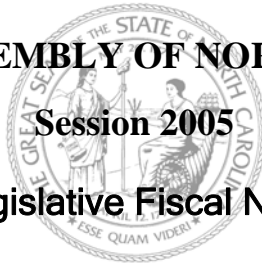


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2005

Legislative Fiscal Note

**BILL NUMBER:** House Bill 2445 (Second Edition)

**SHORT TITLE:** Halifax/Ahoskie Occupancy Tax.

**SPONSOR(S):** Representatives L. Allen and Ed Jones

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<u><b>FY 2006-07</b></u>	<u><b>FY 2007-08</b></u>	<u><b>FY 2008-09</b></u>	<u><b>FY 2009-10</b></u>	<u><b>FY 2010-11</b></u>
<b>REVENUES:</b>					
<b>Town of Ahoskie</b>	<b>\$20,695</b>	<b>\$21,337</b>	<b>\$21,827</b>	<b>\$22,329</b>	<b>\$22,843</b>
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Halifax County, Town of Ahoskie					
<b>EFFECTIVE DATE:</b> Becomes effective when law.					

**BILL SUMMARY:**

HB 2445 amends the Halifax County occupancy tax authorizing legislation to provide that half of the members of the Tourism Development Authority must be active in promotion of travel and tourism in the county, that the county board of commissioners are to designate the chair of the Authority and set the compensation (if any) to be paid to authority members, and that the county finance officer is to serve as the finance officer for the Authority. Requires quarterly reports from Authority to board of county commissioners.

The second edition of the bill authorizes the Town of Ahoskie to levy a room occupancy and tourism development tax of up to 3 percent of the gross receipts from room rentals. The bill provides that the tax must be levied, administered, collected, and repealed as provided in GS 160A-215 (Uniform provisions for room occupancy taxes). Requires the town to adopt a resolution creating a Tourism Development Authority at the time it adopts a resolution levying a room occupancy tax. Directs the Authority to use at least two-thirds of its funds to promote travel and tourism (primarily marketing activity) and the remainder for other tourism-related expenditures (may include tourism-related capital expenditures). Provides that the Authority receive the gross proceeds of the tax minus the cost to the town of administering and collecting the tax (not to exceed 3% of the first \$500,000 of gross proceeds and 1% of the remaining gross receipts collected each year). Mandates that at least one-third of the Authority's members must be affiliated

with businesses that collect the tax in the town and at least one-half must be currently active in town's travel and tourism promotion. Makes other conforming changes  
*Source: Bill Digest H.B. 2445 (05/23/0200).*

**ASSUMPTIONS AND METHODOLOGY:**

**Halifax County**

Section 1 of the bill amends administrative provisions of the existing Halifax County occupancy tax legislation, but does not change the rate of tax and has no fiscal impact.

**Town of Ahoskie**

Section 2 of the bill would allow the Town of Ahoskie to levy a room occupancy tax of 3%. According to the Ahoskie Chamber of Commerce, there are 3 motels in Ahoskie and 1 bed and breakfast. Assuming an average of 20 rooms each for the motels and 3 rooms for the bed and breakfast, an average room rate of \$50 per night and a 60% rate of room occupancy, FRD estimates the 3% occupancy tax would generate \$20,695 per year. Because no historic data is available, the General Consumer Price Index estimated rate of increase is used to estimate future growth in occupancy tax receipts. No development of additional motels or other accommodations is assumed in the estimates of subsequent year revenues.

<b>Fiscal Year</b>	<b>Proposed 3% Tax</b>	<b>Each 1%</b>
<b>2006-07</b>	\$20,695	\$6,898
<b>2007-08</b>	\$21,337	\$7,112
<b>2008-09</b>	\$21,827	\$7,276
<b>2009-10</b>	\$22,329	\$7,443
<b>2010-11</b>	\$22,843	\$7,614

**SOURCES OF DATA:** Town of Ahoskie

**TECHNICAL CONSIDERATIONS:** None

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 Fiscal Research Division

**DATE:** July 17, 2006



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