HOUSE BILL 232: Mitchell County Occupancy Tax Modification.

2023-2024 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 14, 2023
Introduced by:	Rep. Greene	**Prepared by:**	Nicholas Giddings Alejandro Ramirez Staff Attorneys
Analysis of:	PCS to First Edition H232-CSBAxf-11		

OVERVIEW: House Bill 232 would authorize Mitchell County to levy an additional room occupancy tax of up to 3%, for a total of up to 6%. The proceeds must be remitted to the Mitchell County Tourism Development Authority. At least two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism-related expenditures. This bill conforms to the Guidelines for Occupancy Tax adhered to by the House Finance Committee.

The Proposed Committee Substitute (PCS) makes technical and formatting changes to the levy of the additional occupancy tax.

CURRENT LAW: Mitchell County has the authority to levy an occupancy tax of 3%.[1]

BILL ANALYSIS: The PCS would authorize Mitchell County to levy an additional 3% occupancy tax, for a total occupancy tax rate throughout the county of 6%. Mitchell County must levy the first 3% occupancy tax to levy this additional tax. The tax proceeds must be remitted to the Mitchell County Tourism Development Authority. At least two-thirds of the proceeds must 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.

EFFECTIVE DATE: This act would be 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.

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.

[1] S.L. 1987-141
[2] G.S. 153A-155 and G.S. 160A-215

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.