

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**Session 2015**

**Legislative Fiscal Note**

**BILL NUMBER:** House Bill 490 (First Edition)

**SHORT TITLE:** Sanford Occupancy Tax Authorization.

**SPONSOR(S):** Representatives Salmon and Reives

| <b>FISCAL IMPACT</b>  |   |                             |  |                  |                  |
|---|---|-----------------------------|--|------------------|------------------|
|   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> No Estimate Available |                  |                  |
|   | FY 2015-16                              | FY 2016-17                  | FY 2017-18                                     | FY 2018-19       | FY 2019-20       |
| <b>State Impact</b>   |   |                             |  |                  |                  |
| General Fund Revenues:  |   |                             |  |                  |                  |
| General Fund Expenditures:  |   |                             |  |                  |                  |
| State Positions:  |   |                             |  |                  |                  |
| <b>NET STATE IMPACT</b>   | <b>\$0</b>                              | <b>\$0</b>                  | <b>\$0</b>                                     | <b>\$0</b>       | <b>\$0</b>       |
| <b>Local Impact</b>   |   |                             |  |                  |                  |
| Revenues:   | \$337,100                               | \$349,367                   | \$362,907                                      | \$375,166        | \$385,883        |
| Expenditures:   |   |                             |  |                  |                  |
| <b>NET LOCAL IMPACT</b>   | <b>\$337,100</b>                        | <b>\$349,367</b>            | <b>\$362,907</b>                               | <b>\$375,166</b> | <b>\$385,883</b> |
| <b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> City of Sanford |   |                             |  |                  |                  |
| <b>EFFECTIVE DATE:</b> This act is effective when it becomes law.         |   |                             |  |                  |                  |
| <b>TECHNICAL CONSIDERATIONS:</b><br>None                                  |   |                             |  |                  |                  |

**BILL SUMMARY:**

House Bill 490 authorizes the Sanford City Council to levy a room occupancy tax of up to 3%. It provides that the tax must be levied, administered, collected, and repealed as provided in GS 160A-215 (uniform provisions for room occupancy taxes). The bill requires the Sanford Tourism Development Authority (TDA) to use at least two-thirds of the occupancy tax proceeds to promote travel and tourism in the city and the remainder for tourism-related expenditures. It mandates that at least one-third of the members of the TDA must be affiliated with businesses that collect the tax in the city and at least one-half must be currently active in the city's travel and tourism promotion. The bill also makes conforming changes.

**ASSUMPTIONS AND METHODOLOGY:**

House Bill 490 would authorize the Sanford City Council to levy a room occupancy tax of up to 3%. The City of Sanford reports there are 587 rooms in the city that would be eligible for the room occupancy tax. Using tourism related economic estimates from the North Carolina Department of Commerce, Fiscal Research estimates \$337,100 in occupancy tax revenue in 2015-16. The revenue projected is estimated using the following formula: 587 (Rooms) \* \$86.82 (Average Daily Room Rate) \* 60.4% (Occupancy Rate) \* 365 (Days in the Year) \* 3% (Occupancy Tax Rate). Subsequent years are estimated using the growth rates of the Leisure and Hospitality portion of North Carolina's Gross State Product.

**SOURCES OF DATA:** Moody's Economy.com, North Carolina Department of Commerce

**TECHNICAL CONSIDERATIONS:** None

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**Fiscal Research Division**

**DATE:** June 15, 2015



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