

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE BILL 282
Finance Committee Substitute Adopted 7/12/07

Short Title: Amend Chatham County Occupancy Tax.

(Local)

Sponsors:

Referred to:

February 22, 2007

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE CHATHAM COUNTY TO LEVY AN ADDITIONAL
THREE PERCENT ROOM OCCUPANCY TAX AND TO MAKE OTHER
ADMINISTRATIVE CHANGES.

The General Assembly of North Carolina enacts:

SECTION 1. Part 1 of Chapter 642 of the 1993 Session Laws reads as
rewritten:

"PART 1. CHATHAM OCCUPANCY TAX.

Section 1. ~~Occupancy tax.~~ Tax. (a) ~~Authorization and scope.~~ Scope. – The
Chatham County Board of Commissioners may ~~by resolution, after not less than 10
days' public notice and after a public hearing held pursuant thereto,~~ 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 county 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.

(a1) Additional Tax. – In addition to the tax authorized by subsection (a) of this
section, the Chatham 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 subsection (a) of this section. The levy,
collection, administration, and repeal of the tax authorized by this section and the use of
tax revenue from a tax levied under this subsection shall be in accordance with this Part.
Chatham County may not levy a tax under this subsection unless it also levies the tax
authorized under subsection (a) of this section.

(b) ~~Collection.~~ Every operator of a business subject to the tax levied under this
section shall, on and after the effective date of the levy of the tax, collect the tax. This
tax shall be collected as part of the charge for furnishing a taxable accommodation. The
tax shall be stated and charged separately from the sales records, and shall be paid by

1 the purchaser to the operator of the business as trustee for and on account of the county.
2 The tax shall be added to the sales price and shall be passed on to the purchaser instead
3 of being borne by the operator of the business. The county shall design, print, and
4 furnish to all appropriate businesses and persons in the county the necessary forms for
5 filing returns and instructions to ensure the full collection of the tax. An operator of a
6 business who collects the occupancy tax levied under this section may deduct from the
7 amount remitted to the county a discount equal to the discount the State allows the
8 operator for State sales and use tax.

9 (c) Administration. – A tax levied under this Part shall be levied, administered,
10 collected, and repealed as provided in G.S. 153A-155. The penalties provided in
11 G.S. 153A-155 apply to a tax levied under this Part. The county shall administer a tax
12 levied under this section. A tax levied under this section is due and payable to the
13 county finance officer in monthly installments on or before the fifteenth day of the
14 month following the month in which the tax accrues. Every person, firm, corporation, or
15 association liable for the tax shall, on or before the fifteenth day of each month, prepare
16 and render a return on a form prescribed by the county. The return shall state the total
17 gross receipts derived in the preceding month from rentals upon which the tax is levied.

18 A return filed with the county finance officer under this section is not a public record
19 as defined by G.S. 132-1 and may not be disclosed except as required by law.

20 (d) Penalties. A person, firm, corporation, or association who fails or refuses to
21 file the return or pay the tax required by this section is subject to the civil and criminal
22 penalties set by G.S. 105-236 for failure to pay or file a return for State sales and use
23 taxes. The Chatham County Board of Commissioners has the same authority to waive
24 the penalties for a room occupancy tax that the Secretary of Revenue has to waive the
25 penalties for State sales and use taxes.

26 (e) Distribution and Use of tax revenue. Tax Revenue. – Chatham County shall,
27 on a quarterly basis, remit the net proceeds of the occupancy tax to the Chatham County
28 Tourism Development Authority. The Authority shall use at least two-thirds of the net
29 proceeds of the tax levied under this section funds remitted to it under this subsection to
30 promote travel and tourism in Chatham County and shall use the remainder for
31 tourism-related expenditures. The following definitions apply in this subsection:

32 (1) Net proceeds. – Gross proceeds less the cost to the county of
33 administering and collecting the tax, as determined by the finance
34 officer, not to exceed seven percent (7%) of the gross proceeds, three
35 percent (3%) of the first five hundred thousand dollars (\$500,000) of
36 gross proceeds collected each year and one percent (1%) of the
37 remaining gross proceeds collected each year.

38 (2) Promote travel and tourism. – To advertise or market an area or
39 activity, publish and distribute pamphlets and other materials, conduct
40 market research, or engage in similar promotional activities that attract
41 tourists or business travelers to the area. The term includes
42 administrative expenses incurred in engaging in the listed activities.

43 (3) Tourism-related expenditures. – Expenditures ~~that~~ that, in the
44 judgment of the county Tourism Development Authority, are designed

1 to increase the use of lodging facilities, meeting facilities, or
2 convention facilities in the county or to attract tourists or business
3 travelers to the county. The term includes tourism-related capital
4 expenditures, ~~expenditures to construct, maintain, operate, or market a~~
5 ~~convention or meeting facility, a visitors' center, or a coliseum; and~~
6 ~~other expenditures that, in the judgment of the board of~~
7 ~~commissioners, will facilitate and promote tourism.~~

8 (f) ~~Effective date of levy. A tax levied under this section shall become effective~~
9 ~~on the date specified in the resolution levying the tax. That date must be the first day of~~
10 ~~a calendar month, however, and may not be earlier than the first day of the second~~
11 ~~month after the date the resolution is adopted.~~

12 (g) ~~Repeal. A tax levied under this section may be repealed by a resolution~~
13 ~~adopted by the Chatham County Board of Commissioners. Repeal of a tax levied under~~
14 ~~this section shall become effective on the first day of a month and may not become~~
15 ~~effective until the end of the fiscal year in which the repeal resolution was adopted.~~
16 ~~Repeal of a tax levied under this section does not affect a liability for a tax that was~~
17 ~~attached before the effective date of the repeal, nor does it affect a right to a refund of a~~
18 ~~tax that accrued before the effective date of the repeal.~~

19 "**Section 1.1. Chatham County Tourism Development Authority.** – (a) Appointment
20 and Membership. – When the Chatham County Board of Commissioners adopts a
21 resolution levying a room occupancy tax under this Part, it shall also adopt a resolution
22 creating a county Tourism Development Authority, which shall be a public authority
23 under the Local Government Budget and Fiscal Control Act. The resolution shall
24 provide for the membership of the Authority, including the members' terms of office,
25 and for the filling of vacancies on the Authority. At least one-third of the members must
26 be individuals who are affiliated with businesses that collect the tax in the county, and at
27 least one-half of the members must be individuals who are currently active in the
28 promotion of travel and tourism in the county. The board of commissioners shall
29 designate one member of the Authority as chair and shall determine the compensation,
30 if any, to be paid to members of the Authority.

31 The Authority shall meet at the call of the chair and shall adopt rules of procedure to
32 govern its meetings. The Finance Officer for Chatham County shall be the ex officio
33 finance officer of the Authority.

34 (b) Duties. – The Authority shall expend the net proceeds of the tax levied under
35 this act for the purposes provided in this act. The Authority shall promote travel,
36 tourism, and conventions in the county, sponsor tourist-related events and activities in
37 the county, and finance tourist-related capital projects in the county.

38 (c) Reports. – The Authority shall report quarterly and at the close of the fiscal
39 year to the Chatham County Board of Commissioners on its receipts and expenditures
40 for the preceding quarter and for the year in such detail as the board may require."

41 **SECTION 2.** G.S. 105-153A-155(g) reads as rewritten:

42 "(g) This section applies only to Alleghany, Anson, Brunswick, Buncombe,
43 Cabarrus, Camden, Carteret, Chatham, Chowan, Clay, Craven, Cumberland, Currituck,
44 Dare, Davie, Duplin, Durham, Franklin, Granville, Halifax, Madison, Martin,

1 Montgomery, Nash, New Hanover, New Hanover County District U, Pasquotank,
2 Pender, Person, Randolph, Richmond, Rockingham, Rowan, Scotland, Stanly,
3 Transylvania, Tyrrell, Vance, and Washington Counties, to Watauga County District U,
4 and to the Township of Averasboro in Harnett County."

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