

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 685 PCS (First Edition)

SHORT TITLE: Occupancy Tax for Certain Counties

SPONSOR(S):

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available (X)		
	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>
REVENUES					
General Fund		* No General Fund Impact *			
Anson County	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000
Montgomery County		* See Assumptions and Methodology *			
Stanly County		* See Assumptions and Methodology *			
City of Albemarle		* See Assumptions and Methodology *			
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Anson County, Montgomery County, Stanly County, the City of Albemarle, and their associated Tourism Development Authorities.					
EFFECTIVE DATE: When it becomes law.					

BILL SUMMARY: The bill grants the authority to levy a room occupancy tax to Anson County, Montgomery County, and Stanly County. The rate cannot exceed 3% in Anson and Montgomery, while the cap is set at 6% in Stanly. The collection and administration of the tax conforms to the uniform provisions in G.S. 153A-155. The bill also repeals the City of Albemarle’s authority to levy a 5% occupancy tax.

ASSUMPTIONS AND METHODOLOGY: Because the bill impacts only local revenues, no General Fund impact is expected.

Anson County: Currently no occupancy tax is levied in Anson County. However, the County Manager’s Office and the Finance Office indicate that they expect a 3% tax would generate approximately \$26,000 annually. No out year growth is included as no new motels are expected, and the number if facilities currently operating is extremely small.

Stanly County: Currently Stanly County does not levy an occupancy tax. However, the City of Albemarle, which is within Stanly County, is authorized to levy a 5% room tax. The history of those tax collections is as follows:

Fiscal	Revenue	Revenue Per Penny
---------------	----------------	--------------------------

Year		
1994-95	54,855	10,971
1995-96	94,770	18,954
1996-97	114,824	22,965
1997-98	130,684	26,137
1998-99	145,249	29,050
1999-00	141,058	28,212

If this growth trend was continued, and a 6% rate applied, the following revenue could be expected in the Albemarle portion of a countywide occupancy tax:

Fiscal Year	Revenue at 6%
2001-02	228,599
2002-03	249,113
2003-04	269,626
2004-05	290,140
2005-06	310,653

This is the absolutely minimum gain. The actual amount will be greater if there are accommodations outside of Albemarle. However, 5/6 of the revenue from Albemarle must be remitted to the City of Albemarle, with 60% of that amount remaining with the city for tourism related expenditures. The remaining 40% must go to the Stanly TDA. The remaining 1/6 of Albemarle receipts are retained by the county and must be used for tourism related expenditures. Additionally, the proceeds from accommodations in the other municipalities must be forwarded to those municipalities. A portion of those funds must be forwarded to the Stanly TDA, with the balance being retained by the municipality for tourism related expenditures.

Montgomery County: Currently no occupancy taxes are levied in Montgomery County. The county offices have not estimated the impact of the bill, and no additional information is available through federal sources. Therefore no estimate is possible at this time.

City of Albemarle: The City of Albemarle currently levies a 5% room tax. The historic growth and expected future revenues are noted above. While the bill repeals the city's authority to levy a tax, it also requires that 5/6 of the proceeds from the county tax that is raised in Albemarle be forwarded to the city. The city can retain 60% of these monies but must forward the remaining 40% to the Stanly TDA.

FISCAL RESEARCH DIVISION 733-4910

PREPARED BY: Linda Struyk Millsaps

APPROVED BY: James D. Johnson

DATE: July 22, 2001



Signed Copy Located in the NCGA Principal Clerk's Offices