

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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**SENATE BILL 92
Finance Committee Substitute Adopted 5/12/05**

Short Title: Watauga District U Occupancy Tax.

(Local)

Sponsors:

Referred to:

February 9, 2005

A BILL TO BE ENTITLED

1
2 AN ACT TO AUTHORIZE WATAUGA COUNTY TO LEVY AN OCCUPANCY
3 TAX IN A TAX DISTRICT COMPRISING THE UNINCORPORATED AREAS
4 OF THE COUNTY.

5 The General Assembly of North Carolina enacts:

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

15 **SECTION 2.** Authorization and Scope. – The governing body of Watauga
16 County District U may levy a room occupancy tax of up to six percent (6%) of the gross
17 receipts derived from the rental of any room, lodging, or accommodation furnished by a
18 hotel, motel, inn, tourist camp, or similar place within the district that is subject to sales
19 tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State
20 or local sales or room occupancy tax. This tax does not apply to accommodations
21 furnished by charitable, educational, or religious institutions or nonprofit organizations
22 when furnished in furtherance of their nonprofit purpose.

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24 administered, collected, and repealed as provided in G.S. 153A-155 as if Watauga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

27 **SECTION 4.** Distribution and Use of Tax Revenue. – Watauga County
28 District U shall, on a quarterly basis, distribute the net proceeds of the occupancy tax to
29 the Watauga County District U Tourism Development Authority created pursuant to

1 Section 5 of this act. The Authority shall use at least two-thirds of the proceeds
2 distributed to it to promote travel and tourism in the district and shall use the remainder
3 for tourism-related expenditures in the district. In accordance with the North Carolina
4 Constitution and the United States Constitution, the tax proceeds may be used only for
5 the direct benefit of the jurisdiction of Watauga County District U. None of the
6 proceeds may be used to promote travel or tourism in areas within Watauga County that
7 are outside of the district or for tourism-related expenditures in the county that are
8 outside of the district.

9 The following definitions apply in this act:

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

25 **SECTION 5.(a)** Watauga County District U Tourism Development
26 Authority. – Appointment and membership. – The Watauga County Board of
27 Commissioners shall adopt a resolution creating the Watauga County District U
28 Tourism Development Authority, which shall be a public authority under the Local
29 Government Budget and Fiscal Control Act. The resolution shall provide for the
30 membership of the Authority, including the members' terms of office, and for the filling
31 of vacancies on the Authority. At least one-third of the members must be individuals
32 who are affiliated with businesses that collect the tax in the district, and at least one-half
33 of the members must be individuals who are currently active in the promotion of travel
34 and tourism in the district. The board of commissioners shall designate one member of
35 the Authority as chair and shall determine the compensation, if any, to be paid to
36 members of the Authority.

37 The Authority shall meet at the call of the chair and shall adopt rules of
38 procedure to govern its meetings. The Finance Officer for Watauga County shall be the
39 ex officio finance officer of the Authority.

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

1 **SECTION 5.(c)** Reports. – The Authority shall report quarterly and at the
2 close of the fiscal year to the Watauga County Board of Commissioners on its receipts
3 and expenditures for the preceding quarter and for the year in such detail as the board
4 may require.

5 **SECTION 6.** G.S. 153A-155(g) reads as rewritten:

6 "(g) This section applies only to Anson, Brunswick, Buncombe, Cabarrus,
7 Carteret, Craven, Cumberland, Currituck, Dare, Davie, Durham, Granville, Madison,
8 Montgomery, Nash, New Hanover, Pender, Person, Randolph, Richmond, Rowan,
9 Scotland, Stanly, Transylvania, Tyrrell, Vance, and Washington Counties, to Watauga
10 District U, and to the Township of Averagesboro in Harnett County."

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