

(2) The revenues from the taxes are devoted to promotion, advertising, and other related purposes;

(3) The revenues are administered by local tourism development boards comprised primarily of citizens experienced in the promotion and development of the travel and tourism industry in the taxing jurisdiction; and

Whereas, the General Assembly finds there is a need for uniform rules governing the imposition, collection, and expenditure of new and revised local occupancy taxes authorized by the General Assembly in the future to assure that these special taxes are wisely and skillfully employed to expand and promote the travel and tourism sector of the State's economy; Now, therefore,

The General Assembly of North Carolina enacts:

Section 1. Article 7 of Chapter 153A of the General Statutes is amended by adding a new section to read:

"§ 153A-155. Uniform requirements for occupancy taxes.

(a) Requirements. – A county may not levy an occupancy tax unless the General Assembly has authorized the county to levy the tax. An occupancy tax authorized or revised by the General Assembly on or after March 1, 1995, must comply with all of the following requirements:

(1) Rate. – The tax rate may not exceed the lower of six percent (6%) or the rate authorized by a local act of the General Assembly for the county.

(2) Use. – At least two-thirds of the proceeds of a tax levied at a rate of no more than three percent (3%) must be used to promote travel and tourism; any remaining proceeds not used to promote travel and tourism must be used for tourism-related expenditures and the cost of collecting the tax. If a county levies a tax at a rate greater than three percent (3%), the proceeds from the equivalent of a three percent (3%) tax must be used in accordance with the preceding sentence, and the excess proceeds must be used only to construct, maintain, operate, or market a convention or meeting facility. If a local act of the General Assembly restricts the use of the proceeds to one or more purposes included within those set by this subdivision, the restrictions in the local act control the use of the proceeds.

(3) Administration. – The tax proceeds in a county whose annual occupancy tax revenue exceeds one hundred thousand dollars (\$100,000) must be remitted to a local tourism promotion agency, by whatever name called, that meets the following requirements:

a. It has the authority to determine how the tax proceeds will be used, consistent with this act.

b. At least three-fourths of its board members must have expertise in the promotion and development of travel and tourism in the area of the taxing jurisdiction, and at least one-fourth must be affiliated with organizations, such as hotels and motels, that collect the tax.

1 A county that is not required to remit occupancy tax revenue to a local
2 tourism promotion agency may establish a local tourism promotion
3 agency that meets the requirements of this subdivision and remit the
4 proceeds of the tax to the agency. A county that does not establish a
5 local tourism promotion agency that meets the requirements of this
6 subdivision must administer the tax itself.

7 (4) Penalties. – The penalties for failure to pay an occupancy tax or failure
8 to file an occupancy tax return are the same as the penalties set in G.S.
9 105-236 for failure to pay State sales and use taxes. A board of county
10 commissioners has the same authority to waive the penalties for an
11 occupancy tax that the Secretary of Revenue has to waive the penalties
12 for State sales and use taxes.

13 (5) Merchants' discount. – The discount allowed a merchant for collecting
14 an occupancy tax must be the same as the discount the State allows the
15 merchant for collecting State sales and use taxes.

16 (6) Cost of collection. – A county that remits the tax proceeds to a local
17 tourism promotion agency may retain from the proceeds only its actual
18 costs of collecting the tax, not to exceed three percent (3%) of the first
19 five hundred thousand dollars (\$500,000) collected each year plus one
20 percent (1%) of the remainder collected each year.

21 (b) Scope. – This section establishes uniform requirements that govern all new and
22 revised local occupancy taxes levied by a county.

23 (c) Definitions. – The following definitions apply in this section:

24 (1) Convention or meeting facility. – A facility to be used primarily by
25 individuals who are not residents of the taxing county for the purpose of
26 conventions or meetings.

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

32 (3) Tourism-related expenditures. – Expenditures that are designed to
33 increase the use of lodging, meeting, and convention facilities in a
34 county by attracting tourists or business travelers to the county,
35 including tourism-related capital expenditures."

36 Sec. 2. Article 9 of Chapter 160A of the General Statutes is amended by
37 adding a new section to read:

38 "**§ 160A-215. Uniform provisions for occupancy taxes.**

39 (a) Requirements. – A city may not levy an occupancy tax unless the General
40 Assembly has authorized the city to levy the tax. An occupancy tax authorized or revised
41 by the General Assembly on or after March 1, 1995, must comply with all of the
42 following requirements:

1 (1) Rate. – The tax rate, when added to the occupancy tax rate of the county
2 in which the city is located, may not exceed the lower of six percent
3 (6%) or the combined rate authorized by a local act of the General
4 Assembly for the city and the county in which the city is located. If the
5 combined authorized city and county rate would exceed six percent
6 (6%) in the absence of this subdivision, the tax rate of the city is
7 reduced to a rate that when added to the county rate does not exceed six
8 percent (6%).

9 (2) Use. – At least two-thirds of the proceeds of a tax levied at a rate of no
10 more than three percent (3%) must be used to promote travel and
11 tourism; any remaining proceeds not used to promote travel and tourism
12 must be used for tourism-related expenditures and the cost of collecting
13 the tax. If a city levies a tax at a rate greater than three percent (3%),
14 the proceeds from the equivalent of a three percent (3%) tax must be
15 used in accordance with the preceding sentence, and the excess proceeds
16 must be used only to construct, maintain, operate, or market a
17 convention or meeting facility. If a local act of the General Assembly
18 restricts the use of the proceeds to one or more purposes included within
19 those set by this subdivision, the restrictions in the local act control the
20 use of the proceeds.

21 (3) Administration. – The tax proceeds in a city whose annual occupancy
22 tax revenue exceeds one hundred thousand dollars (\$100,000) must be
23 remitted to a local tourism promotion agency, by whatever name called,
24 that meets the following requirements:

25 a. It has the authority to determine how the tax proceeds will be
26 used consistent with this act.

27 b. At least three-fourths of its board members must have expertise
28 in the promotion and development of travel and tourism in the
29 area of the taxing jurisdiction, and at least one-fourth must be
30 affiliated with organizations, such as hotels and motels, that
31 collect the tax.

32 A city that is not required to remit occupancy tax revenue to a local
33 tourism promotion agency may establish a local tourism promotion
34 agency that meets the requirements of this subdivision and remit the
35 proceeds of the tax to the agency. A city that does not establish a local
36 tourism promotion agency that meets the requirements of this
37 subdivision must administer the tax itself.

38 (4) Penalties. – The penalties for failure to pay an occupancy tax or failure
39 to file an occupancy tax return are the same as the penalties set in G.S.
40 105-236 for failure to pay State sales and use taxes. The governing
41 body of a city has the same authority to waive the penalties for an
42 occupancy tax that the Secretary of Revenue has to waive the penalties
43 for State sales and use taxes.

- 1 (5) Merchants' discount. – The discount allowed a merchant for collecting
2 an occupancy tax must be the same as the discount the State allows the
3 merchant for collecting State sales and use taxes.
- 4 (6) Cost of collection. – A city that remits the tax proceeds to a local
5 tourism promotion agency may retain from the proceeds only its actual
6 costs of collecting the tax, not to exceed three percent (3%) of the first
7 five hundred thousand dollars (\$500,000) collected each year plus one
8 percent (1%) of the remainder collected each year.
- 9 (b) Scope. – This section establishes uniform requirements that govern all new and
10 revised local occupancy taxes levied by a city.
- 11 (c) Definitions. – The following definitions apply in this section:
- 12 (1) Convention or meeting facility. – A facility to be used primarily by
13 individuals who are not residents of the taxing city for the purpose of
14 conventions or meetings.
- 15 (2) Promote travel and tourism. – To advertise or market an area or activity,
16 publish and distribute pamphlets and other materials, conduct market
17 research, or engage in similar promotional activities that attract tourists
18 or business travelers to the area; the term includes administrative
19 expenses incurred in engaging in the listed activities.
- 20 (3) Tourism-related expenditures. – Expenditures that are designed to
21 increase the use of lodging, meeting, and convention facilities in a city
22 by attracting tourists or business travelers to the city, including tourism-
23 related capital expenditures."
- 24 Sec. 3. This act is effective upon ratification.