



SENATE BILL 902: Durham County Occupancy Tax Modifications.

2023-2024 General Assembly

Committee: Senate Finance
Introduced by: Sen. Woodard
Analysis of: First Edition

Date: June 24, 2024
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OVERVIEW: Senate Bill 902 would modify the distribution of Durham County's room occupancy tax proceeds by phasing down over the next three years, the amount retained by Durham County and the City of Durham, which may be used for any public purpose, and shifting those proceeds to the Durham Convention and Visitors Bureau. By July 1, 2027, 100% of the proceeds would be distributed to the CVB, and by April 1, 2034, the total use of the proceeds would be in accordance with the Guidelines for Occupancy Tax.

CURRENT LAW: Durham County levies a 6% room occupancy tax. The distribution of those proceeds is as follows:

First 3% (50%)		Additional 2% (33%)	Additional 1% (17%)
To Durham County	To City of Durham	To Durham Convention & Visitors Bureau (CVB) ¹	To Durham Convention & Visitors Bureau (CVB)
57½% for any public purpose	42½% for any public purpose	100% to promote travel, tourism, and conventions	100% to be distributed as follows: <ol style="list-style-type: none"> Through 2032: \$1.4M annually to City of Durham to finance debt service on DPAC² Beginning 2033, \$1.4M annually remains with the CVB to be used to promote tourism or for tourism-related expenditures \$500,000 annually to the County for improvements to Museum of Life and Science Any excess to be used by CVB to promote travel, tourism, and conventions

¹ The Durham Convention and Visitors Bureau was established as a tourism development authority in 2002.

² The Durham Performing Arts Center opened November 30, 2008, at a cost of \$48M.

Jeffrey Hudson
Director



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BILL ANALYSIS: The bill would phase down over three years, the percentage of the total occupancy tax proceeds that are received by the County and the City of Durham, which may be used for any public purpose. Beginning with FY 2027-28, 100% of the proceeds would be remitted to the CVB. By April 1, 2034, the total distribution would be in accordance with the Guidelines for Occupancy Tax.

For fiscal year 2024-25:

First 3% (50%)		Additional 2% (33%)	Additional 1% (17%)
To Durham County	To City of Durham	To Durham Convention & Visitors Bureau (CVB)	To Durham Convention & Visitors Bureau (CVB)
57½% for any public purpose <i>(Same as current law)</i>	42½% for any public purpose <i>(Same as current law)</i>	100%: At least 2/3 to promote travel, tourism, and conventions; remainder for tourism-related expenditures <i>(Expands use under current law by allowing up to 1/3 of these funds to be used for tourism-related expenditures)</i>	100% to be distributed as follows: 1. <i>Through 2033:</i> \$1.4M annually to City of Durham to finance debt service on DPAC ³ 2. <i>Beginning 2034:</i> \$500,000 annually to County for improvements to the Museum of Life and Science; any unspent funds at the end of the fiscal year shall be remitted to the CVB; at least 2/3 shall be used for tourism promotion; the remainder for tourism-related expenditures 3. Any excess remains with CVB and at least 2/3 shall be used for tourism promotion; the remainder for tourism-related expenditures <i>(Extends current law distribution by one year and expands use by CVB to include a portion for tourism-related expenditures)</i>

³ The Durham Performing Arts Center opened November 30, 2008, at a cost of \$48M.

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For fiscal year 2025-26:

First 2% (33%)		Next 3% (50%)	Next 1% (17%)
<p>To Durham County</p> <p>57½% for any public purpose</p> <p><i>(Same use as prior year but reduction from 3% to 2%)</i></p>	<p>To City of Durham</p> <p>42½% for any public purpose</p> <p><i>(Same use as prior year but reduction from 3% to 2%)</i></p>	<p>To Durham Convention & Visitors Bureau (CVB)</p> <p>100%: At least 2/3 to promote travel, tourism, and conventions; remainder for tourism-related expenditures</p> <p><i>(Same use as prior year but CVB receives an increase in the amount of proceeds – from 2% to 3%)</i></p>	<p>To Durham Convention & Visitors Bureau (CVB)</p> <p><i>(Same as prior year)</i></p>

For fiscal year 2026-27:

First 1% (17%)		Next 4% (66%)	Next 1% (17%)
<p>To Durham County</p> <p>57½% for any public purpose</p> <p><i>(Same use as prior year but reduction from 2% to 1%)</i></p>	<p>To City of Durham</p> <p>42½% for any public purpose</p> <p><i>(Same use as prior year but reduction from 2% to 1%)</i></p>	<p>To Durham Convention & Visitors Bureau (CVB)</p> <p>100%: At least 2/3 to promote travel, tourism, and conventions; remainder for tourism-related expenditures</p> <p><i>(Same use as prior year but CVB receives an increase in the amount of proceeds – from 3% to 4%)</i></p>	<p>To Durham Convention & Visitors Bureau (CVB)</p> <p><i>(Same as prior year)</i></p>

For fiscal years beginning July 1, 2027, and until April 1, 2034:

First 5% (83%)	Remaining 1% (17%)
<p>To Durham Convention & Visitors Bureau (CVB)</p> <p>100%: At least 2/3 to promote travel, tourism, and conventions; remainder for tourism-related expenditures</p> <p><i>(Same use as prior year but CVB receives an increase in the</i></p>	<p>To Durham Convention & Visitors Bureau (CVB)</p> <p><i>(Same as prior year)</i></p>

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<i>amount of proceeds – from 4% to 5%)</i>	
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Beginning April 1, 2034, 100% of the proceeds of the total 6% room occupancy tax shall be remitted to the Durham Convention and Visitors Bureau. At least 2/3 of the proceeds must be used for tourism promotion and the remainder must be used for tourism-related expenditures.

EFFECTIVE DATE: See above.