HOUSE BILL 94:
Graham 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:**	March 2, 2021
Introduced by:	Rep. Gillespie	**Prepared by:**	Nicholas Giddings Staff Attorney
Analysis of:	First Edition		

***OVERVIEW:* House Bill 94 would create a special taxing district consisting of that part of Graham County that is located outside the incorporated areas of the county and authorize that special taxing district to levy a 3% room occupancy tax. The proceeds would be deposited into a special fund. 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.

[As introduced, this bill was identical to S9, as introduced by Sen. Corbin, which is currently in Senate Rules and Operations of the Senate.]

CURRENT LAW: Graham County has the authority to levy a 3% room occupancy tax.[1] The Towns of Fontana Dam, Lake Santeetlah, and Robbinsville, which are located in Graham County, also have the authority to levy a 3% room occupancy tax.

BILL ANALYSIS: House Bill 94 would create a special taxing district consisting of that part of Graham County located outside of the incorporated areas of the county. The Graham County Board of Commissioners would serve ex officio as the governing body for the district and would be authorized to levy a 3% room occupancy tax in the district. The proceeds of the tax must be remitted to the Graham County Tourism Development Authority.

The Authority must deposit the proceeds into a special fund that bears interest or is invested in accordance with G.S. 159-30. 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,[2] 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] S.L. 2015-128.
[2] G.S. 153A-155 and G.S. 160A-215.

Jeffrey Hudson
Director

H94-SMBA-2 E1 -V-2

Legislative Analysis Division
919-733-2578

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.