

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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**HOUSE BILL 882
Senate Finance Committee Substitute Adopted 7/6/06**

Short Title: Ocracoke Township Occupancy Tax.

(Local)

Sponsors:

Referred to:

March 24, 2005

A BILL TO BE ENTITLED

1
2 AN ACT CREATING A TAXING DISTRICT IN OCRACOKE TOWNSHIP FOR
3 THE PURPOSE OF AUTHORIZING THE LEVY OF A ROOM OCCUPANCY
4 AND TOURISM DEVELOPMENT TAX.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** Occupancy Tax. – The Ocracoke Township Taxing District is
7 created. It is coterminous with Ocracoke Township in Hyde County. The Ocracoke
8 Township Taxing District is a body politic and corporate and has the power to carry out
9 the provisions of this act. The Hyde County Board of Commissioners shall serve ex
10 officio as the governing body of the district, and the officers of the county shall serve as
11 the officers of the governing body of the district. A simple majority of the governing
12 body constitutes a quorum, and approval by a majority of those present is sufficient to
13 determine any matter before the governing body, if a quorum is present.

14 **SECTION 2.** Authorization and Scope. – The governing body of Ocracoke
15 Township Taxing District may levy a room occupancy tax of up to two percent (2%) of
16 the gross receipts derived from the rental of any room, lodging, or accommodation
17 furnished by a hotel, motel, inn, tourist camp, or similar place within the district that is
18 subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in
19 addition to any State or local sales or room occupancy tax. This tax does not apply to
20 accommodations furnished by nonprofit charitable, educational, or religious
21 organizations when furnished in furtherance of their nonprofit purpose.

22 **SECTION 3.** Administration. – A tax levied under this act shall be levied,
23 administered, collected, and repealed as provided in G.S. 153A-155, as if it were a
24 county. The penalties provided in G.S. 153A-155 apply to a tax levied under this act.

25 **SECTION 4.** Distribution and Use of Tax Revenue. – Ocracoke Township
26 Taxing District shall, on a quarterly basis, distribute the net proceeds of the occupancy
27 tax to the Ocracoke Township Tourism Development Authority created pursuant to
28 Section 5 of this act. The Authority shall use at least two-thirds of the proceeds
29 distributed to it to promote travel and tourism in the district and shall use the remainder

1 for tourism-related expenditures in the district. In accordance with the North Carolina
2 Constitution and the United States Constitution, the tax proceeds may be used only for
3 the direct benefit of Ocracoke Township. None of the proceeds may be used to promote
4 travel or tourism in areas within Hyde County that are outside of the district or for
5 tourism-related expenditures in the county that are outside of the district.

6 The following definitions apply in this act:

- 7 (1) Net proceeds. – Gross proceeds less the cost to the district of
8 administering and collecting the tax, as determined by the finance
9 officer, not to exceed three percent (3%) of the first five hundred
10 thousand dollars (\$500,000) of gross proceeds collected each year and
11 one percent (1%) of the remaining gross receipts collected each year.
- 12 (2) Promote travel and tourism. – To advertise or market an area or
13 activity, publish and distribute pamphlets and other materials, conduct
14 market research, or engage in similar promotional activities that attract
15 tourists or business travelers to the area. The term includes
16 administrative expenses incurred in engaging in the listed activities.
- 17 (3) Tourism-related expenditures. – Expenditures that, in the judgment of
18 the Tourism Development Authority, are designed to increase the use
19 of lodging facilities, meeting facilities, or convention facilities in a
20 district or to attract tourists or business travelers to the district. The
21 term includes tourism-related capital expenditures.

22 **SECTION 5.(a)** Ocracoke Township Tourism Development Authority. –
23 Appointment and Membership. – The Board of Commissioners of Hyde County shall
24 adopt a resolution creating the Ocracoke Township Tourism Development Authority,
25 which shall be a public authority under the Local Government Budget and Fiscal
26 Control Act. The Tourism Development Authority shall have five members in addition
27 to the Finance Officer. The resolution shall provide for the membership of the
28 Authority, including the members' terms of office, and for the filling of vacancies on the
29 Authority. At least one-third of the members must be individuals affiliated with
30 businesses that collect the tax in the district, and at least one-half of the members must
31 be individuals currently active in the promotion of travel and tourism in the district. The
32 Board of Commissioners shall designate one member of the Authority as chair and shall
33 determine the compensation, if any, to be paid to members of the Authority.

34 The Authority shall meet at the call of the chair and shall adopt rules of
35 procedure to govern its meetings. The Finance Officer for Hyde County shall be the ex
36 officio finance officer of the Authority.

37 **SECTION 5.(b)** Duties. – The Authority shall expend the net proceeds of
38 the tax levied under this act for the purposes provided in Section 4 of this act. The
39 Authority shall promote travel and tourism in the district and make tourism-related
40 expenditures in the district.

41 **SECTION 5.(c)** Reports. – The Authority shall report quarterly and at the
42 close of the fiscal year to the Hyde County Board of Commissioners on its receipts and
43 expenditures for the preceding quarter and for the year in such detail as the board may
44 require.

1 **SECTION 6.** G.S. 153A-215(g) reads as rewritten:

2 "(g) This section applies only to Alleghany, Anson, Brunswick, Buncombe,
3 Cabarrus, Camden, Carteret, Craven, Cumberland, Currituck, Dare, Davie, Duplin,
4 Durham, Franklin, Granville, Halifax, Madison, Montgomery, Nash, New Hanover,
5 Pasquotank, Pender, Person, Randolph, Richmond, Rockingham, Rowan, Scotland,
6 Stanly, Transylvania, Tyrrell, Vance, and Washington Counties, to Watauga County
7 District U, and to the Township of Averagesboro in Harnett ~~County~~County and the
8 Ocracoke Township Taxing District."

9 **SECTION 7.** This act is effective when it becomes law.