

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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HOUSE BILL 232

Short Title: Mitchell County Occupancy Tax Increase. (Local)

Sponsors: Representative Greene.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Local Government, if favorable, Finance, if favorable, Rules, Calendar, and Operations of the House

March 2, 2023

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE MITCHELL COUNTY OCCUPANCY TAX
AUTHORIZATION.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 141 of the 1987 Session Laws, as amended by Section 21(m) of S.L. 2007-527 and Section 1 of S.L. 2022-40, reads as rewritten:

"Section 1. Occupancy tax. (a) Authorization and ~~scope.~~ Scope. – The Mitchell County Board of Commissioners may levy a room occupancy tax of ~~three percent (3%)~~ up to six percent (6%) of the gross receipts derived from the rental of an accommodation 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.

(c) Administration. – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 153A-155. The penalties provided in G.S. 153A-155 apply to a tax levied under this section.

(e) Distribution and use of tax revenue. – Mitchell County shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Mitchell County Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Mitchell County and shall use the remainder for tourism-related expenditures.

The following definitions apply in this subsection:

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



1 county or to attract tourists or business travelers to the county. The term
2 includes tourism-related capital expenditures.

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

13 The Authority shall meet at the call of the chair and shall adopt rules of procedure to govern
14 its meetings. The finance officer of Mitchell County shall be the ex officio finance officer of the
15 Authority.

16 (b) Duties. – The Authority shall expend the net proceeds of the tax levied under this act
17 for the purposes provided in Section 1 of this act. The Authority shall promote travel, tourism,
18 and conventions in Mitchell County, sponsor tourist-related events and activities in the county,
19 and finance tourist-related capital projects in the county.

20 (c) Reports. – The Authority shall report quarterly and at the close of the fiscal year to
21 the board of county commissioners on its receipts and expenditures for the preceding quarter and
22 for the year in such detail as the board may require.

23"

24 **SECTION 2.** This act is effective when it becomes law.