

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011**

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SENATE DRS85075-MC_x-77 (02/22)

Short Title: Hillsborough Occupancy Tax. (Local)

Sponsors: Senator Kinnaird.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE THE TOWN OF HILLSBOROUGH TO LEVY A ROOM
3 OCCUPANCY TAX.

4 The General Assembly of North Carolina enacts:

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

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14 administered, collected, and repealed as provided in G.S. 160A-215.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

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

21 The following definitions apply in this subsection:

- 22 (1) Net proceeds. – Gross proceeds less the cost to the town of administering
23 and collecting the tax, as determined by the finance officer, not to exceed
24 three percent (3%) of the first five hundred thousand dollars (\$500,000) of
25 gross proceeds collected each year and one percent (1%) of the remaining
26 gross proceeds collected each year.
- 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 or
30 business travelers to the area; the term includes administrative expenses
31 incurred in engaging in the listed activities.
- 32 (3) Tourism-related expenditures. – Expenditures that, in the judgment of the
33 Hillsborough Tourism Development Authority, are designed to increase the
34 use of lodging facilities, meeting facilities, or convention facilities in the



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

3 **SECTION 1.2.** Tourism Development Authority. – (a) Appointment and
4 Membership. – When the Town Board adopts a resolution levying a room occupancy tax under
5 this act, it shall also adopt a resolution creating the Hillsborough Tourism Development
6 Authority, which shall be a public authority under the Local Government Budget and Fiscal
7 Control Act. The resolution shall provide for the membership of the Authority, including the
8 members' terms of office, and for the filling of vacancies on the Authority. At least one-third
9 of the members shall be individuals who are affiliated with businesses that collect the tax in the
10 town, and at least one-half of the members shall be individuals who are currently active in the
11 promotion of the travel and tourism in the town. The Town Board shall designate one member
12 of the Authority as chair and shall determine the compensation, if any, to be paid to members
13 of the Authority. The Authority shall meet at the call of the chair and shall adopt rules of
14 procedure to govern its meetings. The finance officer for the Town of Hillsborough shall be the
15 ex officio finance officer of the Authority.

16 **SECTION 1.2.(b)** Duties. – The Tourism Development Authority shall expend the
17 net proceeds of the tax levied under this act for the purposes provided in Section 1 of this act.
18 The Authority shall promote travel, tourism, and conventions in the town, sponsor
19 tourist-related events and activities in the town, and finance tourist-related capital projects in
20 the town.

21 **SECTION 1.2.(c)** Reports. – The Tourism Development Authority shall report
22 quarterly and at the close of each fiscal year to the Hillsborough Town Board on its receipts
23 and expenditures for the preceding quarter and for the year in such detail as the Town Board
24 may require.

25 **SECTION 2.** G.S. 160A-215(g) reads as rewritten:

26 "(g) Applicability. – Subsection (c) of this section applies to all cities that levy an
27 occupancy tax. To the extent subsection (c) conflicts with any provision of a local act,
28 subsection (c) supersedes that provision. The remainder of this section applies only to Beech
29 Mountain District W, to the Cities of Belmont, Conover, Eden, Elizabeth City, Gastonia,
30 Goldsboro, Greensboro, Hickory, High Point, Jacksonville, Kings Mountain, Lenoir,
31 Lexington, Lincolnton, Lowell, Lumberton, Monroe, Mount Airy, Mount Holly, Reidsville,
32 Roanoke Rapids, Salisbury, Shelby, Statesville, Washington, and Wilmington, to the Towns of
33 Ahoskie, Beech Mountain, Benson, Bermuda Run, Blowing Rock, Boiling Springs, Boone,
34 Burgaw, Carolina Beach, Carrboro, Cooleemee, Cramerton, Dallas, Dobson, Elkin, Franklin,
35 Hillsborough, Jonesville, Kenly, Kure Beach, Leland, McAdenville, Mocksville, Mooresville,
36 Murfreesboro, North Topsail Beach, Pembroke, Pilot Mountain, Ranlo, Selma, Smithfield, St.
37 Pauls, Troutman, Tryon, West Jefferson, Wilkesboro, Wrightsville Beach, Yadkinville, and
38 Yanceyville, and to the municipalities in Avery and Brunswick Counties."

39 **SECTION 3.** This act is effective when it becomes law.