

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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**SENATE BILL 369
Finance Committee Substitute Adopted 6/1/05**

Short Title: Franklin County Occupancy Tax.

(Local)

Sponsors:

Referred to:

March 3, 2005

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE FRANKLIN COUNTY TO LEVY A ROOM
2 OCCUPANCY AND TOURISM DEVELOPMENT TAX.
3

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Occupancy Tax. – (a) Authorization and Scope. – The
6 Franklin County Board of Commissioners may levy a room occupancy tax of up to six
7 percent (6%) of the gross receipts derived from the rental of any room, lodging, or
8 accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within
9 the county that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3).
10 This tax is in addition to any State or local sales tax. This tax does not apply to
11 accommodations furnished by nonprofit charitable, educational, or religious
12 organizations when furnished in furtherance of their nonprofit purpose.

13 **SECTION 1.(b)** Administration. – A tax levied under this section shall be
14 levied, administered, collected, and repealed as provided in G.S. 153A-155. The
15 penalties provided in G.S. 153A-155 apply to a tax levied under this section.

16 **SECTION 1.(c)** Distribution and Use of Tax Revenue. – Franklin County
17 shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Franklin
18 County 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 Franklin
20 County 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 county of
23 administering and collecting the tax, as determined by the finance
24 officer, not to exceed three percent (3%) of the first five hundred
25 thousand dollars (\$500,000) of gross proceeds collected each year and
26 one percent (1%) of the remaining gross receipts collected each year.
- 27 (2) Promote travel and tourism. – To advertise or market an area or
28 activity, publish, and distribute pamphlets and other materials, conduct
29 market research, or engage in similar promotional activities that attract

1 tourists or business travelers to the area. The term includes
2 administrative expenses incurred in engaging in the listed activities.

- 3 (3) Tourism-related expenditures. – Expenditures that, in the judgment of
4 the Tourism Development Authority, are designed to increase the use
5 of lodging facilities, meeting facilities, or convention facilities in a
6 county or to attract tourists or business travelers to the county. The
7 term includes tourism-related capital expenditures.

8 **SECTION 2.** Franklin County Tourism Development Authority. – (a)
9 Appointment and Membership. – When the Franklin County Board of Commissioners
10 adopts a resolution levying a room occupancy tax under this act, it shall also adopt a
11 resolution creating a county Tourism Development Authority, which shall be a public
12 authority under the Local Government Budget and Fiscal Control Act. The resolution
13 shall provide for the membership of the Authority, including the members' terms of
14 office, and for the filling of vacancies on the Authority. At least one-third of the
15 members must be individuals who are affiliated with businesses that collect the tax in
16 the county, and at least one-half of the members must be individuals who are currently
17 active in the promotion of travel and tourism in the county. The board of commissioners
18 shall designate one member of the Authority as chair and shall determine the
19 compensation, if any, to be paid to members of the Authority.

20 The Authority shall meet at the call of the chair and shall adopt rules of
21 procedure to govern its meetings. The Finance Officer for Franklin County shall be the
22 ex officio finance officer of the Authority.

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

27 **SECTION 2.(c)** Reports. – The Authority shall report quarterly and at the
28 close of the fiscal year to the Franklin County Board of Commissioners on its receipts
29 and expenditures for the preceding quarter and for the year in such detail as the board
30 may require.

31 **SECTION 3.** G.S. 153A-155(g) reads as rewritten:

32 "(g) This section applies only to Alleghany, Anson, Brunswick, Buncombe,
33 Cabarrus, Camden, Carteret, Craven, Cumberland, Currituck, Dare, Davie, Durham,
34 Franklin, Granville, Madison, Montgomery, Nash, New Hanover, Pender, Person,
35 Randolph, Richmond, Rowan, Scotland, Stanly, Transylvania, Tyrrell, Vance, and
36 Washington Counties, and to the Township of Averagesboro in Harnett County."

37 **SECTION 4.** This act is effective when it becomes law.