

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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HOUSE BILL 553
Committee Substitute Favorable 5/6/13

Short Title: Amend Carteret Co. Occupancy Tax.

(Local)

Sponsors:

Referred to:

April 4, 2013

1 A BILL TO BE ENTITLED
2 AN ACT TO MODIFY CARTERET COUNTY'S AUTHORITY TO LEVY AN
3 ADDITIONAL ONE PERCENT ROOM OCCUPANCY AND TOURISM
4 DEVELOPMENT TAX AND TO MODIFY THE DISTRIBUTION OF THE PROCEEDS
5 OF THE TAX.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** Section 2 of S.L. 2007-112, as amended by Section 40 of S.L.
8 2007-484, reads as rewritten:

9 **"SECTION 2.** Occupancy Tax. – (a) Authorization and Scope. – The Carteret County
10 Board of Commissioners may levy a room occupancy and tourism development tax of five
11 percent (5%) of the gross receipts derived from the rental of any room, lodging, or similar
12 accommodation furnished by any hotel, motel, inn, tourist camp, condominium, cottage,
13 campground, rental agency, or other similar place within the county that is subject to sales tax
14 imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local
15 sales tax. This tax does not apply to accommodations furnished by nonprofit charitable,
16 educational, or religious organizations when furnished in furtherance of their nonprofit
17 purpose.~~the following:~~

- 18 (1) ~~Religious organizations.~~
19 (2) ~~Educational organizations.~~
20 (3) ~~Any business that offers to rent fewer than five units.~~
21 (4) ~~Summer camps.~~
22 (5) ~~Charitable, benevolent, and other nonprofit organizations.~~

23 **"SECTION 2.(b)** Additional Occupancy Tax. – In addition to the room occupancy and
24 tourism development tax authorized by subsection (a) of Section 2 of this act, the Carteret
25 County Board of Commissioners ~~may, no earlier than July 1, 2010, may~~ levy an additional
26 room occupancy and tourism development tax of one percent (1%) of the gross receipts derived
27 from the rental of accommodations taxable under subsection (a) of Section 2 of this ~~act only if~~
28 ~~all of the following conditions have been met:~~act. Carteret County may not levy a tax under this
29 subsection unless it also levies a tax under subsection (a) of this section.

- 30 (1) ~~A development plan for the construction of a convention center has been~~
31 ~~approved by resolution of the board of county commissioners and the~~
32 ~~governing board of the municipality where the center is to be located by~~
33 ~~June 30, 2010.~~
34 (2) ~~There is a signed contract between the appropriate local governments and a~~
35 ~~private developer that includes financing commitments for construction to~~
36 ~~begin no later than July 1, 2011.~~



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- 1 (3) The county is levying the room occupancy and tourism development tax
2 authorized under subsection (a) of Section 2 of this act.

3 ~~"SECTION 2.(c) Repeal of Additional Occupancy Tax.— Carteret County's authority to~~
4 ~~levy the additional one percent (1%) room occupancy and tourism development tax under~~
5 ~~subsection (b) of Section 2 of this act is repealed as provided in this section if either of the~~
6 ~~following events occur:~~

- 7 (1) A cumulative total of ten million dollars (\$10,000,000) in proceeds from the
8 additional one percent (1%) room occupancy and tourism development tax is
9 collected, calculated beginning on July 1, 2010. The repeal under this
10 subdivision is effective on the first day of the second month following the
11 date that the cumulative total of ten million dollars (\$10,000,000) is
12 collected.

- 13 (2) Construction on the convention center has not begun by July 1, 2011. The
14 repeal under this subdivision is effective September 1, 2011. Any funds
15 collected before the repeal date must be redistributed to the Tourism
16 Development Authority and used only to promote travel and tourism.

17 ~~"SECTION 2.(d) Excess Proceeds from Additional Occupancy Tax.— Carteret County~~
18 ~~must redistribute any excess proceeds from the additional one percent (1%) room occupancy~~
19 ~~and tourism development tax authorized under subsection (b) of Section 2 of this act to the~~
20 ~~Tourism Development Authority to be used only to promote travel and tourism. For purposes~~
21 ~~of this subsection, "excess proceeds" means:~~

- 22 (1) Any proceeds in excess of ten million dollars (\$10,000,000) collected prior
23 to the repeal date of the additional tax.

- 24 (2) Any proceeds collected but not spent in excess of the actual cost of the
25 convention center.

26 **"SECTION 2.(e) Administration.** – A tax levied under this act must be levied,
27 administered, collected, and repealed as provided in G.S. 153A-155. The penalties provided in
28 G.S. 153A-155 apply to a tax levied under this act. The Carteret County Tax Collector must
29 establish procedures to periodically audit the businesses subject to the tax levied under this act
30 in order to ensure compliance with this act.

31 **"SECTION 2.(f) Definitions.** – The following definitions apply in this act:

- 32 (1) Beach nourishment. – The placement of sand, from other sand sources, on a
33 beach or dune by mechanical means and other associated activities that are
34 in conformity with the North Carolina Coastal Management Program along
35 the shorelines of the Atlantic Ocean of North Carolina and connecting inlets
36 for the purpose of widening the beach to benefit public recreational use and
37 mitigating damage and erosion from storms to inland property. The term
38 includes expenditures for the following:

- 39 a. Costs directly associated with qualifying for projects either
40 contracted through the U.S. Army Corps of Engineers or otherwise
41 permitted by all appropriate federal and State agencies;
42 b. The nonfederal share of the cost required to construct these projects;
43 c. The costs associated with providing enhanced public beach access;
44 and
45 d. The costs of associated nonhardening activities such as the planting
46 of vegetation, the building of dunes, and the placement of sand
47 fences.

- 48 (2) Net proceeds. – Gross proceeds less the cost to the county of administering
49 and collecting the tax, as determined by the finance officer, not to exceed
50 three percent (3%) of the first five hundred thousand dollars (\$500,000) of

1 gross proceeds collected each year and one percent (1%) of the remaining
2 gross receipts collected each year.

3 (3) Promote travel and tourism. – To advertise or market an area or activity,
4 publish and distribute pamphlets and other materials, conduct market
5 research, or engage in similar promotional activities that attract tourists or
6 business travelers to the area; the term includes administrative expenses
7 incurred in engaging in these activities.

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

13 ~~"SECTION 2.(g) Use and Distribution of five percent (5%) Occupancy Tax Revenue.—If~~
14 ~~Carteret County levies only the room occupancy and tourism development tax authorized by~~
15 ~~subsection (a) of Section 2 of this act, the net proceeds of the tax must be distributed as~~
16 ~~follows:~~

17 (1) ~~Travel and tourism promotion.—Carteret County must, on a quarterly basis,~~
18 ~~remit fifty percent (50%) to the Carteret County Tourism Development~~
19 ~~Authority. Beginning July 1, 2010, if the conditions in subsection (b) of~~
20 ~~Section 2 of this act are not met, then Carteret County must, on a quarterly~~
21 ~~basis, remit sixty percent (60%) to the Carteret County Tourism~~
22 ~~Development Authority. After deducting its administrative expenses, the~~
23 ~~Authority must use all of the funds remitted to it under this subdivision to~~
24 ~~promote travel and tourism in Carteret County. Administrative expenses may~~
25 ~~not exceed ten percent (10%) of the total budget of the Tourism~~
26 ~~Development Authority and may not include costs associated with the~~
27 ~~operation of visitor centers.~~

28 (2) ~~Beach nourishment.—Carteret County must retain the remainder to be used~~
29 ~~only for beach nourishment on Bogue Banks. Any idle funds that are not~~
30 ~~spent for beach nourishment must be remitted to the Carteret County~~
31 ~~Tourism Development Authority and must be used only to promote travel~~
32 ~~and tourism in Carteret County. The county may not accumulate a balance of~~
33 ~~tax proceeds for beach nourishment in excess of fifteen million dollars~~
34 ~~(\$15,000,000).~~

35 ~~"SECTION 2.(h) Use and Distribution of six percent (6%) Occupancy Tax Revenue.—If~~
36 ~~the conditions in subsection (b) of Section 2 of this act are met and Carteret County levies the~~
37 ~~room occupancy tax at a rate of six percent (6%) as authorized by subsections (a) and (b) of~~
38 ~~Section 2 of this act, the net proceeds must be distributed as follows:~~

39 (1) ~~Travel and tourism promotion.—Carteret County must, on a quarterly basis,~~
40 ~~remit fifty percent (50%) to the Carteret Tourism Development Authority to~~
41 ~~be used to promote travel and tourism.~~

42 (2) ~~Beach nourishment.—Carteret County must use thirty three percent (33%)~~
43 ~~only for beach nourishment on Bogue Banks. Any idle funds that are not~~
44 ~~spent for beach nourishment must be remitted to the Carteret County~~
45 ~~Tourism Development Authority and must be used only to promote travel~~
46 ~~and tourism in Carteret County. The county may not accumulate a balance of~~
47 ~~tax proceeds for beach nourishment in excess of fifteen million dollars~~
48 ~~(\$15,000,000).~~

49 (3) ~~Convention center financing.—Any remaining proceeds, up to a maximum~~
50 ~~of ten million dollars (\$10,000,000), must be used for the financing of debt~~

1 ~~service, operating costs, or both associated with the construction of a new~~
2 ~~convention center in Carteret County.~~

3 **"SECTION 2.(i) Use and Distribution of Tax Revenue. – The net proceeds of the**
4 **occupancy taxes levied under Section 2 of this act are distributed as follows:**

5 (1) Travel and tourism promotion. – Carteret County must, on a quarterly basis,
6 remit fifty percent (50%) to the Carteret County Tourism Development
7 Authority to be used to promote travel and tourism.

8 (2) Beach nourishment. – Carteret County must use the remaining fifty percent
9 (50%) only for beach nourishment on Bogue Banks. The county may not
10 accumulate a balance of tax proceeds for beach nourishment in excess of
11 thirty million dollars (\$30,000,000)."

12 **SECTION 2.** This act is effective when it becomes law.