SENATE BILL 46: Jacksonville Occupancy Tax

2015-2016 General Assembly

Committee:	Senate Re-ref to State and Local Government. If fav, re-ref to Finance	**Date:**	March 23, 2015
Introduced by:	Sen. Brown	**Prepared by:**	Kelly Tornow Committee Counsel
Analysis of:	First Edition		

SUMMARY:* *Senate Bill 46 would modify the use of occupancy tax proceeds for the City of Jacksonville so that the city can use at least two-thirds of the proceeds for tourism-related expenditures and the remainder for travel and tourism promotion.

CURRENT LAW: Session Law 2009-429 authorized the City of Jacksonville to levy a room occupancy tax of up to 3%. The proceeds must be remitted to the Jacksonville Tourism Development Authority, which must use at least two-thirds of the proceeds to promote travel and tourism and the remainder for tourism-related expenditures. The current administrative and use provisions conform to the uniform guidelines followed by the House Finance Committee as set out in the table below.

In addition, Jacksonville is located in Onslow County, which has authority to levy a 3% occupancy tax. The proceeds of the county tax are deposited in the county's general fund and may only be used to further the development of travel, tourism, and conventions in the county.

BILL ANALYSIS: Senate Bill 46 would modify the use of occupancy tax proceeds for the City of Jacksonville by allowing the Jacksonville Tourism Development Authority to use at least two-thirds of the proceeds for tourism-related expenditures and the remainder for the promotion of travel and tourism. Normally, the distribution formula allows for two-thirds of the proceeds to be used for the promotion of travel and tourism, with the remainder for tourism-related expenditures. This change would not conform to the uniform guidelines followed by the House Finance Committee.

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

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.