



HOUSE BILL 1075: Bryson City/Swain County Occupancy Tax.

2021-2022 General Assembly

Committee:	House Local Government. If favorable, re- refer to Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	June 14, 2022
Introduced by:	Rep. Clampitt	Prepared by:	Nicholas Giddings Staff Attorney
Analysis of:	PCS to First Edition H1075-CSSVxf-34		

OVERVIEW: *The Proposed Committee Substitute for House Bill 1075 would do the following:*

- *Authorize the Town of Bryson City to levy a 2% room occupancy tax.*
- *Require Swain County to convert its existing county tourism development authority to a joint county-city tourism development authority upon notification of Bryson City's levy of the tax.*
- *Require the Bryson City/Swain County TDA to segregate the funds into two accounts and to use at least two-thirds of the proceeds for tourism promotion and the remainder for tourism-related expenditures in the respective jurisdictions and in accordance with the House Finance Guidelines for Occupancy Tax.*
- *Modify the TDA membership to reflect appointments from Bryson City and Swain County. There would be 5 voting members, 2 of whom must be affiliated with businesses that collect the tax, and 4 nonvoting advisory members.*

CURRENT LAW: Swain County currently levies a 4% room occupancy tax. At least two-thirds of the proceeds must be used for tourism promotion and the remainder must be used for tourism-related expenditures. Swain County has a nine-member tourism development authority where at least one-third of the members are affiliated with businesses that collect the tax and one-half of the members are individuals currently active in the promotion of tourism in the county.

Bryson City, which is in Swain County, does not have authority to levy a room occupancy tax.

BILL ANALYSIS: The PCS for House Bill 1075 would do the following:

- Authorize the Town of Bryson City to levy a 2% room occupancy tax. This would bring the total occupancy tax rate to 6% for accommodations in Bryson City. The proceeds would be remitted to the newly created joint Bryson City/Swain County TDA.
- Require Swain County to convert its existing county tourism development authority to a joint county-city tourism development authority upon notification of Bryson City's levy of the tax.
- Require the Bryson City/Swain County TDA to segregate the funds, with the proceeds of the 2% city tax being placed in a "Bryson City Proceeds Account" and the proceeds of the 4% county tax being placed in a "Swain County Proceeds Account." At least two-thirds of the proceeds in each account must be used for tourism promotion and the remainder for tourism-related expenditures in

Jeffrey Hudson
Director



H 1 0 7 5 - S M B A - 8 4 C S S V X F - 3 4 - V - 2

Legislative Analysis
Division
919-733-2578

House 1075 PCS

Page 2

the respective jurisdictions and in accordance with the House Finance Guidelines for Occupancy Tax.

- Modify the TDA membership to reflect appointments from Bryson City and Swain County. There would be 5 voting members, 2 of whom must be affiliated with businesses that collect the tax, and 4 nonvoting advisory members.

EFFECTIVE DATE: Sections 3 and 4 become effective upon the levy of the Bryson City occupancy tax with notification to Swain County. The remainder of the bill would become effective when the act 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.
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.

Trina Griffin, staff attorney in the Legislative Analysis Division, substantially contributed to this summary.

¹ G.S. 153A-155 and G.S. 160A-215.