



NORTH CAROLINA

Department of Transportation



Occupancy Taxes

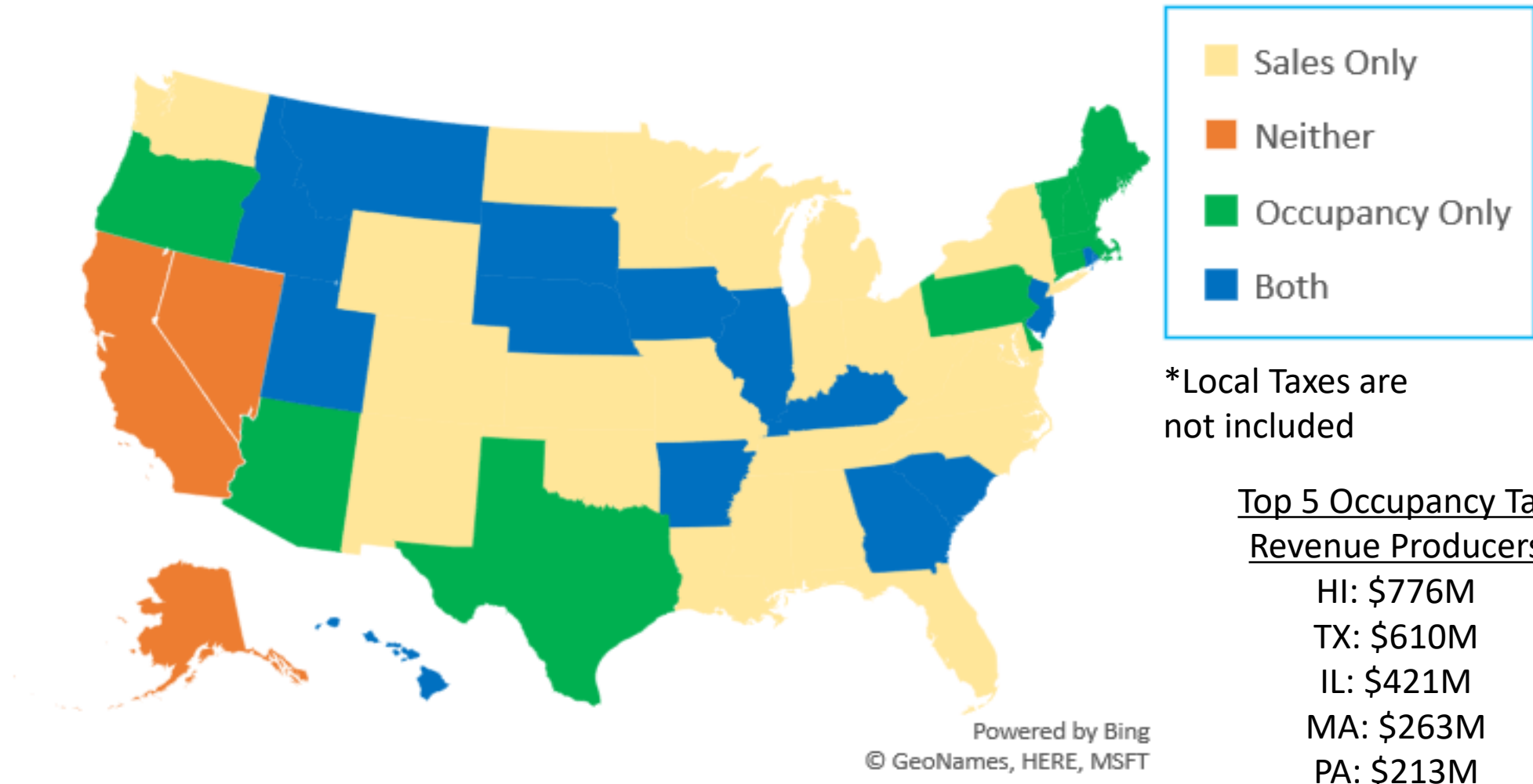
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State Occupancy Taxes

- An occupancy tax is levied on temporary lodging.
- Lodging is taxed through
 - state sales tax
 - county occupancy taxes
 - municipal occupancy taxes
- 25 states charge occupancy tax as %
- Georgia uses \$5 per night rate (dedicated to state transportation department)
- Rates range from 0.32% - 15%

State Sales and Occupancy Taxes



Sales Taxes

- 15 states levy both a sales tax and an occupancy tax
 - Including South Carolina, Georgia, Kentucky, Arkansas
- Occupancy tax rate runs lower in states with sales tax
- NC collects a sales and use tax on gross receipts
 - 4.25% state rate plus applicable local rate (2.5%-3.25%)
 - Revenues from state tax deposited in General Fund
 - Revenues from local tax transferred to local government

NC Occupancy Taxes

- Local governments set rates and collect occupancy tax
 - Requires General Assembly authorization
 - Municipalities and counties authorized to levy tax
 - Of NC's 100 counties:
 - 83 counties authorized to levy tax (used by 81 counties)
 - 9 counties have no county or municipal taxes
 - 8 counties have no county tax but include municipal taxes
 - 99 municipalities levy tax

NC Occupancy Taxes

- Local NC taxes ranges from 1% - 6%
 - Exception: Mecklenburg has 6% plus a separate 2% tax
- Legislation authorizes use of funds for tourism-related expenditures (except for 7 counties granted with broad use of funds)
- Revenue Potential (based on FY2018 collections)
 - 1% County Tax = \$43.6 Million
 - 1% Municipal Tax = \$12.2 Million