

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

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**HOUSE BILL 533  
Committee Substitute Favorable 4/6/09  
Committee Substitute #2 Favorable 5/20/09**

Short Title:   Modify Hickory and Conover Occupancy Tax.

(Local)

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Sponsors:

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Referred to:

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March 12, 2009

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE CITIES OF HICKORY AND CONOVER TO LEVY AN  
ADDITIONAL ONE PERCENT ROOM OCCUPANCY AND TOURISM  
DEVELOPMENT TAX AND TO MAKE OTHER ADMINISTRATIVE CHANGES.

The General Assembly of North Carolina enacts:

**SECTION 1.** The purpose of this act is to revise and consolidate certain acts that authorize the Cities of Hickory and Conover to levy a room occupancy and tourism development tax, to clarify the authority of Hickory and Conover to levy a room occupancy tax by establishing separate authorizing provisions for each city, and to authorize each city to levy an additional one percent (1%) room occupancy tax. No provision of this act is intended, nor shall be construed, to affect in any way the authority of any other municipality authorized under the acts listed in Section 3 of this act to levy a room occupancy and tourism development tax.

**SECTION 2.** Chapter 929 of the 1985 Session Laws, as amended by Chapter 319 of the 1987 Session Laws and Section 21(j) of S.L. 2007-527, is revised and consolidated to read as follows:

**HICKORY OCCUPANCY TAX**

"Section 1. Occupancy tax. – (a) Authorization and Scope. – The City of Hickory may, by joint resolution with the City of Conover, levy a room occupancy and tourism development tax of not less than three percent (3%) nor more than five percent (5%) 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 city 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.(b) Authorization for Additional Occupancy Tax. – In addition to the tax authorized by subsection (a) of this section, the City of Hickory may, by joint resolution with the City of Conover, levy an additional room occupancy tax of 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 City of Hickory may not levy a tax under this subsection unless it also levies the tax authorized under subsection (a) of this section.

"Section 1.(c) Administration. – Except as otherwise provided in this subsection, 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. The City of Hickory may not repeal the levy of the room occupancy tax levied by it if, before the effective date of the repeal, either Hickory or Conover has outstanding indebtedness



1 under Article 4, 5, 8, or 9 of Chapter 159 of the General Statutes for the provision of a  
2 convention center facility. A repeal of a tax levied under this section must be made by joint  
3 resolution with the City of Conover.

4 "Section 1.(d) Distribution and Use of Tax Revenue. – The City of Hickory shall, on a  
5 quarterly basis, remit the net proceeds of the occupancy tax to the Hickory-Conover Tourism  
6 Development Authority. The funds remitted under this subsection must be used as follows:

- 7 (1) Through December 31, 2019. – Prior to and through December 31, 2019, the  
8 Authority may use two-thirds of the funds remitted to it under this  
9 subsection for improving, leasing, constructing, financing, operating, or  
10 acquiring facilities and properties as needed to provide for a convention  
11 center facility, including parking facilities for the convention center. The  
12 remainder of the funds must be used to promote travel and tourism. Debt  
13 issued to finance these improvements or facilities and that is secured by  
14 occupancy tax proceeds remitted under this subdivision must mature on or  
15 before December 31, 2019.
- 16 (2) After December 31, 2019. – After December 31, 2019, the Authority must  
17 use at least two-thirds of the funds remitted to it under this subsection to  
18 promote travel and tourism in the area and must use the remainder for  
19 tourism-related expenditures.

20 "Section 1.(e) The following definitions apply in this section:

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

36 "Section 2. Tourism Development Authority. – (a) Appointment and Membership. – If the  
37 City of Hickory levies a tax under Section 1 of this act, being the Hickory Occupancy Tax, and  
38 the City of Conover has created a Tourism Development Authority pursuant to Section 4 of this  
39 act, being the Conover Occupancy Tax, then the proceeds of any tax levied under Section 1 of  
40 this act shall be remitted to that Authority in accordance with Section 1(d) of this act.

41 If the City of Hickory levies a tax under Section 1 of this act, being the Hickory Occupancy  
42 Tax, and the City of Conover has not created a Tourism Development Authority pursuant to  
43 Section 4 of this act, being the Conover Occupancy Tax, then when the City Council of  
44 Hickory adopts a resolution levying a room occupancy tax under this act, it shall also adopt a  
45 resolution creating the Hickory-Conover Tourism Development Authority, which shall be a  
46 public authority under the Local Government Budget and Fiscal Control Act. The membership  
47 of the Hickory-Conover Tourism Development Authority is as follows:

- 48 (1) Three owners or operators of hotels, motels, or other taxable  
49 accommodations in the Cities of Hickory and Conover, two of whom shall  
50 be appointed by the Hickory City Council and one appointed by the Conover  
51 City Council.

- 1 (2) Three individuals who have demonstrated an interest in convention and  
2 tourism development and do not own or operate hotels, motels, or other  
3 taxable tourism accommodations, one of whom shall be appointed by the  
4 Catawba County Chamber of Commerce, one appointed by the Hickory City  
5 Council, and one by the Conover City Council.
- 6 (3) Three ex officio members shall be the City Managers of Hickory and  
7 Conover and the Executive Vice President of the Catawba County Chamber  
8 of Commerce.

9 All members of the Council shall serve without compensation. Vacancies in the Authority  
10 shall be filled by the appointing authority of the member creating the vacancy. Members  
11 appointed to fill vacancies shall serve for the remainder of the unexpired term for which they  
12 are appointed to fill. Members shall serve three-year terms that will be staggered and may serve  
13 no more than two consecutive three-year terms. The members shall elect a chairperson and  
14 treasurer who shall serve for a term of two years.

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

18 "Section 2.(b) Duties. – The Authority shall expend the net proceeds of the tax levied under  
19 this act for the purposes provided in Section 1 of this act. The Authority shall promote travel,  
20 tourism, and conventions in the city, sponsor tourist-related events and activities in the city, and  
21 finance tourist-related capital projects in the city.

22 "Section 2.(c) Reports. – The Authority shall report quarterly and at the close of the fiscal  
23 year to the Hickory and Conover City Councils on its receipts and expenditures for the  
24 preceding quarter and for the year in such detail as the City Councils may require."

#### 25 CONOVER OCCUPANCY TAX

26 "Section 3. Occupancy tax. – (a) Authorization and Scope. – The City of Conover may, by  
27 joint resolution with the City of Hickory, levy a room occupancy and tourism development tax  
28 of not less than three percent (3%) nor more than five percent (5%) of the gross receipts  
29 derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel,  
30 inn, tourist camp, or similar place within the city that is subject to sales tax imposed by the  
31 State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax  
32 does not apply to accommodations furnished by nonprofit charitable, educational, or religious  
33 organizations when furnished in furtherance of their nonprofit purpose.

34 "Section 3.(b) Authorization for Additional Occupancy Tax. – In addition to the tax  
35 authorized by subsection (a) of this section, the City of Conover may, by joint resolution with  
36 the City of Hickory, levy an additional room occupancy tax of one percent (1%) of the gross  
37 receipts derived from the rental of accommodations taxable under subsection (a) of this section.  
38 The levy, collection, administration, and repeal of the tax authorized by this subsection must be  
39 in accordance with the provisions of this section. The City of Conover may not levy a tax under  
40 this subsection unless it also levies the tax authorized under subsection (a) of this section.

41 "Section 3.(c) Administration. – Except as otherwise provided in this subsection, a tax  
42 levied under this section shall be levied, administered, collected, and repealed as provided in  
43 G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this  
44 section. The City of Conover may not repeal the levy of the room occupancy tax levied by it if,  
45 before the effective date of the repeal, either Hickory or Conover has outstanding indebtedness  
46 under Article 4, 5, 8, or 9 of Chapter 159 of the General Statutes for the provision of a  
47 convention center facility. A repeal of a tax levied under this section must be made by joint  
48 resolution with the City of Hickory.

49 "Section 3.(d) Distribution and Use of Tax Revenue. – The City of Conover shall, on a  
50 quarterly basis, remit the net proceeds of the occupancy tax to the Hickory-Conover Tourism  
51 Development Authority. The funds remitted under this subsection must be used as follows:

1 (1) Through December 31, 2019. – Prior to and through December 31, 2019, the  
2 Authority may use two-thirds of the funds remitted to it under this  
3 subsection for improving, leasing, constructing, financing, operating, or  
4 acquiring facilities and properties as needed to provide for a convention  
5 center facility, including parking facilities for the convention center. The  
6 remainder of the funds must be used to promote travel and tourism. Debt  
7 issued to finance these improvements or facilities and that is secured by  
8 occupancy tax proceeds remitted under this subdivision must mature on or  
9 before December 31, 2019.

10 (2) After December 31, 2019. – After December 31, 2019, the Authority must  
11 use at least two-thirds of the funds remitted to it under this subsection to  
12 promote travel and tourism in the area and must use the remainder for  
13 tourism-related expenditures.

14 "Section 3.(e) The following definitions apply in this section:

15 (1) Net proceeds. – Gross proceeds less the cost to the city of administering and  
16 collecting the tax, as determined by the finance officer, not to exceed three  
17 percent (3%) of the first five hundred thousand dollars (\$500,000) of gross  
18 proceeds collected each year and one percent (1%) of the remaining gross  
19 proceeds collected each year.

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

25 (3) Tourism-related expenditures. – Expenditures that, in the judgment of the  
26 Hickory-Conover Tourism Development Authority, are designed to increase  
27 the use of lodging facilities, meeting facilities, or convention facilities in the  
28 city or to attract tourists or business travelers to the city. The term includes  
29 tourism-related capital expenditures.

30 "Section 4. Tourism Development Authority. – (a) Appointment and Membership. – If the  
31 City of Conover levies a tax under Section 3 of this act, being the Conover Occupancy Tax, and  
32 the City of Hickory has created a Tourism Development Authority pursuant to Section 2 of this  
33 act, being the Hickory Occupancy Tax, then the proceeds of any tax levied under Section 3 of  
34 this act shall be remitted to that Authority in accordance with Section 3(d) of this act.

35 If the City of Conover levies a tax under Section 3 of this act, being the Conover  
36 Occupancy Tax, and the City of Hickory has not created a Tourism Development Authority  
37 pursuant to Section 2 of this act, being the Hickory Occupancy Tax, then when the City  
38 Council of Conover adopts a resolution levying a room occupancy tax under this act, it shall  
39 also adopt a resolution creating the Hickory-Conover Tourism Development Authority, which  
40 shall be a public authority under the Local Government Budget and Fiscal Control Act. The  
41 membership of the Hickory-Conover Tourism Development Authority is as follows:

42 (1) Three owners or operators of hotels, motels, or other taxable  
43 accommodations in the Cities of Hickory and Conover, two of whom shall  
44 be appointed by the Hickory City Council and one appointed by the Conover  
45 City Council.

46 (2) Three individuals who have demonstrated an interest in convention and  
47 tourism development and do not own or operate hotels, motels, or other  
48 taxable tourism accommodations, one of whom shall be appointed by the  
49 Catawba County Chamber of Commerce, one appointed by the Hickory City  
50 Council, and one by the Conover City Council.

- 1 (3) Three ex officio members shall be the City Managers of Hickory and  
2 Conover and the Executive Vice President of the Catawba County Chamber  
3 of Commerce.

4 All members of the Council shall serve without compensation. Vacancies in the Authority  
5 shall be filled by the appointing authority of the member creating the vacancy. Members  
6 appointed to fill vacancies shall serve for the remainder of the unexpired term for which they  
7 are appointed to fill. Members shall serve three-year terms that will be staggered and serve no  
8 more than two consecutive three-year terms. The members shall elect a chairperson and  
9 treasurer, who shall serve for a term of two years.

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

13 "Section 4.(b) Duties. – The Authority shall expend the net proceeds of the tax levied under  
14 this act for the purposes provided in Section 3 of this act. The Authority shall promote travel,  
15 tourism, and conventions in the city, sponsor tourist-related events and activities in the city, and  
16 finance tourist-related capital projects in the city.

17 "Section 4.(c) Reports. – The Authority shall report quarterly and at the close of the fiscal  
18 year to the Hickory and Conover City Councils on its receipts and expenditures for the  
19 preceding quarter and for the year in such detail as the City Councils may require."

20 **SECTION 3.** The following acts, or portions of acts, having been revised and  
21 consolidated into this act, are repealed:

- 22 (1) Chapter 929 of the 1985 Session Laws, as it relates to the Cities of Hickory  
23 and Conover only.  
24 (2) Chapter 319 of the 1987 Session Laws.  
25 (3) Section 21(j) of S.L. 2007-527.

26 **SECTION 4.** All existing resolutions of the Cities of Hickory and Conover adopted  
27 pursuant to any of the acts, or portions of acts, listed in Section 3 of this act and that are not  
28 inconsistent with the provisions of this act continue in full force and effect until repealed,  
29 modified, or amended. This act does not affect the rights or liabilities of a levying unit, a  
30 taxpayer, or another person arising under the laws revised and consolidated by this act before  
31 the effective date of this act; nor does it affect the right to any refund or credit of a tax that  
32 accrued under the laws revised and consolidated by this act before the effective date of this act.

33 **SECTION 5.** Administrative provisions. – G.S. 160A-215(g) reads as rewritten:

34 "(g) This section applies only to Beech Mountain District W, to the Cities of Belmont,  
35 Conover, ~~Elizabeth City, Eden, Elizabeth City,~~ Gastonia, Goldsboro, Greensboro, Hickory,  
36 High Point, Kings Mountain, Lexington, Lincolnton, Lumberton, Monroe, Mount Airy,  
37 Reidsville, Roanoke Rapids, Shelby, Statesville, Washington, and Wilmington, to the Towns of  
38 Ahoskie, Beech Mountain, Benson, Blowing Rock, Boiling Springs, Burgaw, Carolina Beach,  
39 Carrboro, Dallas, Dobson, Elkin, Franklin, Jonesville, Kenly, Kure Beach, Leland, Mooresville,  
40 North Topsail Beach, Pilot Mountain, Selma, Smithfield, St. Pauls, Troutman, Tryon, West  
41 Jefferson, Wilkesboro, Wrightsville Beach, Yadkinville, and Yanceyville, and to the  
42 municipalities in Avery and Brunswick Counties."

43 **SECTION 6.** This act is effective when it becomes law.