SENATE BILL 874:
Sanford/Harnett OT.

2016-2017 General Assembly

Committee:	Senate State and Local Government. If favorable, re-refer to Finance	**Date:**	May 23, 2016
Introduced by:	Sen. Rabin	**Prepared by:**	Erika Churchill Committee Co-Counsel
Analysis of:	First Edition		

SUMMARY: Senate Bill 874 would authorize the City of Sanford and the County of Harnett, less Averasboro Township, to each levy a room occupancy tax, the proceeds of which would be remitted to a Tourism Development Authority.

CURRENT LAW & BILL ANALYSIS:

City of Sanford – Section 1.

Senate Bill 874 would authorize the City of Sanford to levy a room occupancy tax of up to 3 percent. The County would be required to establish a Tourism Development Authority to administer the proceeds. The proceeds must be used as follows: at least two-thirds for tourism promotion and the remainder for the operation, maintenance, promotion, and renovation of the Dennis A. Wicker Civic Center.

County of Harnett – Section 2.

Averasboro Township in Harnett County was granted the authority in 1987 by S.L. 1987-142, as amended by S.L. 2001-439 and S.L. 2014-83, to levy a room occupancy tax of up to 3 percent. That Authority is charged with developing, promoting, and advertising travel and tourism in Averasboro Township; sponsoring tourist-oriented events and activities; operating and maintaining museums and historic sites; and purchasing, operating, and maintaining a convention facility.

Senate Bill 874 would authorize the County of Harnett, less Averasboro Township, to levy a room occupancy tax of up to 6 percent. The County would be required to establish a Tourism Development Authority to administer the proceeds. The proceeds must be used as follows: at least two-thirds for tourism promotion and the remainder for tourism-related expenditures.

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.

[1] 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.