HOUSE BILL 444:
Rowan County Occupancy Tax Changes.

2017-2018 General Assembly

Committee:	House Finance	**Date:**	June 14, 2017
Introduced by:	Rep. Ford	**Prepared by:**	Trina Griffin Committee Co-Counsel
Analysis of:	PCS to First Edition H444-CSSVxr-11		

OVERVIEW: The Proposed Committee Substitute for House Bill 444 would repeal Salisbury's authority to levy an occupancy tax, it would increase Rowan County's authority to levy an occupancy tax from 3% to 6%, and it would make other conforming changes so that the overall legislation conforms to the Guidelines for Occupancy Tax adhered to by the House Finance Committee.

CURRENT LAW: Since 1987, Rowan County has had the authority to levy a 3% occupancy tax. The net proceeds are remitted to the county Tourism Development Authority, which may only use the funds to promote travel, tourism, and conventions and to sponsor tourist-oriented events and activities. The Authority may not spend any funds for the construction, improvement, or maintenance of real property or for any other capital project.

In 2009, the General Assembly authorized the City of Salisbury to levy a 3% occupancy tax, the proceeds of which are used for tourism promotion and tourism-related expenditures.

BILL ANALYSIS: The PCS would repeal the City of Salisbury's authority to levy an occupancy tax and it would increase Rowan County's authority to 6%. The net proceeds would be remitted to the Tourism Development Authority, which must use at least two-thirds for tourism promotion and the remainder for tourism-related expenditures. It modifies the composition of the Authority to reflect representation by both the county and the City of Salisbury; the overall number of members remains the same.

The Salisbury-Rowan County Convention & Visitors Bureau, which was formed by the Rowan County Tourism Development Authority and the Salisbury Tourism Development Authority, voted unanimously to amend the existing occupancy tax legislation so that there is a singular county-wide occupancy tax for all of Rowan County.

EFFECTIVE DATE: The bill would become 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

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

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.