

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

**SESSION LAW 2005-118
HOUSE BILL 544**

**AN ACT TO AMEND THE MADISON COUNTY OCCUPANCY AND TOURISM
DEVELOPMENT TAX.**

The General Assembly of North Carolina enacts:

SECTION 1. Section 1 of Chapter 102 of the 1997 Session Laws reads as rewritten:

~~"Section 1. Occupancy tax. (a) Referendum. The Madison County Board of Commissioners may direct the county board of elections to conduct an advisory referendum on the question of whether a room occupancy tax of up to three percent (3%) will be levied in accordance with this act. The election shall be held on a date jointly agreed upon by the two boards and shall be held in accordance with the procedures of G.S. 163-287.~~

~~The form of the question to be presented on a ballot for a special election concerning the levy of the tax authorized by this act shall be:~~

~~**[] FOR [] AGAINST**~~

~~Tax on rental of lodging at hotels, motels, and similar businesses, at a maximum rate of three percent (3%), to be used to promote travel and tourism and for tourism related expenditures.~~

~~(b) Authorization and scope. If a majority of those voting in a referendum held pursuant to this act vote for the levy of the tax, the Madison County Board of Commissioners may by resolution levy a room occupancy tax as provided in this act. In addition, if the county has not held a referendum, or if five years have passed since the tax was defeated at a referendum, the~~The~~The Madison 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 as provided in this act. The tax authorized by this act may be levied at a rate of up to three percent (3%) and shall apply to~~of~~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 or to a business that offers to rent fewer than five units.~~

~~(b1) In addition to the tax authorized by subsection (b) of this section, the Madison County Board of Commissioners may levy an additional room occupancy tax of up to two percent (2%) of the gross receipts derived from the rental of accommodations taxable under subsection (b) of this section. The levy, collection, administration, and~~

repeal of the tax authorized by this subsection must be in accordance with the provisions of this section. Madison County may not levy a tax under this subsection unless it also levies the tax authorized under subsection (b) of this section.

(c) Administration. ~~Except as otherwise provided in this section, 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.

(d) Distribution and use of tax revenue. Madison County shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Madison 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 Madison County and shall use the remainder for tourism-related expenditures. ~~The administrative expenses of the Authority may not exceed fifteen percent (15%) of the funds remitted to it under this subsection.~~

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 ~~five percent 5% of the gross proceeds. three percent (3%) of the first five hundred thousand dollars (\$500,000) of the gross proceeds collected each year and one percent (1%) of the remaining gross receipts 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 are designed to increase the use of lodging facilities in a county or to attract tourists or business travelers to the county. The term includes expenditures to construct, maintain, operate, or market a convention or meeting facility, a visitors' center, or a coliseum and other expenditures that, in the judgment of the Authority, will facilitate and promote tourism."

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

In the General Assembly read three times and ratified this the 28th day of June, 2005.

s/ Marc Basnight
President Pro Tempore of the Senate

s/ James B. Black
Speaker of the House of Representatives