



# HOUSE BILL 1019: McDowell/Caswell/Pender Occupancy Tax Mods.

2023-2024 General Assembly

<b>Committee:</b>	House Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House	<b>Date:</b>	June 5, 2024
<b>Introduced by:</b>	Rep. Greene	<b>Prepared by:</b>	Trina Griffin
<b>Analysis of:</b>	Second Edition		Staff Attorney

**OVERVIEW:** *House Bill 1019 would do the following:*

- *Authorize McDowell County to levy an additional 1% room occupancy tax.*
- *Create a taxing district within Caswell County that would comprise all the areas of the county exclusive of the Town of Yanceyville and authorize that district to levy a 3% room occupancy tax.*
- *Create a taxing district within Pender County that would comprise all the areas of the county exclusive of the Towns of Burgaw, Surf City, and Topsail Beach, and authorize that district to levy a 3% room occupancy tax.*

**CURRENT LAW/BILL ANALYSIS/EFFECTIVE DATES:**

**Part I: McDowell County Occupancy Tax**

McDowell County is currently authorized to levy a room occupancy tax of up to 5%. Part I of House Bill 1019 would provide McDowell County the authority to levy an additional 1% room occupancy tax, for a total of up to 6%. Part I would also make administrative changes to McDowell County's occupancy tax authority to modernize and conform the authorizing language to current occupancy tax drafting practices.

This Part conforms to the Guidelines for Occupancy Tax adhered to by the House Finance Committee and would be effective July 1, 2024, and apply to the distribution and use of occupancy tax proceeds on or after that date.

**Part II: Caswell County District C Occupancy Tax**

Caswell County is currently authorized to levy a room occupancy tax of up to 3%. The Town of Yanceyville, which lies within Caswell County, is currently authorized to levy a room occupancy tax of up to 3%, for a total of up to 6% within the Town.

Part II of House Bill 1019 would create a taxing district comprising of all the areas within Caswell County exclusive of the Town of Yanceyville and authorize that district to levy a room occupancy tax of up to 3%. Effectively, this would allow a room occupancy tax of up to 6% to be levied throughout Caswell County. The proceeds of the new occupancy tax in the district must be remitted to the Caswell County Tourism Development Authority. At least two-thirds of the funds must be used to promote travel and tourism in the district and the remainder must be used for tourism-related expenditures in the district.

This Part conforms to the Guidelines for Occupancy Tax adhered to by the House Finance Committee and would be effective when it becomes law.

Jeffrey Hudson  
Director



Legislative Analysis  
Division  
919-733-2578

# House Bill 1019

Page 2

## Part III: Pender County District P Occupancy Tax

Pender County is currently authorized to levy a room occupancy tax of up to 3%. The Towns of Burgaw, Surf City, and Topsail Beach, which lie within Pender County, are each authorized to levy a room occupancy tax of up to 3%, for a total of up to 6% within each town.

Part III of House Bill 1019 would create a taxing district comprising of all the areas within Pender County exclusive of the Towns of Burgaw, Surf City, and Topsail Beach, and authorize that district to levy a room occupancy tax of up to 3%. Effectively, this would allow a room occupancy tax of up to 6% to be levied throughout Pender County. The proceeds of the new occupancy tax in the district must be remitted to the Pender County Tourism Development Authority. At least two-thirds of the funds must be used to promote travel and tourism in the district and the remainder must be used for tourism-related expenditures in the district.

Pender County District P would conform to the Guidelines for Occupancy Tax adhered to by the House Finance Committee. This Part would be effective when it becomes law.

## Part IV: Conforming Changes

Part IV would make a conforming change so that the uniform provisions for room occupancy taxes under G.S. 153A-155 would apply to both Caswell County District C and Pender County District P. This Part would be effective when it becomes law.

**BACKGROUND:** In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax,<sup>1</sup> 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
<b>Rate</b> – The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.
<b>Use</b> – Two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism-related expenditures.
<b>Definitions</b> The term "net proceeds", "promote travel and tourism", and "tourism-related expenditures" are defined terms.
<b>Administration</b> – 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.
<b>Costs of Collection</b> – 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.

*Nicholas Giddings, counsel to House Local Government, substantially contributed to this summary.*

<sup>1</sup> G.S. 153A-155 and G.S. 160A-215.