

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2023**

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**HOUSE BILL 238**  
**Committee Substitute Favorable 3/14/23**

Short Title: Town of Clayton Occupancy Tax.

(Local)

Sponsors:

Referred to:

March 2, 2023

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE TOWN OF CLAYTON TO LEVY AN OCCUPANCY TAX  
IN A TAX DISTRICT COMPRISING THE AREA OF THE TOWN OF CLAYTON  
WITHIN JOHNSTON COUNTY.

The General Assembly of North Carolina enacts:

**SECTION 1.** Clayton District C Created. – Clayton District C is created as a taxing district. Its jurisdiction consists of only that part of the Town of Clayton that is located within Johnston County. Clayton District C is a body politic and corporate and has the power to carry out the provisions of this act. The Clayton Town Council shall serve ex officio as the governing body of the district, and the officers of the town shall serve as the officers of the governing body of the district. A simple majority of the governing body constitutes a quorum, and approval by a majority of those present is sufficient to determine any matter before the governing body, if a quorum is present.

**SECTION 2.** Occupancy tax. – (a) Authorization and Scope. – The governing body of Clayton District C 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 district 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 2.(b)** Administration. – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215 as if Clayton District C were a city. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

**SECTION 2.(c)** Distribution and Use of Tax Revenue. – Clayton District C 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 proceeds remitted to it to promote travel and tourism in Clayton District C and shall use the remainder for tourism-related expenditures in Clayton District C. 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 jurisdiction of Clayton District C. None of the proceeds may be used to promote travel or tourism or for tourism-related expenditures in areas within the Town of Clayton that are outside of the district. The net proceeds of the occupancy tax levied under this act shall supplement rather than supplant any proceeds being used in Clayton District C 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 district of administering and collecting the tax, as determined by the finance officer, not to exceed three



- 1 percent (3%) of the first five hundred thousand dollars (\$500,000) of gross  
2 proceeds collected each year and one percent (1%) of the remaining gross  
3 proceeds collected each year.
- 4 (2) Promote travel and tourism. – To advertise or market an area or activity,  
5 publish and distribute pamphlets and other materials, conduct market research,  
6 or engage in similar promotional activities that attract tourists or business  
7 travelers to the area. The term includes administrative expenses incurred in  
8 engaging in the listed activities.
- 9 (3) Tourism-related expenditures. – Expenditures that, in the judgment of the  
10 Tourism Authority, are designed to increase the use of lodging facilities,  
11 meeting facilities, or convention facilities in the district or to attract tourists  
12 or business travelers to the district. The term includes tourism-related capital  
13 expenditures.

14 **SECTION 3.** G.S. 160A-215(g) reads as rewritten:

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

29 **SECTION 4.** This act is effective when it becomes law.