SENATE BILL 255: Iredell County Occupancy Tax Modifications.

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

OVERVIEW:* *Senate Bill 255 would repeal Iredell County's authority to levy a county-wide 3% occupancy tax and replace it with a 6% occupancy tax levied only in the unincorporated areas of the county. The proceeds would be remitted to a Tourism Development Authority. The Authority must use at least two-thirds of the proceeds for tourism promotion and the remainder for tourism-related expenditures.

CURRENT LAW: Iredell County has the authority to levy a county-wide 3% room occupancy tax, but the county is not currently exercising that authority. There are three municipalities located in Iredell County that are levying an occupancy tax. Statesville levies a 5% occupancy tax, Mooresville levies a 4% occupancy tax, and Troutman levies a 3% occupancy tax.

BILL ANALYSIS: Senate Bill 255 would repeal Iredell's authority to levy the 3% county-wide tax and replace it with a tax that may only be levied within a special taxing district consisting of that part of Iredell County located outside of incorporated areas within the county. The Iredell County Board of Commissioners would serve as the governing body of the district and would be authorized to levy a room occupancy tax of up to 6% in the district. The proceeds of the tax must be remitted to a 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: 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,[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

[1] G.S. 153A-155 and G.S. 160A-215.

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.