



SENATE BILL 154: Omnibus Occupancy Tax Changes.

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

2023-2024 General Assembly

Committee:	House Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	August 16, 2023
Introduced by:	Sen. Hise	Prepared by:	Trina Griffin Staff Attorney
Analysis of:	PCS to Second Edition S154-CSSVxfr-38		

OVERVIEW: *The PCS for Senate Bill 154 consolidates all of the filed occupancy tax bills introduced in both the House and Senate this session, adds new occupancy tax provisions for Carteret, Davidson, and Davie Counties and the Alamance municipalities of Burlington, Mebane, and Elon, and extends by 29 years the sunset on Mecklenburg's existing authorization to levy a 1% prepared food and beverages tax.*

The only provisions that have not previously been given a favorable report by the Occupancy Tax Subcommittee are for Bertie County (Part XVI), Iredell County (Part XVII), Swain County (Part XVIII) and the above-mentioned new provisions.

BILL ANALYSIS:

Bill Section	Taxing District	Bill(s) of Origin	Primary Sponsor	Current OT Rate	Description
Part I	Avery County District A	H233; S154	Hise Greene	0%	Creates Avery County District A consisting of all unincorporated areas; authorizes district to levy a room occupancy tax within the district of up to 6%; Conforms to guidelines.
Part II	Town of Indian Trail	H213; S154	Arp	0%	Authorizes Town of Indian Trail to levy a room occupancy tax of up to 5% if approved by the majority of the voters in a referendum; Conforms to guidelines.

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Part III	Stallings District S	H213; S154	Arp	0%	Creates Stallings District S consisting of the part of the Town of Stallings located within Union County; Authorizes district to levy a room occupancy tax within the district of up to 5% if approved by the majority of the voters in a referendum; Conforms to guidelines.
Part IV	Union County	S154	Hise	0%	Authorizes Union County to levy a 1% room occupancy tax if approved by the majority of the voters in a referendum; Conforms to guidelines.
Part V	Graham County District G	H133	Gillespie	3%	Creates Graham County District G consisting of the part of Graham County located outside of the incorporated areas of the county; Authorizes district to levy a room occupancy tax of 3% within the district; Conforms to guidelines.
Part VI	Town of Lansing	H220	Pickett	0%, but Town is located in Ashe Co., which levies 3%	Authorizes Town of Lansing to levy a room occupancy tax of up to 3%; Conforms to guidelines.
Part VII	Town of Jefferson	H220	Pickett	0%, but Town is located in Ashe Co., which levies 3%	Authorizes Town of Jefferson to levy a room occupancy tax of up to 3%; Conforms to guidelines.
Part VIII	Stokes County	H220	Pickett	0%	Authorizes Stokes County to levy a room occupancy tax of up to 6%; Conforms to guidelines.

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Part IX	Wilkes County District W	H353	Elmore	6%, in current District K	Replaces Wilkes County District K with District W and repeals Wilkesboro's authority to tax; Wilkesboro will be included in the new District W; Authorizes District W to levy a room occupancy tax of up to 6%; Conforms to guidelines.
Part X	Yancey County	H231; S162	Greene Hise	3%	Authorizes Yancey County to levy an additional room occupancy tax of up to 3%; Conforms to guidelines.
Part XI	Clayton District C	H238	White	0%	Creates Clayton District C consisting of the part of the Town of Clayton located within Johnston County; Authorizes district to levy a room occupancy tax of up to 2%; Conforms to guidelines.
Part XII	Mitchell County	H232	Greene	3%	Authorizes Mitchell County to levy an additional 3% room occupancy tax; Conforms to guidelines.
Part XIII	Warren County	H69	Wray	0%	Authorizes Warren County to levy a 5% room occupancy tax; Conforms to guidelines.
Part XIV	Town of St. James	H80	Miller	0%, but Town is located in Brunswick Co., which levies 1%	Authorizes the Town of St. James to levy a 5% room occupancy tax; Conforms to guidelines.
Part XV	Town of Four Oaks	H240	Strickland	0%, but Town is located in Johnston Co., which levies 3%	Authorizes the Town of Four Oaks to levy a 2% room occupancy tax; Conforms to guidelines.
Part XVI	Bertie County	S132	Hanig	0%	Authorizes Bertie County to levy a 6% room occupancy tax; Conforms to guidelines.

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Part XVII	Iredell County District I	S255	McNeely Sawyer	3%, but not currently being levied	Repeals Iredell County's authority to levy a county-wide 3% occupancy tax and replaces it with a 6% occupancy tax to be levied only within unincorporated areas; Conforms to guidelines.
Part XVIII	Swain County	S120	Clampitt Corbin	4%	Makes administrative changes only.
Part XIX	City of Burlington	N/A	Ross Galey	0%, but City is in Alamance, which levies 3%	Authorizes City to levy 3% occupancy tax; Conforms to guidelines.
Part XX	City of Mebane	N/A	Ross Galey	0%, but City is in Alamance, which levies 3%	Authorizes City to levy 3% occupancy tax; Conforms to guidelines.
Part XXI	Town of Elon	N/A	Ross Galey	0%, but Town is in Alamance, which levies 3%	Authorizes Town to levy 3% occupancy tax; Conforms to guidelines.
Part XXII	Carteret County	N/A	Cairns Sanderson	6%	Raises from \$30M to \$60M the cap on the amount of occupancy tax proceeds that may accrue for purposes of beach nourishment.
Part XXIII	Davidson County District D	N/A	Jarvis	0%	Creates Davidson County District D consisting of unincorporated areas and authorizes district to levy 6% occupancy tax; conforms to guidelines.
Part XXIV	Davie County District E	N/A	Jarvis	3%	Creates Davie County District E consisting of areas located outside Mocksville, Bermuda Run, and Cooleemee. Authorizes district to levy 3% occupancy tax; conforms to guidelines.

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Part XXV	Mecklenburg Meals Tax	H408	Bradford	1% (meals tax only)	Extends to 2060 the sunset on the authority of Mecklenburg County to levy 1% meals tax.
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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. However, local governments in coastal counties may allocate up to 50% of occupancy tax proceeds for beach nourishment, so long as all remaining proceeds are used for tourism promotion and provided that the use of occupancy tax proceeds for beach nourishment is limited by either a statutory cap or sunset provision.
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.