



NORTH CAROLINA GENERAL ASSEMBLY

2023 Session

Legislative Fiscal Note

Short Title: Indian Trail/Stallings Occupancy Tax Auth.
Bill Number: House Bill 213 (First Edition)
Sponsor(s): Rep. Arp and Rep. Willis

SUMMARY TABLE

FISCAL IMPACT OF H.B.213, V.1

| | <u>FY 2023-24</u> | <u>FY 2024-25</u> | <u>FY 2025-26</u> | <u>FY 2026-27</u> | <u>FY 2027-28</u> |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Local Impact | | | | | |
| Local Revenue | | | | | |
| Indian Trail Tourism Development Authority | | | 384,000 | 396,000 | 407,000 |
| Stallings District S Tourism Development Authority | 336,000 | 345,000 | 355,000 | 364,000 | 374,000 |
| Less Local Expenditures | - | - | - | - | - |
| NET LOCAL IMPACT | 336,000 | 345,000 | 739,000 | 760,000 | 781,000 |

FISCAL IMPACT SUMMARY

House Bill 213 would authorize the towns of Indian Trail and Stallings to levy up to a 5% room occupancy tax. At least two-thirds of the proceeds would have to be used for tourism promotion and the remainder for tourism-related expenditures.

FISCAL ANALYSIS

Indian Trail town staff report there is currently no hotel, motel, or inn within town limits that is in operation. However, they report two hotels will begin construction soon, and are expected to be in operation beginning in Fiscal Year 2025-26. Together, the hotels will have 205 rooms. Town staff also report a third hotel is planned, but it is unclear if and when construction will begin; thus, this estimate only includes the two hotels. Using this data and other information on occupancy rates and room costs, Fiscal Research estimates Indian Trail will collect approximately \$384,000 beginning in Fiscal Year 2025-26 at a 5% occupancy tax rate.

Stallings town staff report there are two hotels, motels, or inns within town limits in Union County, which combined provide 236 rooms for rent. Using the number of rooms and data on occupancy rates and average room costs, it is estimated that the town would collect \$336,000 in Fiscal Year 2023-24 room occupancy tax collections at a 5% rate.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

Moody's Analytics; N.C. Department of Commerce; N.C. Restaurant and Lodging Association; Town of Indian Trail; Town of Stallings.

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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Signed copy located in the NCGA Principal Clerk's Offices