

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2013

Legislative Fiscal Note

BILL NUMBER: House Bill 529 (First Edition)

SHORT TITLE: Edgecombe County Occupancy Tax Authorization.

SPONSOR(S): Representative Tolson

| FISCAL IMPACT | | | | | |
|--|---|-------------------------------|--|-------------------------------|-------------------------------|
| | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> No Estimate Available | | |
| Local Impact | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 |
| Revenues: | 194,000 to 388,000 | 206,000 to 413,000 | 219,000 to 437,000 | 229,000 to 458,000 | 238,000 to 475,000 |
| Expenditures: | to | to | to | to | to |
| NET LOCAL IMPACT | \$194,000 to \$388,000 | \$206,000 to \$413,000 | \$219,000 to \$437,000 | \$229,000 to \$458,000 | \$238,000 to \$475,000 |
| PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Edgecombe County Tourism Development Authority | | | | | |
| EFFECTIVE DATE: This act is effective when it becomes law. | | | | | |
| TECHNICAL CONSIDERATIONS: None | | | | | |

BILL SUMMARY:

House Bill 529 would authorize Edgecombe County to levy a room occupancy tax of up to 6 percent. The County would be required to establish a Tourism Development Authority to administer the proceeds. The proceeds must be used as follows: at least two-thirds for tourism promotion and the remainder for tourism-related expenditures.

ASSUMPTIONS AND METHODOLOGY:

According to the North Carolina Department of Commerce, Edgecombe County had 4 businesses reporting under the NAICS Code 7211 – Traveler Accommodations – in 2012. Since there is no data as to the number of rooms available, we have assumed a range of rooms from 50 rooms per establishment to 100 rooms per establishment. The North Carolina Department of Commerce estimates that for 2012, the region of North Carolina that Edgecombe County is located in had a 59% room occupancy rate with a \$75.00 average nightly rate.

The amount of occupancy tax revenue that Edgecombe County could expect to collect for FY2013-14 would range from \$194,000 to \$388,000, estimating between 200 and 400 eligible rooms in the county. The occupancy tax revenue range is reached by the following: (4 eligible locations * 50/100 rooms * 365 days * 59% room occupancy rate * \$75 nightly rate * 6%

occupancy tax rate). The leisure and hospitality portion of North Carolina's gross state product, as forecast by Moody's, was used in growing the estimate.

SOURCES OF DATA: NCGA Research Division's Bill Summary; North Carolina Department of Commerce; Moody's Analytics

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Brian Slivka

APPROVED BY:

Mark Trogon, Director
Fiscal Research Division

DATE: June 17, 2013



Signed Copy Located in the NCGA Principal Clerk's Offices