



HOUSE BILL 347: Modify Graham County Occupancy Tax

2015-2016 General Assembly

Committee:	Senate Finance	Date:	May 27, 2015
Introduced by:	Rep. West	Prepared by:	Trina Griffin
Analysis of:	PCS to First Edition H347-CSSTxr-52		Committee Counsel

SUMMARY: *The PCS for House Bill 347 does three unrelated things:*

- *It would modify the Graham County occupancy tax, but it does not make any changes to the tax rate.*
- *It would authorize Buncombe County to levy an additional 2% occupancy tax and makes other administrative changes.*
- *It would authorize the Guilford and Rockingham County Boards of Commissioners, upon request of the Stokesdale Town Council, to hold a special election in the Stokesdale rural fire protection district for the purpose of increasing the allowable special tax rate for fire protection within that district from ten cents to fifteen cents.*

MODIFY GRAHAM COUNTY OCCUPANCY TAX

CURRENT LAW: In 1985, the General Assembly authorized Graham County to levy an occupancy tax of 3%. The county must place the net proceeds of the tax in a special Travel and Tourism Fund, and the net proceeds must be used only to promote travel and tourism in the County.

BILL ANALYSIS: Sections 1-7 of the PCS for House Bill 347 would recodify the existing law authorizing a room occupancy tax in Graham County to more closely conform to the uniform guidelines currently used for occupancy taxes. The tax rate would remain the same. By conforming to the guidelines, Graham County would be able to use up to one-third of the occupancy tax proceeds for tourism-related expenditures, which it cannot do under current law. The bill also makes the Graham County occupancy tax subject to the uniform provisions for room occupancy taxes in G.S. 153A-155 and requires the Graham County Board of Commissioners to adopt a resolution modifying the Graham County Tourism Development Authority to conform to the requirements of the bill within 60 days of the act becoming law.

EFFECTIVE DATE: This part of the bill would become effective when it becomes law.

MODIFY BUNCOMBE COUNTY OCCUPANCY TAX

CURRENT LAW: Buncombe County is currently authorized to levy a 4% room occupancy tax. The county remits the funds to a Tourism Development Authority, which distributes the funds as follows:

- ¾ of the funds must be used to further the development of travel, tourism, and conventions in the county through advertising and promotion.
- ¼ of the funds are remitted to the Tourism Product Development Fund. The Fund provides financial assistance in the form of grants, loans, or pledges of debt service for major tourism projects in the county. A Product Development Committee reviews proposals from applicants who must provide a feasibility study demonstrating a project's economic value and the number of estimated new room nights it will generate. The Committee is appointed by the Authority; it may be comprised of non-Authority members and a majority of its members must be hotel operators.

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The Buncombe County Tourism Development Authority is comprised of the following nine members:

- A county commissioner and a member of the Asheville City Council, who each serve ex officio as a nonvoting member.
- Four owners or operators of hotels, motels, or other taxable tourist accommodations, 2 of which operate lodgings with more than 100 rental units and 2 with 100 rental units or less.
- Three individuals involved in the tourist business who have demonstrated an interest in tourist development and do not own or operate tourist accommodations.

BILL ANALYSIS: Section 8 of the PCS makes the following changes to the Buncombe County occupancy tax:

- It would authorize the county to levy an additional 2% room occupancy tax, for a total occupancy tax rate of 6%.
- It would limit the recipients of funds from the Tourism Product Development Fund to non-profit entities.
- It would modify the Tourism Development Authority Board by adding 2 members, increasing the number of owners or operators of tourist accommodations from four to six. Of those six, four would be owners of accommodations with more than 100 units and two would be owners of accommodations with 100 units or fewer (currently two and two). It also narrows slightly the scope of hotel owners that would qualify to serve on the board. They must be an owner or operator of a hotel, motel, bed and breakfast, or vacation rental company. Currently, a member could be an owner or operator of any taxable tourist accommodation.

EFFECTIVE DATE: This part of the bill would become effective when it becomes law.

STOKESDALE FIRE PROTECTION DISTRICT TAX

CURRENT LAW: Upon the petition of 35% of the resident property owners living in an area lying outside the corporate limits of any city or town, the board of county commissioners must call a special election in the district for the purpose of submitting to the qualified voters the question of levying and collecting a special tax for the purpose of providing fire protection in that district. The special tax cannot exceed 15¢ for every \$100 of taxable property; however, the tax cannot exceed 10¢ for fire protection districts created before June 9, 1959.

If a district was created before 1959, G.S. 69-25.1 authorizes the board of county commissioners to call a special election in the district to increase the allowable special tax for fire protection from 10¢ for every \$100 of taxable property to 15¢. The board of county commissioners can only call a special election to increase the tax upon a petition of 35% of the resident property owners in the fire protection district. Elections on the question of increasing the tax rate can only occur in the district every two years.

BILL ANALYSIS: Sections 9-12 of the PCS would eliminate the petition requirement to increase the tax from 10¢ to 15¢ for the Stokesdale fire protection district only. Since this district lies in both Rockingham and Guilford Counties, the bill authorizes both counties, upon request of the Stokesdale Town Council, to jointly call a special election to submit the question of the tax increase to the qualified voters of the fire protection district. The special election would be held on the same date in each county.

EFFECTIVE DATE: Section 9 of this bill would become effective when it becomes law and would expire December 1, 2016, or upon conclusion of the special elections authorized by this act.

Erika Churchill, counsel to Senate State and Local Government, substantially contributed to this summary.