and the United States Constitution, the tax proceeds may be used only for the direct benefit of Selma. None of the proceeds may be used to promote travel or tourism in areas within Johnston County that are outside of Selma or for tourism-related expenditures in the county that are outside of Selma. The net proceeds of the occupancy tax levied under this Part shall supplement rather than supplant any proceeds being used in the Town of Selma derived from the occupancy tax levied by Johnston County pursuant to Chapter 647 of the 1987 Session Laws.

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

~~"SECTION 10.2. A tax levied under this Part expires five years after the effective date of its levy. The town's authority to levy a tax under this Part expires five years after the effective date of its levy of a tax under this Part. The expiration of a tax pursuant to this Part does not affect the rights or liabilities of the town, a taxpayer, or another person arising under the expired tax before the effective date of its expiration; nor does it affect the right to any refund or credit of a tax that would otherwise have been available under the expired tax before the effective date of its expiration."~~

PART VI. SMITHFIELD OCCUPANCY TAX.

SECTION 6. Part XI of S.L. 2001-439 reads as rewritten:

"SECTION 11.1. Occupancy Tax. – (a) Authorization and Scope. – ~~The Smithfield Town Council of the Town of Smithfield~~ may levy a room occupancy tax of one percent (1%) 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.

(a1) Authorization of Additional Tax. – In addition to the tax authorized by subsection (a) of this section, the Smithfield Town Council may levy an additional room occupancy tax of up to one percent (1%) of the gross receipts derived from the rental of accommodations taxable under subsection (a) of this section. The levy, collection, administration, and repeal of the tax authorized by this subsection must be in accordance with the provisions of this section. The Smithfield Town Council may not levy a tax under this subsection unless it also levies the tax authorized under subsection (a) of this section.

"SECTION 11.1.(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 11.1.(c) Distribution and Use of Tax Revenue. – The Town of Smithfield shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Johnston County Tourism Authority created in Chapter 647 of the 1987 Session Laws. The Johnston County Tourism Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Smithfield and shall use the remainder for tourism-related expenditures in Smithfield. In accordance with the North Carolina Constitution and the United States Constitution, the tax proceeds may be used only for the direct benefit of Smithfield. None of the proceeds may be used to promote travel or tourism in areas within Johnston County that are outside of Smithfield or for tourism-related expenditures in the county that are outside of Smithfield. The net proceeds of the occupancy tax levied under this Part shall supplement rather than supplant any proceeds being used in the Town of Smithfield derived from the occupancy tax levied by Johnston County pursuant to Chapter 647 of the 1987 Session Laws.

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

~~"SECTION 11.2. A tax levied under this Part expires five years after the effective date of its levy. The town's authority to levy a tax under this Part expires five years after the effective date of its levy of a tax under this Part. The expiration of a tax pursuant to this Part does not affect the rights or liabilities of the town, a taxpayer, or another person arising under the expired tax before the effective date of its expiration; nor does it affect the right to any refund or credit of a tax that would otherwise have been available under the expired tax before the effective date of its expiration."~~

PART VII. CLAY COUNTY OCCUPANCY TAX.

SECTION 7.1. Chapter 969 of the 1985 Session Laws, as amended by Chapter 195 of the 1987 Session Laws, reads as rewritten:

"Section 1. Occupancy Tax. (a) Authorization and Scope. = The board of commissioners of a county may ~~by resolution, after not less than 10 days' public notice and after a public hearing held pursuant thereto,~~ levy a room occupancy tax of three percent (3%) of the gross receipts derived from the rental of any room, lodging, or similar accommodation furnished by a hotel, motel, inn, or similar place within the county that is subject to sales tax imposed by the State under ~~G.S. 105-164.4(3).~~ 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.~~ organizations when furnished in furtherance of their nonprofit purpose.

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

~~(c) Administration. The county shall administer a tax levied under this act. A tax levied under this act is due and payable to the county finance officer in monthly installments on or before the 15th day of the month following the month in which the tax accrues. Every person, firm, corporation, or association liable for the tax shall, on or before the 15th day of each month, prepare and render a return on a form prescribed by the county. The return shall state the total gross receipts derived in the preceding month from rentals upon which the tax is levied.~~

~~A return filed with the county finance officer under this act is not a public record as defined by G.S. 132-1 and may not be disclosed except as required by law.~~

~~(d) Penalties. A person, firm, corporation, or association who fails or refuses to file the return required by this act shall pay a penalty of ten dollars (\$10.00) for each day's~~

~~omission. In case of failure or refusal to file the return or pay the tax for a period of 30 days after the time required for filing the return or for paying the tax, there shall be an additional tax, as a penalty, of five percent (5%) of the tax due for each additional month or fraction thereof until the tax is paid.~~

~~Any person who willfully attempts in any manner to evade a tax imposed under this act or who willfully fails to pay the tax or make and file a return shall, in addition to all other penalties provided by law, be guilty of a misdemeanor and shall be punishable by a fine not to exceed one thousand dollars (\$1,000), imprisonment not to exceed six months, or both. The board of commissioners may, for good cause shown, compromise or forgive the penalties imposed by this subsection. A tax levied under this act shall be levied, administered, collected, and repealed as provided in G.S. 153A-155. The penalties provided in G.S. 153A-155 apply to a tax levied under this act.~~

~~(e) Distribution and Use of Tax Revenue. – Except as provided in Section 2 of this act for Durham County, a taxing county shall place the net proceeds of a tax levied under this act in a special Travel and Tourism Fund. Revenue in this Fund may be used only to promote travel and tourism in the county. As used in this subsection, "net proceeds" means gross proceeds less the cost to the county of administering and collecting the tax, as determined by the finance officer. County, the distributing authority shall distribute and use the net proceeds of the occupancy tax levied under this section in accordance with this subsection. The distributing authority shall be the taxing county, unless a Tourism Development Authority is required to be established under Section 1.1 of this act. If a Tourism Development Authority is established, then the Tourism Development Authority shall be the distributing authority. The distributing authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in the county 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 county 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 distributing authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in a county or to attract tourists or business travelers to the county. The term includes tourism-related capital expenditures.~~

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

~~(g) Repeal. A tax levied under this act may be repealed by a resolution adopted by the board of commissioners of the county. Repeal of a tax levied under this act shall become effective on the first day of a month and may not become effective until the end of the fiscal year in which the repeal resolution was adopted. Repeal of a tax levied under this act does not affect a liability for a tax that attached before the effective date of the repeal, nor does it affect a right to a refund of a tax that accrued before the effective date of the repeal.~~

~~**"Sec. 1.1. County Tourism Development Authority.** – (a) Appointment and Membership. – When the annual net proceeds of the occupancy tax levied under Section~~

1 of this act exceed one hundred fifty thousand dollars (\$150,000), the county Board of Commissioners shall adopt a resolution creating a county 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 who are affiliated with businesses that collect the tax in the county, and at least one-half of the members must be individuals who are currently active in the promotion of travel and tourism in the county. 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 the county shall be the ex officio finance officer of the Authority.

(b) Duties. – If the board of commissioners establishes a Tourism Development Authority as provided in subsection (a) of this section, then the Authority shall expend the net proceeds of the tax levied under this act for the purposes provided in this act. The Authority shall promote travel, tourism, and conventions in the county, sponsor tourist-related events and activities in the county, and finance tourist-related capital projects in the county.

(c) Reports. – If the board of commissioners establishes a Tourism Development Authority as provided in subsection (a) of this section, then the Authority shall report quarterly and at the close of the fiscal year to the county board of commissioners on its receipts and expenditures for the preceding quarter and for the year in such detail as the board may require.

"**Sec. 2.** Use and Distribution of Tax Revenue in Durham County. Durham County shall retain fifty-seven and one-half percent (57-1/2%) of the revenue collected from a tax levied under this act and shall distribute the remaining forty-two and one-half percent (42-1/2%) of the revenue to the City of Durham. Funds retained by the county or distributed to the City of Durham may be used for any purpose authorized by law, except that at least twenty-five percent (25%) of the funds so retained or distributed must be used for promotion of travel and tourism.

Sec. 3. This act applies only to the following counties: Graham, Clay, Jackson, Durham, Macon, Polk, and Transylvania.

Sec. 4. This act is effective upon ratification."

SECTION 7.2. Section 3 of Chapter 118 of the 1987 Session Laws reads as rewritten:

"**Sec. 3.** This act applies only to the following counties: ~~Clay~~, Graham, Jackson, and Macon."

SECTION 7.3. This part applies only to Clay County.

PART VIII. UNIFORM PROVISIONS.

SECTION 8.1. G.S. 153A-155(g) reads as rewritten:

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

SECTION 8.2. G.S. 160A-215 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, Benson, Blowing Rock, Boiling Springs, Carolina Beach, Carrboro,

Franklin, Kenly, Kure Beach, Jonesville, Mooresville, North Topsail Beach, Selma, Smithfield, St. Pauls, Troutman, West Jefferson, Wilkesboro, and Wrightsville Beach, and to the municipalities in Avery and Brunswick Counties."

PART IX. CLAYTON ADVISORY REFERENDUM ON TOWN COUNCIL VOTING DISTRICTS.

SECTION 9.1. The Clayton Town Council may, by resolution, direct the Johnston County Board of Elections to conduct an advisory referendum on whether the Town should consider amending the manner by which voters elect Council members. The referendum shall be conducted in accordance with Chapter 163 of the General Statutes. The form of the question to be presented on a ballot for such a referendum shall be:

"Should the Clayton Town council consider amending the manner by which voters elect Council members by designating that some members are elected from voting districts to be drawn by the Town Council and other members are elected at large?"

[] YES [] NO"

SECTION 9.2. This part expires January 1, 2008.

PART X. REPEALS.

SECTION 10.1. If Senate Bill 1428, 2005 Regular Session becomes law, then PART IX of this act is repealed.

SECTION 10.2. If Senate Bill 1804, 2005 Regular Session becomes law, then PART II of this act is repealed and the part of Section 8.2 of this act that adds Boiling Springs to G.S. 160A-215 is repealed.

SECTION 10.3. If House Bill 2445, 2005 Regular Session becomes law, then PART IV of this act is repealed.

SECTION 10.4. If House Bill 770, 2005 Regular Session becomes law, then PART VII of this act is repealed and Section 8.1 of this act is repealed.

PART XI. EFFECTIVE DATE.

SECTION 11. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 17th day of July, 2006.

s/ Beverly E. Perdue
President of the Senate

s/ James B. Black
Speaker of the House of Representatives