

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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HOUSE BILL 414

Short Title: Amend Rutherford County Occupancy Tax. (Local)

Sponsors: Representative Hager (Primary Sponsor).
For a complete list of Sponsors, see Bill Information on the NCGA Web Site.

Referred to: Government, if favorable, Finance.

March 22, 2011

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE RUTHERFORD COUNTY OCCUPANCY TAX.

The General Assembly of North Carolina enacts:

SECTION 1. Sections 5 and 6 of Chapter 577 of the 1991 Session Laws, as amended by S.L. 2007-527, are rewritten and recodified as Sections 2 and 3 of this act. This act does not affect the rights or liabilities of the county, a taxpayer, or another person arising under the law rewritten and recodified by this act before the effective date of this act, nor does it affect the right to any refund or credit of a tax that accrued under the law rewritten and recodified by this act before the effective date of this act.

SECTION 2. Occupancy tax. – (a) Authorization and Scope. – The Board of Commissioners of Rutherford County may levy a room occupancy tax of up to six percent (6%) 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 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.

SECTION 2.(b) Administration. – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 153A-155.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.

SECTION 2.(c) Definitions. – The following definitions apply in this act:

- (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 proceeds 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 Rutherford County Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention



1 facilities in the county or to attract tourists or business travelers to the
2 county. The term includes tourism-related capital expenditures.

3 **SECTION 2.(d)** Distribution and Use of Tax Revenue. – Rutherford County shall,
4 on a quarterly basis, remit to the Rutherford County Tourism Development Authority the net
5 proceeds of the occupancy tax. Alternatively, Rutherford County may, at the request and on
6 behalf of the Authority, establish a separate fund to account for the management of all receipts
7 and disbursements of the Authority. In addition to the management of this separate fund, the
8 county may also provide services, including, but not limited to, finance, human resources,
9 legal, and information technology. Service fees will be assessed by the county for the indirect
10 costs related to these services. The Authority shall use at least two-thirds of the funds remitted
11 to it under this subsection to promote travel and tourism in Rutherford County and shall use the
12 remainder for tourism-related expenditures.

13 **SECTION 3.** Tourism Development Authority. – (a) Appointment and
14 Membership. – When the Board of Commissioners adopts a resolution levying a room
15 occupancy tax under this act, it shall also adopt a resolution creating the Rutherford County
16 Tourism Development Authority, which shall be a public authority under the Local
17 Government Budget and Fiscal Control Act. The resolution adopted by the Board of
18 Commissioners shall provide for the membership of the Authority, including the members'
19 terms of office, and for the filling of vacancies on the Authority. At least one-third of the
20 members shall be individuals who are affiliated with businesses that collect the tax in the
21 county, and at least one-half of the members shall be individuals who are currently active in the
22 promotion of travel and tourism in the county. The Board of Commissioners shall designate
23 one member of the Authority as chair and shall determine the compensation, if any, to be paid
24 to members of the Authority.

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

28 **SECTION 3.(b)** Duties. – The Authority shall expend the net proceeds of the tax
29 levied under this act for the purposes provided in Section 2 of this act. The Authority shall
30 promote travel, tourism, and conventions in the county, sponsor tourist-related events and
31 activities in the county, and finance tourist-related capital projects in the county.

32 **SECTION 3.(c)** Reports. – The Authority shall report quarterly and at the close of
33 the fiscal year to the Rutherford County Board of Commissioners on its receipts and
34 expenditures for the preceding quarter and for the year in such detail as the Board of
35 Commissioners may require.

36 **SECTION 4.** Administrative provisions. – G.S. 153A-155(g) reads as rewritten:

37 "(g) Applicability. – Subsection (c) of this section applies to all counties and county
38 districts that levy an occupancy tax. To the extent subsection (c) conflicts with any provision of
39 a local act, subsection (c) supersedes that provision. The remainder of this section applies only
40 to Alleghany, Anson, Brunswick, Buncombe, Burke, Cabarrus, Camden, Carteret, Caswell,
41 Chatham, Cherokee, Chowan, Clay, Craven, Cumberland, Currituck, Dare, Davie, Duplin,
42 Durham, Forsyth, Franklin, Granville, Halifax, Haywood, Madison, Martin, McDowell,
43 Montgomery, Nash, New Hanover, New Hanover County District U, Northampton,
44 Pasquotank, Pender, Perquimans, Person, Randolph, Richmond, Rockingham, Rowan,
45 Rutherford, Sampson, Scotland, Stanly, Swain, Transylvania, Tyrrell, Vance, Washington, and
46 Wilson Counties, to Surry County District S, to Watauga County District U, to Wilkes County
47 District K, to Yadkin County District Y, and to the Township of Averasboro in Harnett County
48 and the Ocracoke Township Taxing District."

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