

GENERAL ASSEMBLY OF NORTH CAROLINA
1997 SESSION

S.L. 1997-408
HOUSE BILL 631

AN ACT TO MODIFY THE FORMULA FOR DISTRIBUTING THE PROCEEDS OF
THE FORSYTH COUNTY OCCUPANCY TAXES.

The General Assembly of North Carolina enacts:

Section 1. Section 28 of Chapter 908 of the 1983 Session Laws, as amended, reads as rewritten:

"Sec. 28. Disposition of ~~Taxes Collected. Two Percent (2%) and One Percent (1%) Taxes.~~ (a) Forsyth County shall remit the net proceeds of the occupancy ~~tax~~ taxes levied under Sections 24, 25, and 30.1 of this Part on a quarterly basis as follows: ~~(+) five~~

- (1) Five percent (5%) of the net proceeds shall be divided among the municipalities in Forsyth County, other than Winston-Salem, on a pro rata ~~basis; and (ii) the basis.~~
- (2) The remaining net proceeds shall be remitted to the Forsyth County Tourism Development Authority.

'Net proceeds' ~~means gross proceeds less the cost to the county of administering and collecting the tax.~~ has the meaning provided in Section 30.2(d) of this Part.

(b) A municipality may expend funds distributed to it pursuant to subsection (a) only for economic development and cultural and recreational purposes. The Forsyth County Tourism Development Authority shall expend the funds distributed to it pursuant to subsection (a) to further the development of travel, tourism, and conventions within Forsyth County. The Forsyth County Tourism Development Authority may not use more than ten percent (10%) of the funds distributed to it pursuant to subsection (a) for administrative expenses."

Section 2. Section 30.2 of Part VII of Chapter 908 of the 1983 Session Laws, as enacted by Chapter 870 of the 1989 Session Laws, reads as rewritten:

"Sec. 30.2. Additional Tax. (a) Levy. – In addition to the taxes authorized by Sections 24, 25, and 30.1 of this Part, the Forsyth County Board of Commissioners may levy a room occupancy and tourism development tax of three percent (3%) of the gross receipts derived from the rental of accommodations taxable under those sections. The levy, collection, administration, and repeal of the tax authorized by this section shall be in accordance with Sections 24 through 27 and 29 through 30 of this Part. Forsyth County may not levy a tax under this section unless it also levies taxes under Sections 24, 25, and 30.1 of this Part.

(b) Distribution. – The net proceeds of the tax levied under this section shall be distributed as follows:

- (1) ~~(i) five~~ Five percent (5%) of the net proceeds shall be divided among the municipalities in Forsyth County, other than Winston-Salem, on a pro rata basis; and (ii) the basis.
- (2) After subtracting the amount provided in subdivision (1) of this subsection, one-third of the remaining net proceeds shall be divided among Forsyth County, the City of Winston-Salem, and remitted to the Forsyth County Tourism Development Authority on a pro rata basis. Authority.
- (3) After subtracting the amounts provided in subdivisions (1) and (2) of this subsection, ten percent (10%) of the remaining net proceeds shall be divided among those municipalities in Forsyth County, other than Winston-Salem, in which taxable establishments are located, in proportion to the amount of tax proceeds collected in each municipality.
- (4) After subtracting the amounts provided in subdivisions (1), (2), and (3) of this subsection, the remaining net proceeds shall be divided between Forsyth County and the City of Winston-Salem on a pro rata basis.

~~'Net proceeds' means gross proceeds less the cost to the county of administering and collecting the tax.~~

(c) Use. – A municipality that receives funds pursuant to subdivision (b)(3) of this section shall use at least two-thirds of all funds it receives pursuant to this Part to promote travel and tourism in the municipality and shall use the remainder for tourism-related expenditures. The municipality may use no more than ten percent (10%) of the funds it receives pursuant to this Part for its administrative expenses, including salaries and benefits.

Forsyth County or a municipality that does not receive funds pursuant to subdivision (b)(3) of this section may expend funds distributed to it pursuant to subsection (b) only for economic development and cultural and recreational purposes. The Forsyth County Tourism Development Authority shall expend the funds distributed to it pursuant to subsection (b) in accordance with Section 28(b) of this Part.

(d) Definitions. – The following definitions apply in this section:

- (1) Net proceeds. – Gross proceeds less the cost to the county of administering and collecting the tax, as determined by the finance officer.
- (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 these activities.
- (3) Tourism-related expenditures. – Expenditures that, in the judgment of the entity making the expenditure, are designed to increase the use of lodging and meeting and convention facilities in the area by attracting

tourists or business travelers to the area; the term includes tourism-related capital expenditures."

Section 3. This act becomes effective August 1, 1998, and applies to taxes levied on or after that date.

In the General Assembly read three times and ratified this the 19th day of August, 1997.

s/ Marc Basnight
President Pro Tempore of the Senate

s/ Harold J. Brubaker
Speaker of the House of Representatives