

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017**

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**HOUSE BILL 531**

Short Title: Dare County Local Tax Clarification. (Local)

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Sponsors: Representative Boswell.

*For a complete list of sponsors, refer to the North Carolina General Assembly web site.*

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Referred to: State and Local Government II, if favorable, Finance

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March 30, 2017

1 A BILL TO BE ENTITLED  
2 AN ACT TO CLARIFY THE PERMITTED USES OF CERTAIN DARE COUNTY LOCAL  
3 TAXES.

4 Whereas, the General Assembly authorized the creation of the Dare County Tourism  
5 Board as a public authority; and

6 Whereas, the General Assembly authorized Dare County to levy an additional 1%  
7 occupancy tax and a 1% prepared food and beverage tax to fund the operation of the Tourism  
8 Board; and

9 Whereas, that authorization provided that 75% of the tax proceeds "shall be used for  
10 the cost of administration and to promote tourism" and 25% "shall be restricted and used for  
11 services or programs needed due to the impact of tourism on the county"; and

12 Whereas, historical records available within the Tourism Board and historical  
13 statements from various town boards and officials and from the general public have all  
14 indicated confusion and disagreement over the expenditures of the board with respect to the  
15 25% restricted fund; and

16 Whereas, such expenditures from the 25% restricted fund have been erroneously  
17 made for buying real estate, building walking paths, and funding grant programs designed to  
18 promote and augment the growth of tourism, and such purposes were provided for by the  
19 remaining 75% fund; and

20 Whereas, the 25% restricted fund has failed to be reserved for services needed due  
21 to the impacts of tourism on the county, such as added costs of traffic control, police, lifeguard,  
22 and sanitation services due to the impact of a growing tourist economy; and

23 Whereas, in 2016, the Office of the State Auditor conducted a review of the relevant  
24 financial records and concluded that the Tourism Board should seek clarification as to the  
25 intent regarding permissible uses of the 25% restricted fund; Now, therefore,  
26 The General Assembly of North Carolina enacts:

27 **SECTION 1.** Section 7 of Chapter 449 of the 1985 Session Laws, as enacted by  
28 Chapter 177 of the 1991 Session Laws, reads as rewritten:

29 "Sec. 7. Use of Proceeds of Additional Occupancy Tax and Prepared Food and Beverage  
30 Tax. Dare County shall remit the net proceeds of the taxes levied under Sections 3 and 4 of this  
31 act on a monthly basis to the Dare County Tourism Board. The tourism board may deduct the  
32 cost of its annual audit from the proceeds remitted to it. The tourism board shall use the  
33 remainder of the proceeds as follows:

- 34 (1) Seventy-five percent (75%) shall be used for the cost of administration and  
35 to promote tourism. The tourism board's expenditures may include (i)



- 1 advertising to promote less-than-peak-season events and programs, (ii)  
2 marketing research, (iii) a mail and telephone inquiry response program, and  
3 (iv) welcoming and hospitality functions.  
4 (2) Twenty-five percent (25%) shall be used for services or programs needed  
5 due to the impact to respond to burdens associated with the impact of  
6 tourism in peak season on the county. Permissible services or programs  
7 include increasing traffic control, police, lifeguard, and sanitation crew  
8 personnel necessitated by greater numbers of people during peak season but  
9 do not include expenditures for costs of events or improvements designed to  
10 increase tourism in the county or used by tourists visiting the area.

11 The tourism board may expend funds only for public purposes. The tourism board shall  
12 report quarterly and at the close of the fiscal year to the board of commissioners on its receipts  
13 and expenditures for the preceding quarter and for the year in such detail as the board may  
14 require. The tourism board may not use the proceeds distributed to it to purchase real property  
15 or for the purposes set out in subdivision (2) above without prior approval by the Dare County  
16 Board of Commissioners."

17 **SECTION 2.** This act is effective when it becomes law and applies to expenditures  
18 of funds made on or after that date.