

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1995**

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**HOUSE BILL 706**

Short Title: Craven Additional Occupancy Tax.

(Local)

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Sponsors: Representative Nichols.

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Referred to: Finance.

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March 30, 1995

**A BILL TO BE ENTITLED**

**AN ACT AUTHORIZING CRAVEN COUNTY TO INCREASE ITS ROOM  
OCCUPANCY TAX FROM THREE PERCENT TO NO MORE THAN SIX  
PERCENT, TO PROVIDE FOR THE USE OF THE PROCEEDS OF THE  
ADDITIONAL TAX, AND TO MODIFY THE EXISTING CRAVEN COUNTY  
ROOM OCCUPANCY TAX.**

The General Assembly of North Carolina enacts:

**PART I.**

**AUTHORIZATION FOR ADDITIONAL CRAVEN COUNTY  
ROOM OCCUPANCY TAX**

Section 1. Levy of Additional Occupancy Tax. (a) Authorization. In addition to the tax authorized by Chapter 980 of the 1983 Session Laws, the Craven County Board of Commissioners may by resolution, after not less than 10 days' public notice and after a public hearing held pursuant thereto, levy an additional room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of accommodations taxable under that Chapter. The levy, collection, administration, and repeal of the tax authorized by this act shall be in accordance with the provisions of Sections 1 through 5 of Chapter 980 of the 1983 Session Laws. Craven County may not levy a tax under this act unless it also levies the tax authorized under Chapter 980 of the 1983 Session Laws.

1 (b) Use of Proceeds of Additional Tax. Craven County shall, on a monthly basis,  
2 remit to the Craven County Tourism Development Authority the net proceeds, as defined  
3 in Section 6 of Chapter 980 of the 1983 Session Laws, of the tax levied under this act.

4 The Authority shall use the proceeds to pay the construction, debt service, and  
5 operations of a convention center. The Authority shall distribute any proceeds not  
6 needed for these purposes as follows:

7 (1) Proceeds collected from a business located in a municipality shall be  
8 distributed to that municipality.

9 (2) Proceeds collected from a business not located in a municipality shall be  
10 distributed to Craven County.

11 Craven County and the municipalities in Craven County shall use the proceeds  
12 distributed to them under this section only to promote tourism and for tourism-related  
13 expenditures as defined in Section 6 of Chapter 980 of the 1983 Session Laws.

14 Sec. 2. Reduction of Tax. The Craven County Board of Commissioners may  
15 adopt a resolution to reduce the tax levied pursuant to Section 1 of this act. Reduction of  
16 the tax shall be subject to the provisions governing repeal of the tax in Section 8 of  
17 Chapter 980 of the 1983 Session Laws.

## 18 PART II.

### 19 MODIFICATIONS TO EXISTING CRAVEN COUNTY

#### 20 ROOM OCCUPANCY TAX

21 Sec. 3. Section 4 of Chapter 980 of the 1983 Session Laws reads as rewritten:

22 "Sec. 4. Administration of Tax. (a) Any tax levied under this act is due and payable  
23 to the county in monthly installments on or before the 15th day of the month following  
24 the month in which the tax accrues. Every person, firm, corporation, or association liable  
25 for the tax shall, on or before the 15th day of each month, prepare and render a return on  
26 a form prescribed by Craven County. The return shall state the total gross receipts  
27 derived in the preceding month from rentals upon which the tax is levied.

28 (b) Any person, firm, corporation, or association ~~failing or refusing to file the~~  
29 ~~return required by this act shall pay a penalty of ten dollars (\$10.00) for each day's~~  
30 ~~omission.~~

31 (c) ~~In case of failure or refusal to file the return or pay the tax for a period of 30~~  
32 ~~days after the time required for filing the return or for paying the tax, there shall be an~~  
33 ~~additional tax, as a penalty, of five percent (5%) of the tax due, in addition to the penalty~~  
34 ~~prescribed in subsection (b), with an additional tax of five percent (5%) for each~~  
35 ~~additional month or fraction thereof until the occupancy tax is paid.~~

36 (d) ~~Any person who willfully attempts in any manner to evade the tax imposed by~~  
37 ~~this act or to make a return or who willfully fails to pay the tax or make and file a return~~  
38 ~~shall, in addition to all other penalties provided by law, be guilty of a misdemeanor and~~  
39 ~~shall be punishable by a fine not to exceed one thousand dollars (\$1,000), imprisonment~~  
40 ~~not to exceed six months, or both. who fails or refuses to file the return required by this~~  
41 act is subject to the civil and criminal penalties set by G.S. 105-236 for failure to pay or  
42 file a return for State sales and use taxes. The board of commissioners has the same

1 authority to waive the penalties for a room occupancy tax that the Secretary of Revenue  
2 has to waive the penalties for State sales and use taxes."

3 Sec. 4. Section 6 of Chapter 980 of the 1983 Session Laws reads as rewritten:

4 "Sec. 6. Disposition of Taxes Collected. (a) Craven County shall remit the net  
5 proceeds of the occupancy tax to the Craven County Tourism Development Authority.  
6 The Authority shall use the net proceeds only to promote travel and tourism in Craven  
7 County and for tourism-related expenditures. The following definitions apply in this  
8 subsection:

9 (1) Net proceeds. – Gross "Net proceeds" means gross proceeds less the cost  
10 to the county of administering and collecting the tax, not to exceed three  
11 percent (3%) of the gross proceeds of the tax. The County Tourism  
12 Development Authority shall allocate the occupancy tax revenue remitted to it  
13 for the following purposes:

14 (2) Promote travel and tourism. – To advertise or market an area or activity,  
15 publish and distribute pamphlets and other materials, conduct market  
16 research, or engage in similar promotional activities that attract tourists  
17 or business travelers to the area; the term includes administrative  
18 expenses incurred in engaging in the listed activities.

19 (3) Tourism-related expenditures. – Expenditures that are designed to  
20 increase the use of lodging facilities in a county or to attract tourists or  
21 business travelers to the county. The term includes expenditures to  
22 construct, maintain, operate, or market a convention center and any of  
23 the following expenditures:

24 (4) Direct advertising costs for visitor promotions, conventions, or tourism,  
25 including outdoor advertising, print media, broadcast media, and  
26 brochures;

27 (2)a. Marketing and promotions expenses, including test market  
28 programs, consultant fees, entertainment, housing expenses,  
29 travel expenses, and registration fees;

30 (3)b. Operating expenses for the Visitor Information Center, including  
31 postage, telephone, supplies, dues, subscriptions, equipment,  
32 rent, and overhead allocation;

33 (4)c. Salaries, benefits, and expenses for Visitor Information Center  
34 personnel; and

35 (5)d. Other expenses that aid and encourage visitor promotions,  
36 conventions, or tourism.

37 ~~Thirty five percent (35%) of the net proceeds in excess of one hundred thousand~~  
38 ~~dollars (\$100,000) remitted to the Authority in a calendar year shall be allocated to the~~  
39 ~~funding of museums, meeting facilities, civic centers, parking facilities, or other projects~~  
40 ~~specifically intended primarily for visitor, tourist, or convention programs, projects, and~~  
41 ~~activities.~~

42 (b) The County Tourism Development Authority may contract with appropriate  
43 organizations or agencies to assist it in carrying out the above purposes."

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**PART III.  
EFFECTIVE DATE**

Sec. 5. This act is effective upon ratification.