

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023

H.B. 238  
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH30115-MCxf-77

Short Title: Town of Clayton Occupancy Tax. (Local)

Sponsors: Representative White.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE TOWN OF CLAYTON TO LEVY AN OCCUPANCY TAX.

The General Assembly of North Carolina enacts:

**SECTION 1.** Occupancy tax. – (a) Authorization and Scope. – The Clayton Town Council may levy a room occupancy tax of up to two percent (2%) of the gross receipts derived from the rental of an accommodation within the town 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.

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 – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215.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

**SECTION 1.(c)** Distribution and Use of Tax Revenue. – The Town of Clayton shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Johnston County Tourism Authority created in Chapter 647 of the 1987 Session Laws. The Johnston County Tourism Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in the Town of Clayton and shall use the remainder for tourism-related expenditures in the Town of Clayton. In accordance with the North Carolina Constitution and the United States Constitution, the tax proceeds may be used only for the direct benefit of the Town of Clayton. None of the proceeds may be used to promote travel or tourism in areas within Johnston County that are outside of the Town of Clayton or for tourism-related expenditures in the county that are outside of the Town of Clayton. The net proceeds of the occupancy tax levied under this act shall supplement rather than supplant any proceeds being used in the Town of Clayton derived from the occupancy tax levied by Johnston County pursuant to Chapter 647 of the 1987 Session Laws.

The following definitions apply in this section:

- (1) Net proceeds. – Gross proceeds less the cost to the town 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 Tourism Authority, are designed to increase the use of lodging facilities,



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

4 **SECTION 2.** G.S. 160A-215(g) reads as rewritten:

5 "(g) Applicability. – Subsection (c) of this section applies to all cities that levy an  
6 occupancy tax. To the extent subsection (c) conflicts with any provision of a local act, subsection  
7 (c) supersedes that provision. The remainder of this section applies only to Beech Mountain  
8 District W, to the Cities of Belmont, Conover, Eden, Elizabeth City, Gastonia, Goldsboro,  
9 Greensboro, Hickory, High Point, Jacksonville, Kings Mountain, Lake Santeetlah, Lenoir,  
10 Lexington, Lincolnton, Lowell, Lumberton, Monroe, Mount Airy, Mount Holly, Reidsville,  
11 Roanoke Rapids, Salisbury, Sanford, Shelby, Statesville, Washington, and Wilmington, to the  
12 Towns of Ahoskie, Beech Mountain, Benson, Bermuda Run, Blowing Rock, Boiling Springs,  
13 Boone, Burgaw, Carolina Beach, Carrboro, Clayton, Cooleemee, Cramerton, Dallas, Dobson,  
14 Elkin, Fontana Dam, Franklin, Grover, Hillsborough, Jonesville, Kenly, Kure Beach, Leland,  
15 McAdenville, Mocksville, Mooresville, Murfreesboro, North Topsail Beach, Pembroke, Pilot  
16 Mountain, Ranlo, Robbinsville, Selma, Smithfield, St. Pauls, Swansboro, Troutman, Tryon, West  
17 Jefferson, Wilkesboro, Wrightsville Beach, Yadkinville, Yanceyville, to the municipalities in  
18 Avery and Brunswick Counties, and to Saluda District D."

19 **SECTION 3.** This act is effective when it becomes law.