

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

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**SENATE BILL 40  
Finance Committee Substitute Adopted 4/2/09  
House Committee Substitute Favorable 4/23/09**

Short Title: Murfreesboro Occupancy Tax.

(Local)

Sponsors:

Referred to:

February 4, 2009

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE THE TOWN OF MURFREESBORO TO LEVY A ROOM  
2 OCCUPANCY TAX, TO MAINTAIN THE CURRENT DISTRIBUTION AND USE OF  
3 THE ROOM AND OCCUPANCY TAX LEVIED BY THE TOWN OF BANNER ELK,  
4 AND TO AUTHORIZE THE TOWN OF SALISBURY TO LEVY A ROOM  
5 OCCUPANCY TAX.  
6

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** Occupancy tax. – (a) Authorization and Scope. – The Town Council  
9 of the Town of Murfreesboro may levy a room occupancy tax of up to three percent (3%) of the  
10 gross receipts derived from the rental of any room, lodging, or accommodation furnished by a  
11 hotel, motel, inn, tourist camp, or similar place within the town that is subject to sales tax  
12 imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local  
13 sales tax. This tax does not apply to accommodations furnished by nonprofit charitable,  
14 educational, or religious organizations when furnished in furtherance of their nonprofit  
15 purpose.

16 **SECTION 1.(b)** Administration. – A tax levied under this section shall be levied,  
17 administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in  
18 G.S. 160A-215 apply to a tax levied under this section.

19 **SECTION 1.(c)** Distribution and Use of Tax Revenue. – The Town of  
20 Murfreesboro shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the  
21 Murfreesboro Tourism Development Authority. The Authority shall use at least two-thirds of  
22 the funds remitted to it under this subsection to promote travel and tourism in the Town of  
23 Murfreesboro and shall use the remainder for tourism-related expenditures.

24 The following definitions apply in this subsection:

- 25 (1) Net proceeds. – Gross proceeds less the cost to the town of administering  
26 and collecting the tax, as determined by the finance officer, not to exceed  
27 three percent (3%) of the first five hundred thousand dollars (\$500,000) of  
28 gross proceeds collected each year and one percent (1%) of the remaining  
29 gross proceeds collected each year.
- 30 (2) Promote travel and tourism. – To advertise or market an area or activity,  
31 publish and distribute pamphlets and other materials, conduct market  
32 research, or engage in similar promotional activities that attract tourists or  
33 business travelers to the area; the term includes administrative expenses  
34 incurred in engaging in the listed activities.
- 35 (3) Tourism-related expenditures. – Expenditures that, in the judgment of the  
36 Murfreesboro Tourism Development Authority, are designed to increase the



1 use of lodging facilities, meeting facilities, or convention facilities in the  
2 town or to attract tourists or business travelers to the town. The term  
3 includes tourism-related capital expenditures.

4 **SECTION 2.** Tourism Development Authority. – (a) Appointment and  
5 Membership. – When the Town Council adopts a resolution levying a room occupancy tax  
6 under this act, it shall also adopt a resolution creating the Murfreesboro Tourism Development  
7 Authority, which shall be a public authority under the Local Government Budget and Fiscal  
8 Control Act. The resolution shall provide for the membership of the Authority, including the  
9 members' terms of office, and for the filling of vacancies on the Authority. At least one-third of  
10 the members shall be individuals who are affiliated with businesses that collect the tax in the  
11 town, and at least one-half of the members shall be individuals who are currently active in the  
12 promotion of travel and tourism in the town. The Town Council shall designate one member of  
13 the Authority as chair and shall determine the compensation, if any, to be paid to members of  
14 the Authority.

15 The Authority shall meet at the call of the chair and shall adopt rules of procedure to  
16 govern its meetings. The finance officer for the Town of Murfreesboro shall be the ex officio  
17 finance officer of the Authority.

18 **SECTION 2.(b)** Duties. – The Authority shall expend the net proceeds of the tax  
19 levied under Section 1 of this act for the purposes provided that section. The Authority shall  
20 promote travel, tourism, and conventions in the town, sponsor tourist-related events and  
21 activities in the town, and finance tourist-related capital projects in the town.

22 **SECTION 2.(c)** Reports. – The Authority shall report quarterly and at the close of  
23 the fiscal year to the Murfreesboro Town Council on its receipts and expenditures for the  
24 preceding quarter and for the year in such detail as the Town Council may require.

25 **SECTION 3.** Section 8 of S.L. 2000-103 is repealed.

26 **SECTION 4.** Occupancy tax. – (a) Authorization and Scope. – The City Council of  
27 the City of Salisbury may levy a room occupancy tax of up to three percent (3%) of the gross  
28 receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel,  
29 motel, inn, tourist camp, or similar place within the city that is subject to sales tax imposed by  
30 the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This  
31 tax does not apply to accommodations furnished by nonprofit charitable, educational, or  
32 religious organizations when furnished in furtherance of their nonprofit purpose.

33 **SECTION 4.(b)** Administration. – A tax levied under this section shall be levied,  
34 administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in  
35 G.S. 160A-215 apply to a tax levied under this section.

36 **SECTION 4.(c)** Distribution and Use of Tax Revenue. – The City of Salisbury  
37 shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Salisbury Tourism  
38 Development Authority. The Authority shall use at least two-thirds of the funds remitted to it  
39 under this subsection to promote travel and tourism in the City of Salisbury and shall use the  
40 remainder for tourism-related expenditures.

41 The following definitions apply in this subsection:

- 42 (1) Net proceeds. – Gross proceeds less the cost to the city of administering and  
43 collecting the tax, as determined by the finance officer, not to exceed three  
44 percent (3%) of the first five hundred thousand dollars (\$500,000) of gross  
45 proceeds collected each year and one percent (1%) of the remaining gross  
46 proceeds collected each year.
- 47 (2) Promote travel and tourism. – To advertise or market an area or activity,  
48 publish and distribute pamphlets and other materials, conduct market  
49 research, or engage in similar promotional activities that attract tourists or  
50 business travelers to the area; the term includes administrative expenses  
51 incurred in engaging in the listed activities.

- 1           (3)     Tourism-related expenditures. – Expenditures that, in the judgment of the  
2           Salisbury Tourism Development Authority, are designed to increase the use  
3           of lodging facilities, meeting facilities, or convention facilities in the city or  
4           to attract tourists or business travelers to the city. The term includes  
5           tourism-related capital expenditures.

6           **SECTION 5.**   Tourism Development Authority. – (a) Appointment and  
7           Membership. – When the City Council adopts a resolution levying a room occupancy tax under  
8           this act, it shall also adopt a resolution creating the Salisbury Tourism Development Authority,  
9           which shall be a public authority under the Local Government Budget and Fiscal Control Act.  
10          The resolution shall provide for the membership of the Authority, including the members' terms  
11          of office, and for the filling of vacancies on the Authority. At least one-third of the members  
12          shall be individuals who are affiliated with businesses that collect the tax in the city, and at  
13          least one-half of the members shall be individuals who are currently active in the promotion of  
14          travel and tourism in the city. The City Council shall designate one member of the Authority as  
15          chair and shall determine the compensation, if any, to be paid to members of the Authority.

16          The Authority shall meet at the call of the chair and shall adopt rules of procedure to  
17          govern its meetings. The finance officer for the City of Salisbury shall be the ex officio finance  
18          officer of the Authority.

19          **SECTION 5.(b)** Duties. – The Authority shall expend the net proceeds of the tax  
20          levied under Section 4 of this act for the purposes provided in that section. The Authority shall  
21          promote travel, tourism, and conventions in the city, sponsor tourist-related events and  
22          activities in the city, and finance tourist-related capital projects in the city.

23          **SECTION 5.(c)** Reports. – The Authority shall report quarterly and at the close of  
24          the fiscal year to the Salisbury City Council on its receipts and expenditures for the preceding  
25          quarter and for the year in such detail as the City Council may require.

26          **SECTION 6.** This act is effective when it becomes law.