

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011**

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SENATE BILL 269

Short Title: Hillsborough Occupancy Tax. (Local)

Sponsors: Senator Kinnaird.

Referred to: Finance.

March 9, 2011

A BILL TO BE ENTITLED
AN ACT TO AUTHORIZE THE TOWN OF HILLSBOROUGH TO LEVY A ROOM
OCCUPANCY TAX.

The General Assembly of North Carolina enacts:

SECTION 1.1. Occupancy tax. – (a) Authorization and Scope. – The Town Board of the Town of Hillsborough may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.

SECTION 1.1.(b) Administration. – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

SECTION 1.1.(c) Distribution and Use of Tax Revenue. – The Town of Hillsborough shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Hillsborough Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in the Town of Hillsborough and shall use the remainder for tourism-related expenditures.

The following definitions apply in this subsection:

- (1) Net proceeds. – Gross proceeds less the cost to the town of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.
- (2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area; the term includes administrative expenses incurred in engaging in the listed activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the Hillsborough Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the town or to attract tourists or business travelers to the town. The term includes tourism-related capital expenditures.



1 **SECTION 1.2.** Tourism Development Authority. – (a) Appointment and
2 Membership. – When the Town Board adopts a resolution levying a room occupancy tax under
3 this act, it shall also adopt a resolution creating the Hillsborough Tourism Development
4 Authority, which shall be a public authority under the Local Government Budget and Fiscal
5 Control Act. The resolution shall provide for the membership of the Authority, including the
6 members' terms of office, and for the filling of vacancies on the Authority. At least one-third
7 of the members shall be individuals who are affiliated with businesses that collect the tax in the
8 town, and at least one-half of the members shall be individuals who are currently active in the
9 promotion of the travel and tourism in the town. The Town Board shall designate one member
10 of the Authority as chair and shall determine the compensation, if any, to be paid to members
11 of the Authority. The Authority shall meet at the call of the chair and shall adopt rules of
12 procedure to govern its meetings. The finance officer for the Town of Hillsborough shall be the
13 ex officio finance officer of the Authority.

14 **SECTION 1.2.(b)** Duties. – The Tourism Development Authority shall expend the
15 net proceeds of the tax levied under this act for the purposes provided in Section 1 of this act.
16 The Authority shall promote travel, tourism, and conventions in the town, sponsor
17 tourist-related events and activities in the town, and finance tourist-related capital projects in
18 the town.

19 **SECTION 1.2.(c)** Reports. – The Tourism Development Authority shall report
20 quarterly and at the close of each fiscal year to the Hillsborough Town Board on its receipts
21 and expenditures for the preceding quarter and for the year in such detail as the Town Board
22 may require.

23 **SECTION 2.** G.S. 160A-215(g) reads as rewritten:

24 "(g) Applicability. – Subsection (c) of this section applies to all cities that levy an
25 occupancy tax. To the extent subsection (c) conflicts with any provision of a local act,
26 subsection (c) supersedes that provision. The remainder of this section applies only to Beech
27 Mountain District W, to the Cities of Belmont, Conover, Eden, Elizabeth City, Gastonia,
28 Goldsboro, Greensboro, Hickory, High Point, Jacksonville, Kings Mountain, Lenoir,
29 Lexington, Lincolnton, Lowell, Lumberton, Monroe, Mount Airy, Mount Holly, Reidsville,
30 Roanoke Rapids, Salisbury, Shelby, Statesville, Washington, and Wilmington, to the Towns of
31 Ahoskie, Beech Mountain, Benson, Bermuda Run, Blowing Rock, Boiling Springs, Boone,
32 Burgaw, Carolina Beach, Carrboro, Cooleemee, Cramerton, Dallas, Dobson, Elkin, Franklin,
33 Hillsborough, Jonesville, Kenly, Kure Beach, Leland, McAdenville, Mocksville, Mooresville,
34 Murfreesboro, North Topsail Beach, Pembroke, Pilot Mountain, Ranlo, Selma, Smithfield, St.
35 Pauls, Troutman, Tryon, West Jefferson, Wilkesboro, Wrightsville Beach, Yadkinville, and
36 Yanceyville, and to the municipalities in Avery and Brunswick Counties."

37 **SECTION 3.** This act is effective when it becomes law.