This Bill Analysis reflects the contents of the bill as it was presented in committee.

SENATE BILL 50: Wilson County Occupancy Tax Modification

2015-2016 General Assembly

Committee:	Senate Finance	**Date:**	June 8, 2015
Introduced by:	Sen. Bryant	**Prepared by:**	Cindy Avrette
Analysis of:	PCS to Second Edition S50-CSRBx-13		Committee Counsel

***SUMMARY:** Senate Bill 50 would authorize an additional 3% occupancy tax for Wilson County. The Senate Finance PCS modifies the distribution of the tax proceeds as follows:*

- ***2/3 of the net proceeds are distributed to the Wilson County Tourism Development Authority to be used to promote travel and tourism in Wilson County***
- ***1/3 of the net proceeds are distributed to the City of Wilson to be used for tourism-related expenditures in Wilson County that have been specifically approved in advance by the Wilson County Tourism Development Authority.***

CURRENT LAW: In 1987, the General Assembly authorized Wilson County to levy a room occupancy tax of up to 3%. The proceeds must be remitted to the Wilson County Tourism Development Authority (TDA), which must use at least two-thirds of the proceeds to promote travel and tourism and the remainder for tourism-related expenditures. In 2009, the administrative and use provisions were amended to conform to the uniform guidelines followed by the House Finance Committee as set out in the table below.

BILL ANALYSIS: The PCS for Senate Bill 50 would authorize an additional occupancy tax of up to 3%, for a total occupancy tax rate in Wilson County of 6%. Two-thirds of the tax proceeds would be distributed to the Wilson County TDA and used to promote travel and tourism in Wilson County. The Senate Finance PCS provides that the remaining one-third would be distributed to the City of Wilson and used for tourism-related expenditures in Wilson County as approved in advance by the Wilson County TDA.[1]

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,[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.

[1] Under the 2nd Edition of the bill, one-half cent that was distributed to the City of Wilson could have been expended without approval by the TDA.
[2] G.S. 153A-155 and G.S. 160A-215.

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.