SENATE BILL 50:
Wilson County Occupancy Tax Modification

2015-2016 General Assembly

Committee:	Senate State and Local Government	**Date:**	April 28, 2015
Introduced by:	Sen. Bryant	**Prepared by:**	Kelly Tornow Committee Counsel
Analysis of:	PCS to First Edition S50-CSTHxr-12		

SUMMARY: The PCS for Senate Bill 50 would authorize an additional 3% occupancy tax for Wilson County and would modify the remittance of the net proceeds.

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 tax of up to 3%. Wilson County would not be able to levy this additional tax unless it also levies a tax under its current authorization. On a monthly basis, the net proceeds of the original tax plus one-third of the net proceeds of the new tax (4 cents total) would be remitted to the Wilson County TDA. Two-thirds of the net proceeds of the new tax (2 cents total) would be remitted to the City of Wilson. The City of Wilson must use at least one-fourth of the funds remitted to promote travel and tourism in Wilson County (0.5 cents) and the remainder for tourism-related expenditures within Wilson County that have been specifically approved in advance by the Wilson County TDA (1.5 cents). The TDA must use at least seven-eighths of the funds remitted to promote travel and tourism in Wilson County (3.5 cents) and the remainder for tourism-related expenditures (0.5 cents).

The distribution of the proceeds of the tax conforms to the guidelines of the House Finance Committee in that two-thirds of the overall tax proceeds are required to be used for tourism promotion and the remainder is to be used for tourism-related expenditures. However, only some of the money goes to the TDA, and under the guidelines, all of the proceeds must go to the TDA. It is worth noting that of the two cents that goes directly to the City of Wilson, 1.5 cents of these funds must be approved by the TDA, leaving one-half cent that is neither expended by nor approved by the TDA.

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

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

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.