

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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HOUSE BILL 715
Senate Finance Committee Substitute Adopted 7/23/01

Short Title: Redistribute Mecklenburg Local Tax.

(Local)

Sponsors:

Referred to:

March 21, 2001

A BILL TO BE ENTITLED

1
2 AN ACT TO PROVIDE FOR AN ADDITIONAL DISTRIBUTION OF THE
3 PROCEEDS OF THE MECKLENBURG OCCUPANCY TAX AMONG THE
4 TOWNS OF MECKLENBURG COUNTY AND TO SUNSET THE
5 MECKLENBURG MEALS TAX AND THE ADDITIONAL DISTRIBUTION.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** Section 5(b) of Chapter 908 of the 1983 Session Laws, as
8 amended by Chapters 821 and 922 of the 1989 Session Laws, is amended by adding a
9 new subdivision to read:

10 "(b) Definitions. = The definitions in G.S. 105-164.3 apply to this Part insofar as
11 they are not inconsistent with the provisions of this Part. In addition, the following
12 definitions apply in this Part.

13 . . .
14 (3a) Mecklenburg towns. – The towns of Cornelius, Davidson,
15 Huntersville, Matthews, Mint Hill, and Pineville."

16 **SECTION 2.** Section 9 of Chapter 908 of the 1983 Session Laws, as
17 amended by Chapters 821 and 922 of the 1989 Session Laws, reads as rewritten:

18 "Sec. 9. (a) Distribution and Use of Proceeds. = The local administrative authority,
19 acting on its own behalf or as agent for each taxing entity, shall distribute the proceeds
20 of the taxes levied in this Part as provided in this subsection. The distribution shall be
21 made by the 20th day of each month following the month in which the tax is collected.

22 (1) Deduction of Administrative Expense. = The local administrative
23 authority may deduct from the gross proceeds of the taxes collected
24 under this Part an amount not to exceed three percent (3%) of the
25 amount collected to pay for the direct cost it has incurred in
26 administering and collecting the taxes authorized by this Part.

27 (2) Distribution to Charlotte for Convention Center Facilities. = After
28 deducting the amount provided above, the local administrative
29 authority shall transfer an amount equal to three percent (3%) of the

1 gross occupancy receipts and the entire net proceeds of the prepared
2 food and beverage tax to the City of Charlotte. The net proceeds
3 transferred to the City of Charlotte pursuant to this subdivision shall be
4 applied in accordance with the following priorities. No application of
5 any net proceeds to any class of the priorities set forth below in this
6 subdivision shall be made until, with respect to each preceding class of
7 priorities, either all payments for the current fiscal year have been
8 provided for in full or no such payments are required for the current
9 fiscal year.

- 10 a. To provide for when due payments for the current fiscal year
11 with respect to any financing for new convention center
12 facilities or for the expansion of existing convention center
13 facilities, which may include off-street parking for use in
14 conjunction with the facilities.
- 15 b. To pay costs incurred in an aggregate amount not greater than
16 one million five hundred thousand dollars (\$1,500,000) in each
17 fiscal year for marketing and promoting new or expanded
18 convention center facilities.
- 19 c. To pay other costs of acquiring, constructing, maintaining,
20 operating, marketing, and promoting new or expanded
21 convention center facilities.
- 22 (3) Distribution to Other Municipalities. – After deducting the amounts
23 provided above, the local administrative authority shall determine the
24 amount of the remaining occupancy tax net proceeds that were
25 collected from taxable establishments located in each municipality,
26 other than the City of Charlotte. The local administrative authority
27 shall then distribute to each municipality, other than the City of
28 Charlotte, an amount equal to one hundred twenty percent (120%) of
29 the amount of the remaining occupancy tax net proceeds collected in
30 that municipality. These funds may be expended only for acquiring,
31 constructing, financing, maintaining, operating, marketing, and
32 promoting convention centers, civic centers, performing arts centers,
33 coliseums, auditoriums, and museums, for off-street parking for use in
34 conjunction with these facilities, and for tourism and tourism-related
35 programs and activities including art and cultural programs, events,
36 and festivals.
- 37 (4) Distribution to Charlotte for Convention and Visitor ~~Promotion~~
38 Promotion and Other Tourism-Related Purposes. –
39 a. Of the occupancy tax net proceeds remaining after deducting
40 the amounts provided in subsections (a)(1) and (a)(2) above, at
41 least fifty percent (50%) of the first one million dollars
42 (\$1,000,000) in each fiscal year, at least thirty-five percent

(35%) of the second one million dollars (\$1,000,000) in each fiscal year, and at least twenty-five percent (25%) of the amount in excess of two million dollars (\$2,000,000) in each fiscal year shall be transferred by the local administrative authority to the City of ~~Charlotte~~ Charlotte.

b. From these funds, during any fiscal year that the county prepared food and beverage tax authorized by Section 7(a) of this Part is in effect for the entire fiscal year, the City of Charlotte shall make the distributions provided in this sub-subdivision to the Mecklenburg towns. The Mecklenburg towns may use the funds distributed to them under this sub-subdivision only for acquiring, constructing, financing, maintaining, operating, marketing, and promoting convention centers, civic centers, performing arts centers, coliseums, auditoriums, and museums, for off-street parking for use in conjunction with these facilities, and for tourism and tourism-related programs and activities including art and cultural programs, events, and festivals.

During the 2001-2002 fiscal year, the City of Charlotte shall transfer the following amounts to the Mecklenburg towns by the following dates:

<u>Town</u>	<u>10-1-01</u>	<u>4-1-02</u>
<u>Cornelius</u>	<u>\$ 90,810</u>	<u>\$ 90,810</u>
<u>Davidson</u>	<u>14,934</u>	<u>14,934</u>
<u>Huntersville</u>	<u>95,003</u>	<u>95,003</u>
<u>Matthews</u>	<u>142,519</u>	<u>142,519</u>
<u>Mint Hill</u>	<u>17,633</u>	<u>17,633</u>
<u>Pineville</u>	<u>139,101</u>	<u>139,101</u>
<u>TOTAL</u>	<u>\$500,000</u>	<u>\$500,000</u>

On or before October 1 and April 1 of the 2002-2003 fiscal year, the 2003-2004 fiscal year, the 2004-2005 fiscal year, and the 2005-2006 fiscal year, the City of Charlotte shall transfer to each Mecklenburg town the amount it received on that date the preceding year increased or decreased by the percentage by which the proceeds of the county prepared food and beverage tax levied under Section 7(a) of this Part increased or decreased during the preceding fiscal year.

On or before October 1 and April 1 of each fiscal year thereafter, the City of Charlotte shall transfer to each Mecklenburg town the greater of (i) the applicable percentage provided below of the county prepared food and beverage tax net proceeds that were collected in that town during the

1 preceding fiscal year and (ii) an amount agreed to by interlocal
2 agreement between the Mecklenburg town and the City of
3 Charlotte. For the purpose of this subdivision, net tax proceeds
4 collected in a town include proceeds attributable to
5 establishments with locations in the town but that are part of
6 multilocation businesses that report proceeds on a countywide
7 basis. The applicable percentage is fifty percent (50%) if, by
8 July 1, 2006, the City of Charlotte has awarded a design
9 contract for an expansion of the Charlotte Convention Center to
10 increase the exhibition space and supporting facilities by at least
11 100,000 square feet. The applicable percentage is sixty-six and
12 two-thirds percent (66 $\frac{2}{3}$ %) if, by July 1, 2006, the City of
13 Charlotte has not awarded a design contract for an expansion of
14 the Charlotte Convention Center to increase the exhibition
15 space and supporting facilities by at least 100,000 square feet.

16 c. Except as provided in sub-subdivision b. of this subdivision, the
17 City of Charlotte may use the funds distributed to it under this
18 subdivision only for activities and programs aiding and
19 encouraging convention and visitor promotion. The City of
20 Charlotte shall be acting as agent for each occupancy taxing
21 entity.

22 (5) Distribution of Remainder between Charlotte and Mecklenburg
23 County. = The amount of occupancy tax net proceeds remaining after
24 deducting the amounts provided above shall be allocated by the local
25 administrative authority between Mecklenburg County and the City of
26 Charlotte using the following formula: the ratio of expenditures by
27 each of Mecklenburg County and the City of Charlotte for acquiring,
28 constructing, financing, maintaining, operating, marketing, and
29 promoting convention centers, civic centers, performing arts centers,
30 coliseums, auditoriums, and museums, for off-street parking for use in
31 conjunction with these facilities, and for tourism and tourism-related
32 programs and activities including art and cultural programs, events,
33 and festivals to total expenditures by both Mecklenburg County and
34 the City of Charlotte for such purposes. There shall be excluded from
35 expenditures by the City of Charlotte for purposes of computing this
36 ratio all expenditures for acquiring, constructing, financing,
37 maintaining, operating, marketing, and promoting the new or expanded
38 convention center facilities in the City of Charlotte for which net
39 proceeds are allocated pursuant to subdivision (2) of this subsection.
40 The ratio shall be computed annually on the basis of the prior fiscal
41 year's expenditures. However, no amount shall be allocated to
42 Mecklenburg County if it has not levied an occupancy tax and a

1 prepared food and beverage tax for the current period. These funds
2 may be expended only for acquiring, constructing, financing,
3 maintaining, operating, marketing, and promoting convention centers,
4 civic centers, performing arts centers, coliseums, auditoriums,
5 museums, for off-street parking for use in conjunction with these
6 facilities, and for tourism and tourism-related programs and activities
7 including art and cultural programs, events, and festivals.

8 (b) Authority to Contract. – Mecklenburg County and each municipality located
9 within Mecklenburg County may contract with any person, agency, association, or
10 nonprofit corporation to undertake or carry out the activities and programs for which the
11 proceeds may be expended. All contracts entered into pursuant to this subsection shall
12 require an annual financial audit of any funds expended and a performance audit of
13 contractual obligations."

14 **SECTION 3.** Chapter 908 of the 1983 Session Laws, as amended by
15 Chapters 821 and 922 of the 1989 Session Laws, is amended by adding a new section to
16 read:

17 "Sec. 10. Sunset of Certain Provisions. – Effective on the latest of the three dates
18 listed below, Section 7 of this act and Section 9(4)b. of this act are repealed:

19 (1) July 1 following the date of final satisfaction, by payment or other
20 irrevocable defeasance, of any debt instruments or obligations that
21 meet both of the following conditions:

22 a. They were issued by the City of Charlotte or by a related
23 special purpose entity in connection with the financing of the
24 Charlotte Convention Center, convention center hotel, or related
25 parking facilities.

26 b. They were issued and outstanding on or before July 1, 2001.

27 (2) July 1 following the date 25 years after the date the City of Charlotte
28 awards a construction contract for expansion of the existing
29 convention center that meets both of the following conditions:

30 a. The expansion contracted for will encompass at least 100,000
31 square feet of additional exhibit and meeting space and related
32 support facilities.

33 b. The design contract for the expansion contracted for was
34 awarded by January 1, 2006.

35 (3) July 1, 2026."

36 **SECTION 4.** This act becomes effective July 1, 2001, and applies to taxes
37 collected on or after that date.