

**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**  
**Senate Finance Committee Substitute #2 Adopted 7/6/06**

Short Title: Elkin/Pilot Mtn./Dobson Occupancy Tax.

(Local)

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Sponsors:

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Referred to:

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May 22, 2006

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE THE TOWNS OF ELKIN, PILOT MOUNTAIN, AND  
2 DOBSON TO LEVY A SIX PERCENT ROOM OCCUPANCY AND TOURISM  
3 DEVELOPMENT TAX.  
4

5 The General Assembly of North Carolina enacts:

6 **PART I. ELKIN OCCUPANCY TAX**

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

15 **SECTION 1.1.(b)** Administration. – A tax levied under this part shall be  
16 levied, administered, collected, and repealed as provided in G.S. 160A-215. The  
17 penalties provided in G.S. 160A-215 apply to a tax levied under this part.

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

23 The following definitions apply in this part:

- 24 (1) Net proceeds. – Gross proceeds less the cost to the town of  
25 administering and collecting the tax, as determined by the finance  
26 officer, not to exceed three percent (3%) of the first five hundred

1 thousand dollars (\$500,000) of gross proceeds collected each year and  
2 one percent (1%) of the remaining gross receipts collected each year.

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

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

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

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

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

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

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

35 **SECTION 2.1.** Occupancy Tax. – (a) Authorization and Scope. – The Pilot  
36 Mountain Board of Commissioners may levy a room occupancy tax of up to six percent  
37 (6%) of the gross receipts derived from the rental of any room, lodging, or  
38 accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within  
39 the town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3).  
40 This tax is in addition to any State or local sales tax. This tax does not apply to  
41 accommodations furnished by nonprofit charitable, educational, or religious  
42 organizations when furnished in furtherance of their nonprofit purpose.

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

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

9           The following definitions apply in this part:

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

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

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

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

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

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

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

5 **PART III. DOBSON OCCUPANCY TAX**

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

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

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

22           The following definitions apply in this part:

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

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

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

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

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

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

#### 17 **PART IV. ADMINISTRATIVE PROVISIONS**

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

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

#### 27 **PART V. EFFECTIVE DATE**

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