

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2017**

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**HOUSE BILL 429**

Short Title: City of Saluda Occupancy Tax. (Local)

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Sponsors: Representative Henson.

*For a complete list of sponsors, refer to the North Carolina General Assembly web site.*

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Referred to: State and Local Government II, if favorable, Finance

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March 23, 2017

A BILL TO BE ENTITLED

1 AN ACT TO CREATE A SPECIAL TAXING DISTRICT MADE UP OF THE PORTION OF  
2 THE CITY OF SALUDA THAT LIES IN POLK COUNTY AND TO AUTHORIZE THE  
3 SPECIAL TAXING DISTRICT TO LEVY A THREE PERCENT ROOM OCCUPANCY  
4 TAX.  
5

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** Saluda District D created. – Saluda District D is created as a taxing  
8 district. Its jurisdiction consists of only that part of Saluda that is located within Polk County.  
9 Saluda District D is a body politic and corporate and has the power to carry out the provisions  
10 of this act. The Saluda Board of Commissioners shall serve ex officio as the governing body of  
11 the district, and the officers of the County shall serve as the officers of the governing body of  
12 the district. A simple majority of the governing body constitutes a quorum, and approval by a  
13 majority of those present is sufficient to determine any matter before the governing body, if a  
14 quorum is present.

15 **SECTION 2.** Occupancy tax. – (a) Authorization and Scope. – The governing body  
16 of Saluda District D may levy a room occupancy tax of up to three percent (3%) of the gross  
17 receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel,  
18 motel, inn, tourist camp, or similar place within the district that is subject to sales tax imposed  
19 by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax.

20 **SECTION 2.(b)** Administration. – A tax levied under this section shall be levied,  
21 administered, collected, and repealed as provided in G.S. 160A-215 as if Saluda District D  
22 were a city. The penalties provided in G.S. 160A-215 apply to a tax levied under this act.

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

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



1 facilities, meeting facilities, or convention facilities in the district or to  
2 attract tourists or business travelers to the district. The term includes  
3 tourism-related capital expenditures.

4 **SECTION 2.(d)** Distribution and use of tax revenue. – Saluda District D shall, on a  
5 quarterly basis, remit the net proceeds of the occupancy tax to the Saluda District D Tourism  
6 Development Authority. The Authority shall use at least two-thirds of the proceeds remitted to  
7 it to promote travel and tourism in Saluda District D and shall use the remainder for  
8 tourism-related expenditures. In accordance with the North Carolina Constitution and the  
9 United States Constitution, the tax proceeds may be used only for the direct benefit of the  
10 jurisdiction of Saluda District D. None of the proceeds may be used to promote travel or  
11 tourism in areas within Saluda that are outside of the district or for tourism-related expenditures  
12 in the county that are outside of the district.

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

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

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

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

35 **SECTION 4.** G.S. 160A-215(g) reads as rewritten:

36 "(g) Applicability. – Subsection (c) of this section applies to all cities that levy an  
37 occupancy tax. To the extent subsection (c) conflicts with any provision of a local act,  
38 subsection (c) supersedes that provision. The remainder of this section applies only to Beech  
39 Mountain District W, to the Cities of Belmont, Conover, Eden, Elizabeth City, Gastonia,  
40 Goldsboro, Greensboro, Hickory, High Point, Jacksonville, Kings Mountain, Lake Santeetlah,  
41 Lenoir, Lexington, Lincolnton, Lowell, Lumberton, Monroe, Mount Airy, Mount Holly,  
42 Reidsville, Roanoke Rapids, Salisbury, Shelby, Statesville, Washington, and Wilmington, to  
43 the Towns of Ahsokie, Beech Mountain, Benson, Bermuda Run, Blowing Rock, Boiling  
44 Springs, Boone, Burgaw, Carolina Beach, Carrboro, Cooleemee, Cramerton, Dallas, Dobson,  
45 Elkin, Fontana Dam, Franklin, Grover, Hillsborough, Jonesville, Kenly, Kure Beach, Leland,  
46 McAdenville, Mocksville, Mooresville, Murfreesboro, North Topsail Beach, Pembroke, Pilot  
47 Mountain, Ranlo, Robbinsville, Selma, Smithfield, St. Pauls, Swansboro, Troutman, Tryon,  
48 West Jefferson, Wilkesboro, Wrightsville Beach, Yadkinville, ~~and~~ Yanceyville, ~~and~~ to the  
49 municipalities in Avery and Brunswick ~~Counties~~. Counties, and to Saluda District D."

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