



SENATE BILL 120: Swain County Occupancy Tax Rate Increase.

2023-2024 General Assembly

Committee:	Senate Finance. If favorable, re-refer to Rules and Operations of the Senate	Date:	June 20, 2023
Introduced by:	Sen. Corbin	Prepared by:	Trina Griffin
Analysis of:	First Edition		Staff Attorney

OVERVIEW: Senate Bill 120 would authorize Swain County to levy an additional 2% room occupancy tax. The proceeds of the tax would be remitted to a 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.

CURRENT LAW: Swain County currently has the authority to levy a 4% room occupancy tax. The proceeds are administered by the Swain County Tourism Development Authority. The Authority must use at least two-thirds of the net proceeds for tourism promotion, and the remainder must be used for tourism-related expenditures. None of the towns or cities in Swain County have authority to levy an occupancy tax.

BILL ANALYSIS: Senate Bill 120 would authorize Swain County to levy an additional 2% room occupancy tax, for a total rate of 6% in the county. The proceeds would be administered and distributed in the same manner as the proceeds of the existing 4% tax.

EFFECTIVE DATE: This 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.

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 G.S. 153A-155 and G.S. 160A-215.

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