



HOUSE BILL 350: Warren County Occupancy Tax.

2021-2022 General Assembly

Committee:	House Rules, Calendar, and Operations of the House	Date:	May 6, 2021
Introduced by:	Reps. Garrison, Willingham	Prepared by:	Trina Griffin Staff Attorney
Analysis of:	Second Edition		

OVERVIEW: House Bill 350 would authorize Warren County to levy a 5% room occupancy tax. At least two-thirds of the proceeds would have to be used for tourism promotion and the remainder for tourism-related expenditures. This bill conforms to the Guidelines for Occupancy Tax adhered to by the House Finance Committee.

CURRENT LAW: Currently, there is no authority for Warren County, or any municipality in Warren County, to levy an occupancy tax.

BILL ANALYSIS: House Bill 350 would authorize Warren County to levy a 5% room occupancy tax. The proceeds of the tax must be remitted to the Warren County Tourism Development Authority. At least two-thirds of the funds must be used for tourism promotion and the remainder must be used for tourism-related expenditures.

EFFECTIVE DATE: This act 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
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.

Nick Giddings, Staff Attorney, substantially contributed to this summary.

¹ G.S. 153A-155 and G.S. 160A-215.

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