HOUSE BILL 353: Wilkes County Occupancy Tax.

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 28, 2023
Introduced by:	Rep. Elmore	**Prepared by:**	Nicholas Giddings Staff Attorney
Analysis of:	PCS to First Edition H353-CSBAxf-17		

OVERVIEW: The PCS to House Bill 353 would repeal the authority of the Town of Wilkesboro and Wilkes County District K to levy a room occupancy tax. The PCS would instead create Wilkes County District W and authorize that district to levy a room occupancy tax of up to 6%. At least two-thirds of the proceeds must be used to promote travel and tourism in the district and the remainder must be used for tourism-related expenditures in the district.

CURRENT LAW: The Town of Wilkesboro has the authority to levy a room occupancy tax of up to 3%.[1] The Town of Elkin, which lies partially within both Surry and Wilkes Counties, has the authority to levy a room occupancy tax of up to 6%.[2] Further, a district consisting of the unincorporated areas within Wilkes County (Wilkes County District K) has the authority to levy a room occupancy tax of up to 6%.[3]

BILL ANALYSIS: The PCS to House Bill 353 would repeal the authorization of the Town of Wilkesboro and Wilkes County District K to levy a room occupancy tax. Any revenue collected by the Town of Wilkesboro or Wilkes County District K prior to the repeal of their respective occupancy tax authorizations under this act must only be used for the direct benefit of those respective areas.

Instead, the PCS would create a new tax district consisting of the area of Wilkes County located outside of the Town of Elkin (Wilkes County District W) and authorize that district to levy a room occupancy tax of up to 6%. The proceeds of the tax must be remitted to the Wilkes County District W 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.

EFFECTIVE DATE: Sections 1 and 2 would become effective July 1, 2023. The remainder of the act would become effective when it becomes law, however, a room occupancy tax authorized to be levied by the act may not become effective until on or after July 1, 2023.

BACKGROUND: In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax,[4] 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

[1] Part IX of S.L. 2001-439.
[2] Part I of S.L. 2006-118.
[3] Sections 8 and 9 of S.L. 2010-78.
[4] G.S. 153A-155 and G.S. 160A-215.

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.