This Bill Analysis reflects the contents of the bill as it was presented in committee.

SENATE BILL 154: Avery County Occupancy Tax.

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. Hise	**Prepared by:**	Trina Griffin Staff Attorney
Analysis of:	First Edition		

OVERVIEW: Senate Bill 154 would create a taxing district comprised of the unincorporated areas of Avery County and authorize that district to levy a room occupancy tax within the district of up to 6%. The proceeds would be required to be remitted to the Avery County District A Tourism Development Authority. The Authority must use at least one-third of the proceeds for tourism promotion and the remainder for tourism-related expenditures.

CURRENT LAW: All of the cities[1] in Avery County currently have authority to levy a 6% room occupancy tax; Avery County does not.

BILL ANALYSIS: Senate Bill 154 would create a special taxing district consisting of that part of Avery County located outside of the incorporated areas of the county (Avery County District A). The Avery County Board of Commissioners would serve ex officio as the governing body for the district and would be authorized to levy a 6% room occupancy tax in the district. The proceeds of the tax must be remitted to the Avery County District A Tourism Development Authority, which is to be established upon levy of the tax. The Authority must use at least one-third of the funds for tourism promotion and the remainder for tourism-related expenditures.

EFFECTIVE DATE: This bill would become effective when the act 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] Banner Elk, Beech Mountain, Crossnore, Elk Park, Grandfather Village, Newland, Seven Devils, and Sugar Mountain.
[2] G.S. 153A-155 and G.S. 160A-215.

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.