



HOUSE BILL 240: Town of Four Oaks Occ. Tax Authorization.

2023-2024 General Assembly

Committee: Senate Rules and Operations of the Senate	Date: June 22, 2023
Introduced by: Reps. Strickland, White, Penny	Prepared by: Nicholas Giddings
Analysis of: First Edition	Staff Attorney

OVERVIEW: House Bill 240 would authorize the Town of Four Oaks to levy a 2% room occupancy tax. The proceeds must be remitted to the Johnston County Tourism Authority. The Authority must use at least two-thirds of the funds to promote travel and tourism in the Town and the remainder must be used for tourism-related expenditures in the Town.

CURRENT LAW: The Town of Four Oaks is located in Johnston County, which has the authority to levy a 3% room occupancy tax.¹

BILL ANALYSIS: House Bill 240 would authorize the Town of Four Oaks to levy a 2% room occupancy tax. The proceeds of the tax would be remitted to the Johnston County Tourism Authority which shall use at least two-thirds of the funds for the promotion of travel and tourism in the Town and the remainder for tourism-related expenditures in the Town.

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.
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.

¹ [S.L. 1987-647](#).

² G.S. 153A-155 and G.S. 160A-215.

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Trina Griffin, counsel to House Finance, substantially contributed to this summary.