

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001**

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**SENATE BILL 1357**

Short Title: Amend Durham Occupancy Tax Provisions.

(Local)

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Sponsors: Senator Gulley.

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Referred to: Finance.

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June 12, 2002

A BILL TO BE ENTITLED

1 AN ACT TO MAKE CHANGES TO DURHAM COUNTY OCCUPANCY TAX  
2 PROVISIONS.  
3

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Section 7(a) of S.L. 2001-480 reads as rewritten:

6 "**SECTION 7.(a)** If a plan for financing a Performing Arts Theater has not been  
7 approved by the Durham City Council and has been disapproved by the Durham County  
8 Commissioners within 42 months after the levy of the one percent (1%) tax authorized  
9 under Section 6(c) of this act, the county's authority to levy the one percent (1%) tax  
10 described under Section 6(c) of this act and the levy of the one percent (1%) tax  
11 described in this subsection are repealed on the first day of the second month following  
12 the 42-month period.

13 If construction on the Performing Arts Theater has not begun within 42 months after  
14 the levy of the one percent (1%) tax authorized under Section 6(c) of this act, the  
15 county's authority to levy the one percent (1%) tax described in Section 6(c) of this act  
16 and the levy of the one percent (1%) tax described in Section 6(c) of this act are  
17 repealed on the first day of the second month following the 42-month period.

18 It is the goal of the General Assembly that a plan for financing the Performing Arts  
19 Theater shall be adopted within 12 months after the levy of the one percent (1%) tax  
20 authorized under Section 6(c) of this act, and construction of the Performing Arts  
21 Theater shall begin within 24 months of the levy of the one percent (1%) tax described  
22 in Section 6(c) of this act.

23 Any funds collected but not spent before the repeal date shall be redistributed to the  
24 Durham ~~Tourism Development Authority~~ Convention and Visitors Bureau to promote  
25 travel and tourism."

26 **SECTION 2.** Section 9(c) of S.L. 2001-480 reads as rewritten:

27 "**SECTION 9.(c)** Use of Proceeds From Additional Two Percent (2%) Tax. –  
28 Durham County shall, on a monthly basis, remit the net proceeds of the tax levied under

1 Section 6(b) of this act to the Durham ~~Tourism Development Authority~~ created  
2 by Convention and Visitors Bureau as set out in Section 10 of this act.

3 The Authority-Bureau may use the funds remitted to it under this subsection only to  
4 promote travel, tourism, and conventions in Durham County.

5 **SECTION 3.** Section 9(d) of S.L. 2001-480 reads as rewritten:

6 "**SECTION 9.(d)** Use of Proceeds From Additional One Percent (1%) Tax During  
7 First 24 Months. – Durham County shall, on a monthly basis, remit the net proceeds of  
8 the occupancy tax levied under Section 6(c) of this act to the Durham ~~Tourism~~  
9 ~~Development Authority~~ created by Convention and Visitors Bureau as set out in Section  
10 10 of this act. During the first 24 months that the tax is levied under Section 6(c) of this  
11 act, the Authority-Bureau shall distribute and use these net proceeds in the following  
12 priority order:

- 13 (1) To Durham County, up to the first two hundred thousand dollars  
14 (\$200,000) collected to fund the development of a Cultural Arts  
15 Master Plan.
- 16 (2) The Authority-Bureau shall use the next seven hundred thousand  
17 dollars (\$700,000) collected to promote travel, tourism, and  
18 conventions in Durham County.
- 19 (3) To the City of Durham, the next two hundred forty-eight thousand  
20 dollars (\$248,000) collected. The city shall use these funds for the  
21 design and engineering costs associated with the construction of a  
22 Performing Arts Theater.
- 23 (4) To Durham County, the next four hundred thousand dollars (\$400,000)  
24 collected for improvements to the Museum of Life and Science. This  
25 may include the financing of debt service.
- 26 (5) To Durham County, the next five hundred thousand dollars (\$500,000)  
27 collected. These funds shall be credited into an Arts Reserve Fund and  
28 used to implement the Cultural Arts Master Plan developed under  
29 subdivision (1) of this subsection.
- 30 (6) The Authority-Bureau shall use any net proceeds collected in excess of  
31 two million forty-eight thousand dollars (\$2,048,000) to promote  
32 travel, tourism, and conventions in Durham County."

33 **SECTION 4.** Section 9(e) of S.L. 2001-480 reads as rewritten:

34 "**SECTION 9.(e)** Use of Proceeds From Additional One Percent (1%) Tax After  
35 First 24 Months. – The net proceeds of the tax collected under Section 6(c) of this act  
36 after the first 24 months that the tax is levied shall be remitted monthly to the Durham  
37 ~~Tourism Development Authority~~ created by Convention and Visitors Bureau as set out  
38 in Section 10 of this act. The Authority-Bureau shall use and distribute these net  
39 proceeds in the following priority order:

- 40 (1) To the City of Durham, the first one million four hundred thousand  
41 dollars (\$1,400,000) collected annually to finance the debt service  
42 associated with the construction of the Performing Arts Theater. Until  
43 those funds are distributed to the City of Durham for that purpose, they  
44 shall be held by the Durham ~~Tourism Development~~

1 ~~Authority~~Convention and Visitors Bureau in a capital reserve fund as  
2 provided by Part 2 of Article 3 of Chapter 159 of the General Statutes  
3 except they may be expended as provided by the last sentence of  
4 Section 7(a) of this act if the tax is repealed as provided by Section  
5 7(a) of this act. Any interest earned by that fund shall be credited to the  
6 fund.

- 7 (2) Thirty-two years after the levy of the tax authorized under Section 6(c)  
8 of this act, instead of the allocation under subdivision (1) of this  
9 subsection, the first one million four hundred thousand dollars  
10 (\$1,400,000) collected annually shall be used by the ~~Authority-Bureau~~  
11 to promote travel and tourism or for tourism related expenditures.  
12 (3) To Durham County, the next five hundred thousand dollars (\$500,000)  
13 collected annually to be used for improvements to the Museum of Life  
14 and Science. This may include the financing of debt service. Any of  
15 these funds that are not needed for this purpose shall be returned to the  
16 ~~Authority-Bureau~~ and used to promote travel and tourism.  
17 (4) The ~~Authority-Bureau~~ shall use any net proceeds in excess of that  
18 provided by subdivisions (1), (2), and (3) of this subsection to promote  
19 travel, tourism, and conventions in Durham County.

20 As used in this subsection, "annually" means the 12-month period beginning after  
21 the first 24 months that the tax authorized under Section 6(c) of this act is levied."

22 **SECTION 5.** Section 9(f) of S.L. 2001-480 reads as rewritten:

23 "**SECTION 9.(f)** Definitions. – For the purpose of this Part:

- 24 (1) "Promote travel and tourism" means to advertise or market an area or  
25 activity, to publish and distribute pamphlets and other materials, to  
26 conduct market research, and to engage in similar promotional  
27 activities that attract tourists or business travelers to the area, and also  
28 includes administrative expenses incurred in engaging in these  
29 activities.  
30 (2) "Promote travel, tourism, and conventions" means to advertise or  
31 market an area or activity, to publish and distribute pamphlets and  
32 other materials, to conduct market research, and to engage in similar  
33 promotional activities that attract tourists, business travelers, or  
34 conventioners to the area, and also includes administrative expenses  
35 incurred in engaging in these activities.  
36 (3) "Tourism related expenditures" are those that, in the judgment of the  
37 Durham ~~Tourism Development Authority~~,Convention and Visitors  
38 Bureau, are designed to increase the use of lodging facilities, meeting  
39 facilities, and convention facilities in the county by attracting tourists  
40 or business travelers to the county, and includes capital expenditures  
41 related to that purpose."

42 **SECTION 6.** Section 10(a) of S.L. 2001-480 reads as rewritten:

43 "**SECTION 10.(a)** Establishment ~~and Membership of the Durham Convention and~~  
44 Visitors Bureau as a Tourism Development Authority. – ~~There is created the Durham~~

1 ~~Tourism Development Authority, which shall be a~~ The Durham Convention and  
2 Visitors Bureau, created on January 17, 1989, in an interlocal agreement between  
3 Durham County and the City of Durham to meet provisions of Chapter 969 of the 1985  
4 Session Laws, shall act as a tourism development authority, which is a public authority  
5 under the Local Government Budget and Fiscal Control Act."

6 **SECTION 7.** Section 10(b) of S.L. 2001-480 reads as rewritten:

7 "**SECTION 10.(b)** ~~From March 1, 2002, through June 30, 2004, the~~The members  
8 of the board of directors of the Durham Convention and Visitors Bureau and the  
9 members of the advisory board of the Durham Convention and Visitors Bureau shall  
10 together be ex-officio the board of directors of the Authority.Durham Convention and  
11 Visitors Bureau. The transition to a board membership which meets the criteria  
12 established in Section 10.(c) of this act shall be completed prior to July 1, 2004."

13 **SECTION 8.** Section 10(c) of S.L. 2001-480 reads as rewritten:

14 "**SECTION 10.(c)** ~~Beginning July 1, 2004, the~~The membership of the Durham  
15 Tourism Development Authorityboard of directors of the Durham Convention and  
16 Visitors Bureau shall be as specified in an interlocal cooperation agreement between  
17 Durham County and the City of Durham. The agreement shall provide for the number of  
18 members, terms of office, who shall appoint the membership, and such other provisions  
19 as may reasonably be necessary. The interlocal agreement must be entered into prior to  
20 May 1, 2002, but may thereafter be amended as provided by its terms.

21 At least three-fourths of the membership of the Durham Tourism Development  
22 AuthorityDurham Convention and Visitors Bureau must be, at the time of appointment,  
23 active in the promotion of travel, tourism, or conventions in Durham County. One-third  
24 of the membership must be affiliated with organizations that collect the tax imposed by  
25 Section 6 of this act. If the interlocal cooperation agreement is terminated, the directors  
26 of the Durham Convention and Visitors Bureau shall continue to serve until the  
27 appointment of their successors pursuant to further action by the City of Durham and  
28 the County of Durham or by the General Assembly."

29 **SECTION 9.** Section 10(d) of S.L. 2001-480 reads as rewritten:

30 "**SECTION 10.(d)** Duties. – The AuthorityDurham Convention and Visitors  
31 Bureau shall expend the net proceeds of the taxes levied under Section 6 of this act only  
32 for the purposes provided in this act. The AuthorityBureau shall promote travel,  
33 tourism, and conventions in the county."

34 **SECTION 10.** Section 10(e) of S.L. 2001-480 reads as rewritten:

35 "**SECTION 10.(e)** Reports. – The Authority shall report quarterly and at the close  
36 of the fiscal year to the county board of commissioners on its receipts and expenditures  
37 for the preceding quarter and for the year in such detail as the board may  
38 require.Durham Convention and Visitors Bureau shall file a copy of its audit report with  
39 the Durham County Board of Commissioners and the Durham City Council following  
40 the close of each fiscal year."

41 **SECTION 11.** This act is effective when it becomes law.