



HOUSE BILL 504: Moore County Occupancy Tax Increase

2015-2016 General Assembly

Committee:	House Local Government, if favorable, Finance	Date:	August 5, 2015
Introduced by:	Reps. Boles, McNeill	Prepared by:	Trina Griffin
Analysis of:	PCS to First Edition H504-CSSV		Committee Counsel

SUMMARY: *The Proposed Committee Substitute for House Bill 504 would authorize Moore County to levy an additional room occupancy tax of three percent (3%) and makes a technical change. The PCS conforms to the Guidelines for Occupancy Tax adopted by the House Finance Committee.*

CURRENT LAW: In 1987, the General Assembly authorized Moore County to levy a room occupancy tax of three percent (3%). In 2011, the local act was recodified to make it consistent with the Occupancy Tax Guidelines. By conforming to the Guidelines, Moore County is able to use up to one-third of the occupancy tax proceeds for tourism-related expenditures, which it could not do under its prior law.

BILL ANALYSIS: The PCS for House Bill 504 would authorize Moore County to levy an additional three percent (3%) room occupancy tax bringing the total rate to six percent (6%). The bill makes no change to the current distribution: at least two-thirds of the proceeds must be used for tourism promotion and the remainder must be used for tourism-related expenditures.

The bill also makes a technical change by deleting exemption language related to the applicability of occupancy tax to "accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose."

The deletion of this language makes the local act conform to the Uniform Provisions for Room Occupancy Taxes (G.S. 153A-155). In 2010¹, the General Assembly amended the uniform provisions to provide that room occupancy tax applies to the same gross receipts as the State sales tax on accommodations and is calculated in the same manner as that tax. The legislation further provided that to the extent this provision conflicts with any provision of a local act, the general law supersedes the local provision. Therefore, this change is technical to the extent the language conflicts with State law and has been superseded by the 2010 legislation. Specifically, the exemption for summer camps is not needed because they are already exempt under State law. The other deletions also reflect the application of State sales tax on accommodations.

With both of these changes, the local act would continue to conform to the House Finance Occupancy Tax Guidelines.

EFFECTIVE DATE: This act is effective when it becomes law.

¹ Section 31.6 of S.L. 2010-31.

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BACKGROUND: In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax,² which provide uniformity among counties and cities with respect to the levy, administration, collection, repeal, and imposition of penalties. In 1993, the House Finance Committee established the Occupancy Tax Guidelines, which address the rate of tax, the use of the tax proceeds, the administration of the tax, and the body with authority to determine how the proceeds will be spent. A summary of these provisions is detailed in the chart below.

UNIFORM OCCUPANCY TAX PROVISIONS
Rate – The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.
Use – Two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism related expenditures.
Definitions The term "net proceeds", "promote travel and tourism", and "tourism related expenditures" are defined terms.
Administration – The net revenues must be administered by a local tourism development authority that has the authority to determine how the tax proceeds will be used, is created by a local ordinance, and at least 1/2 of the members must be currently active in the promotion of travel and tourism in the county and 1/3 of the members must be affiliated with organizations that collect the tax.
Costs of Collection – The taxing authority may retain from the revenues its actual costs of collection, not to exceed 3% of the first \$500,000 collected each year plus 1% of the remainder collected each year.

² G.S. 153A-155 and G.S. 160A-215.