

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

SESSION LAW 2013-223  
HOUSE BILL 553

AN ACT TO MODIFY CARTERET COUNTY'S AUTHORITY TO LEVY AN ADDITIONAL ONE PERCENT ROOM OCCUPANCY AND TOURISM DEVELOPMENT TAX AND TO MODIFY THE DISTRIBUTION OF THE PROCEEDS OF THE TAX.

The General Assembly of North Carolina enacts:

**SECTION 1.** Section 2 of S.L. 2007-112, as amended by Section 40 of S.L. 2007-484, reads as rewritten:

**"SECTION 2.** Occupancy Tax. – (a) Authorization and Scope. – The Carteret County Board of Commissioners may levy a room occupancy and tourism development tax of five percent (5%) of the gross receipts derived from the rental of any room, lodging, or similar accommodation furnished by any hotel, motel, inn, tourist camp, condominium, cottage, campground, rental agency, or other 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 when furnished in furtherance of their nonprofit purpose.~~the following:~~

- ~~(1) Religious organizations.~~
- ~~(2) Educational organizations.~~
- ~~(3) Any business that offers to rent fewer than five units.~~
- ~~(4) Summer camps.~~
- ~~(5) Charitable, benevolent, and other nonprofit organizations.~~

**"SECTION 2.(b)** Additional Occupancy Tax. – In addition to the room occupancy and tourism development tax authorized by subsection (a) of Section 2 of this act, the Carteret County Board of Commissioners ~~may, no earlier than July 1, 2010, may~~ levy an additional room occupancy and tourism development tax of one percent (1%) of the gross receipts derived from the rental of accommodations taxable under subsection (a) of Section 2 of this act ~~only if all of the following conditions have been met:~~act. Carteret County may not levy a tax under this subsection unless it also levies a tax under subsection (a) of this section.

- ~~(1) A development plan for the construction of a convention center has been approved by resolution of the board of county commissioners and the governing board of the municipality where the center is to be located by June 30, 2010.~~
- ~~(2) There is a signed contract between the appropriate local governments and a private developer that includes financing commitments for construction to begin no later than July 1, 2011.~~
- ~~(3) The county is levying the room occupancy and tourism development tax authorized under subsection (a) of Section 2 of this act.~~

**"SECTION 2.(c)** Repeal of Additional Occupancy Tax. — Carteret County's authority to levy the additional one percent (1%) room occupancy and tourism development tax under subsection (b) of Section 2 of this act is repealed as provided in this section if either of the following events occur:

- ~~(1) A cumulative total of ten million dollars (\$10,000,000) in proceeds from the additional one percent (1%) room occupancy and tourism development tax is collected, calculated beginning on July 1, 2010. The repeal under this subdivision is effective on the first day of the second month following the~~



~~date that the cumulative total of ten million dollars (\$10,000,000) is collected.~~

- ~~(2) Construction on the convention center has not begun by July 1, 2011. The repeal under this subdivision is effective September 1, 2011. Any funds collected before the repeal date must be redistributed to the Tourism Development Authority and used only to promote travel and tourism.~~

~~"SECTION 2.(d) Excess Proceeds from Additional Occupancy Tax. — Carteret County must redistribute any excess proceeds from the additional one percent (1%) room occupancy and tourism development tax authorized under subsection (b) of Section 2 of this act to the Tourism Development Authority to be used only to promote travel and tourism. For purposes of this subsection, "excess proceeds" means:~~

- ~~(1) Any proceeds in excess of ten million dollars (\$10,000,000) collected prior to the repeal date of the additional tax.~~
- ~~(2) Any proceeds collected but not spent in excess of the actual cost of the convention center.~~

~~"SECTION 2.(e) Administration. — A tax levied under this act must 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. The Carteret County Tax Collector must establish procedures to periodically audit the businesses subject to the tax levied under this act in order to ensure compliance with this act.~~

~~"SECTION 2.(f) Definitions. — The following definitions apply in this act:~~

- ~~(1) Beach nourishment. — The placement of sand, from other sand sources, on a beach or dune by mechanical means and other associated activities that are in conformity with the North Carolina Coastal Management Program along the shorelines of the Atlantic Ocean of North Carolina and connecting inlets for the purpose of widening the beach to benefit public recreational use and mitigating damage and erosion from storms to inland property. The term includes expenditures for the following:
  - ~~a. Costs directly associated with qualifying for projects either contracted through the U.S. Army Corps of Engineers or otherwise permitted by all appropriate federal and State agencies;~~
  - ~~b. The nonfederal share of the cost required to construct these projects;~~
  - ~~c. The costs associated with providing enhanced public beach access; and~~
  - ~~d. The costs of associated nonhardening activities such as the planting of vegetation, the building of dunes, and the placement of sand fences.~~~~
- ~~(2) 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.~~
- ~~(3) 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.~~
- ~~(4) 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 county or to attract tourists or business travelers to the county. The term includes tourism-related capital expenditures.~~

~~"SECTION 2.(g) Use and Distribution of five percent (5%) Occupancy Tax Revenue. — If Carteret County levies only the room occupancy and tourism development tax authorized by subsection (a) of Section 2 of this act, the net proceeds of the tax must be distributed as follows:~~

- ~~(1) Travel and tourism promotion. — Carteret County must, on a quarterly basis, remit fifty percent (50%) to the Carteret County Tourism Development Authority. Beginning July 1, 2010, if the conditions in subsection (b) of~~

Section 2 of this act are not met, then Carteret County must, on a quarterly basis, remit sixty percent (60%) to the Carteret County Tourism Development Authority. After deducting its administrative expenses, the Authority must use all of the funds remitted to it under this subdivision to promote travel and tourism in Carteret County. Administrative expenses may not exceed ten percent (10%) of the total budget of the Tourism Development Authority and may not include costs associated with the operation of visitor centers.

- (2) Beach nourishment. — Carteret County must retain the remainder to be used only for beach nourishment on Bogue Banks. Any idle funds that are not spent for beach nourishment must be remitted to the Carteret County Tourism Development Authority and must be used only to promote travel and tourism in Carteret County. The county may not accumulate a balance of tax proceeds for beach nourishment in excess of fifteen million dollars (\$15,000,000).

**"SECTION 2.(h)** Use and Distribution of six percent (6%) Occupancy Tax Revenue. — If the conditions in subsection (b) of Section 2 of this act are met and Carteret County levies the room occupancy tax at a rate of six percent (6%) as authorized by subsections (a) and (b) of Section 2 of this act, the net proceeds must be distributed as follows:

- (1) Travel and tourism promotion. — Carteret County must, on a quarterly basis, remit fifty percent (50%) to the Carteret County Tourism Development Authority to be used to promote travel and tourism.
- (2) Beach nourishment. — Carteret County must use thirty three percent (33%) only for beach nourishment on Bogue Banks. Any idle funds that are not spent for beach nourishment must be remitted to the Carteret County Tourism Development Authority and must be used only to promote travel and tourism in Carteret County. The county may not accumulate a balance of tax proceeds for beach nourishment in excess of fifteen million dollars (\$15,000,000).
- (3) Convention center financing. — Any remaining proceeds, up to a maximum of ten million dollars (\$10,000,000), must be used for the financing of debt service, operating costs, or both associated with the construction of a new convention center in Carteret County.

**"SECTION 2.(i)** Use and Distribution of Tax Revenue. — The net proceeds of the occupancy taxes levied under Section 2 of this act are distributed as follows:

- (1) Travel and tourism promotion. — Carteret County must, on a quarterly basis, remit fifty percent (50%) to the Carteret County Tourism Development Authority to be used to promote travel and tourism.
- (2) Beach nourishment. — Carteret County must use the remaining fifty percent (50%) only for beach nourishment on Bogue Banks. The county may not accumulate a balance of tax proceeds for beach nourishment in excess of thirty million dollars (\$30,000,000)."

**SECTION 2.** This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 27<sup>th</sup> day of June,

2013.

s/ Daniel J. Forest  
President of the Senate

s/ Thom Tillis  
Speaker of the House of Representatives