HOUSE BILL 231: Yancey County Occupancy Tax Modification.

2023-2024 General Assembly

Committee:	House Rules, Calendar, and Operations of the House	**Date:**	March 23, 2023
Introduced by:	Rep. Greene	**Prepared by:**	Trina Griffin Staff Attorney
Analysis of:	Second Edition		

OVERVIEW:* *House Bill 231 would authorize Yancey County to levy an additional 3% room occupancy tax and make conforming changes to Yancey County's current occupancy tax authority to conform to the statutory uniform provisions for occupancy tax and to the Occupancy Tax Guidelines adhered to by the House Finance Committee. The proceeds of the tax would be remitted to the Yancey County Tourism Development Authority. The Authority must use at least two-thirds of the tax proceeds to promote travel and tourism and the remainder must be used for tourism-related expenditures.

[As introduced, this bill was identical to S162, as introduced by Sen. Hise, which is currently in Senate Finance.]

CURRENT LAW: Yancey County currently has the authority to levy a 3% room occupancy tax. The proceeds of the tax are remitted to the Yancey County Chamber of Commerce, which administers the funds through its Tourism and Travel Development Committee. The funds may be used for any of the following purposes: (1) to direct advertising for visitor promotions, conventions, travel, and tourism in Yancey County, including outdoor advertising, print media, broadcast media, and brochures; (2) marketing and promotions expenses, including test market programs, consultant fees, entertainment, housing expenses, travel expenses, and registration fees; and (3) other expenses that aid and encourage visitor promotions, conventions, travel, and tourism in Yancey County.

None of the towns or cities in Yancey County have authority to levy an occupancy tax.

BILL ANALYSIS: House Bill 231 would authorize Yancey County to levy an additional 3% room occupancy tax, for a total rate of 6% in the county and bring Yancey County's existing legislation into conformity with the statutory uniform provisions for occupancy tax and with the Occupancy Tax Guidelines adhered to by the House Finance Committee. In doing so, the county would be required to establish a tourism development authority (TDA) to administer the funds. The TDA must use at least two-thirds of the funds to promote travel and tourism and the remainder for tourism-related expenditures.

EFFECTIVE DATE: The 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.

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

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, counsel to House Local Government, substantially contributed to this summary.