HOUSE BILL 1057:
Mitchell County Occupancy Tax Revision.

2021-2022 General Assembly

Committee:	House Rules, Calendar, and Operations of the House	**Date:**	June 8, 2022
Introduced by:	Rep. Greene	**Prepared by:**	Trina Griffin Staff Attorney
Analysis of:	Second Edition		

OVERVIEW:* *House Bill 1057 would authorize Mitchell County to levy an additional 3% room occupancy tax and would make administrative changes, bringing the legislation into conformity with the statutory uniform provisions for occupancy tax and the House Finance Guidelines for Occupancy Tax.

CURRENT LAW: Mitchell County has the authority to levy a 3% room occupancy tax. The net proceeds of the tax are remitted to the Chamber of Commerce. The Chamber of Commerce may spend the funds to promote travel and tourism and to finance tourist-related capital projects in the county.

Mitchell County enacted its occupancy tax legislation in 1987, and to the extent the county has not sought any changes to the legislation since then, it has not been brought into conformity with either the statutory uniform provisions or the House Guidelines for Occupancy Tax.

BILL ANALYSIS: H1057 would authorize Mitchell County to levy an additional 3% room occupancy tax, for a total occupancy tax rate throughout the county of 6%.

The bill would also bring the existing legislation into conformity with the statutory uniform provisions for occupancy tax and with the House Finance Guidelines for Occupancy Tax. In doing so, the county will be required to establish a tourism development authority (TDA) to administer the funds. The TDA must use at least 2/3 of the funds for tourism promotion and the remainder for tourism-related expenditures. Another consequence of this conformity is that the occupancy tax would apply to the same accommodations to which the State sales tax on accommodations applies.

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.

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

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.