

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 1632

Short Title: Occupancy Tax Review Committee.

(Public)

Sponsors: Representatives Miller; and Bowman.

Referred to: Rules, Appointments and Calendar.

June 8, 1992

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE THAT NEW OCCUPANCY TAX AUTHORIZING
3 LEGISLATION MAY NOT BE ENACTED UNLESS IT IS FIRST ASSESSED BY
4 A JOINT OCCUPANCY TAX REVIEW SUBCOMMITTEE CREATED BY THE
5 GENERAL ASSEMBLY.

6 The General Assembly of North Carolina enacts:

7 Section 1. Chapter 120 of the General Statutes is amended by adding a new
8 Article to read:

9 **"ARTICLE 22.**

10 **"REVIEW OF PROPOSALS TO AUTHORIZE NEW**
11 **LOCAL OCCUPANCY TAXES OR MODIFY THE PURPOSE**
12 **FOR WHICH AN OCCUPANCY TAX MAY BE USED.**

13 **"§ 120-195. Findings and purpose.**

14 The General Assembly finds that the original and long-standing justification for the
15 imposition of local taxes on the occupancy of hotel and motel rooms has been to
16 provide funds for the local promotion of travel and tourism. The General Assembly
17 further finds that in recent years some occupancy taxes have been imposed without
18 being fully dedicated to this purpose.

19 The General Assembly finds that by establishing criteria and procedures for
20 reviewing proposed legislation authorizing a local government to levy an occupancy tax
21 or modifying the purposes for which occupancy tax proceeds may be used, it will be
22 better able to evaluate the new legislation and assure that the tax proceeds will be used
23 for the promotion of travel and tourism in North Carolina. To this end, it is the purpose
24 of this Article to discourage the enactment of new legislation authorizing a local

1 government to levy an occupancy tax or modifying the purposes for which occupancy
2 tax proceeds may be used unless the following criteria are met:

- 3 (1) The occupancy tax proposal explicitly provides that the tax proceeds
4 shall be used only for the promotion of travel and tourism.
- 5 (2) The occupancy tax proposal explicitly provides that the tax proceeds
6 shall be spent under the supervision of a local travel and tourism
7 board, council, or authority. The proposal must set out the method for
8 selecting the members of the entity and must state that the members
9 should have substantial experience in the promotion of travel and
10 tourism. The proposal may provide that a local travel and tourism
11 agency will administer the tax proceeds under the supervision of the
12 board, council, or authority.
- 13 (3) The occupancy tax proposal does not allow a person who collects the
14 tax to deduct a percentage from the amount remitted.

15 **"§ 120-196. Definitions.**

16 The following definitions apply in this Article:

- 17 (1) Assessment report. – A report of the joint committee that evaluates an
18 occupancy tax proposal and determines whether the proposal complies
19 with the criteria set out in G.S. 120-195.
- 20 (2) Joint committee. – The Joint Finance Subcommittee on New
21 Occupancy Tax Legislation.
- 22 (3) Occupancy tax. – A tax, other than a general sales tax, on the gross
23 receipts derived from the rental of transient accommodations.
- 24 (4) Occupancy tax proposal. – Proposed legislation authorizing a local
25 government to levy an occupancy tax or modifying the purposes for
26 which occupancy tax proceeds may be used.
- 27 (5) Promotion of travel and tourism. – Advertising, publications,
28 marketing, market research, and other promotional activities that
29 enhance the travel, tourism, meeting, and convention business in the
30 taxing jurisdiction. The term includes related administrative expenses
31 but does not include expenditures for the purchase or construction of
32 buildings or other capital facilities.

33 **"§ 120-197. Assessment of occupancy tax proposals.**

34 (a) Assessment Report. – An occupancy tax proposal introduced in the General
35 Assembly shall be referred to the joint committee after first reading and is not eligible
36 for further consideration on the floor of either house or before any committee of either
37 house of the General Assembly until the joint committee has prepared and issued an
38 assessment report for the proposal. The report shall state whether the proposal complies
39 with the criteria set out in G.S. 120-195 and shall identify the provisions of the proposal
40 that do not comply. After the assessment report has been issued, the proposal shall be
41 referred for further consideration to the Finance Committee of the house in which it was
42 introduced. A copy of the assessment report shall accompany the legislative proposal at
43 all times in accordance with the rules of the appropriate house. An assessment report

1 that states that a proposal does not comply with the criteria set out in G.S. 120-195 does
2 not bar further consideration of the proposal by either house.

3 (b) Supplementary Assessment Report. – If an amendment or committee
4 substitute to an occupancy tax proposal is introduced that substantially alters the
5 proposal, the proposal shall be rereferred to the joint committee. The joint committee
6 shall prepare and issue a new assessment report on the revised proposal and shall return
7 the proposal and report to the Finance Committee of the house in which it was pending.

8 (c) Duration of Report. – An assessment report is valid only during the
9 legislative biennium in which it was first issued.

10 (d) Records of Reports. – The Committee shall make each assessment report
11 available to any member of the General Assembly who requests it. At least one copy of
12 each assessment report shall be maintained in the Legislative Library for public
13 inspection. An assessment report does not constitute legislative intent.

14 **"§ 120-197. Legislative Committee on New Occupancy Tax Legislation.**

15 The Joint Finance Subcommittee on New Occupancy Tax Legislation is created as a
16 joint subcommittee of the House of Representatives and Senate Committees on Finance.
17 The subcommittee shall consist of six members, three members of the Senate
18 Committee on Finance appointed by the chair of the Senate Committee on Finance and
19 three members of the House Committee on Finance appointed by the chair of the House
20 Committee on Finance. The chairs of the House and Senate Committees on Finance
21 shall each designate one member to serve as cochair. The members shall serve biennial
22 terms; vacancies shall be filled for the unexpired term by the person making the initial
23 appointment. Four members shall constitute a quorum of the Committee."

24 Sec. 2. This act is effective upon ratification.