HOUSE BILL 531:
Wayne Co. Occupancy Tax

2015-2016 General Assembly

Committee:	House Finance	**Date:**	July 16, 2015
Introduced by:	Reps. J. Bell, Dixon, L. Bell	**Prepared by:**	Trina Griffin Committee Counsel
Analysis of:	PCS to First Edition H531-CSSVxr-14		

***SUMMARY:** The Proposed Committee Substitute for House Bill 531 would authorize Wayne County to levy a 1% room occupancy tax, the proceeds of which would be remitted to a county Tourism Development Authority. One hundred percent (100%) of the proceeds would be used for tourism promotion.*

CURRENT LAW: Wayne County is not currently authorized to levy a room occupancy tax. The City of Goldsboro, which is located in Wayne County, is authorized to levy an occupancy tax of at least 3% but no more than 5%. The City is currently levying 5%.

BILL ANALYSIS: As introduced, the bill would have authorized the City of Goldsboro to levy an additional 1% room occupancy tax. It would have further required that, for a period of 20 years, at least one-third of the proceeds be used for tourism promotion and the remainder be used for tourism-related expenditures. After 20 years, the formula would reverse. These provisions would violate the Occupancy Tax Guidelines adopted by the House Finance Committee.

To avoid violating the Guidelines, the bill has been modified to authorize Wayne County to levy a 1% room occupancy tax and to use all of the proceeds for tourism promotion. The county would be required to remit the proceeds to a Tourism Development Authority. As drafted, the PCS conforms to the Guidelines.

BACKGROUND: In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax,[1] 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.

[1] G.S. 153A-155 and G.S. 160A-215.