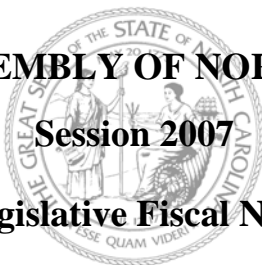


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

BILL NUMBER: House Bill 2156 (Second Edition)

SHORT TITLE: Town of Leland Occupancy Tax.

SPONSOR(S): Representatives Hill and Stiller

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>
REVENUES					
Town of Leland		\$49,000	\$103,000	\$107,000	\$111,000
EXPENDITURES					
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Town of Leland					
EFFECTIVE DATE: This act is effective when it becomes law.					

BILL SUMMARY:

House Bill 2156 authorizes the town council of Leland to levy a room occupancy tax of up to 3%. The bill provides that the tax must be levied, administered, collected, and repealed as provided in GS 160A-215 (uniform provisions for room occupancy taxes). It requires the Town of Leland Tourism Development Authority (TDA) to use at least two-thirds of the occupancy tax proceeds to promote travel and tourism in the town and the remainder for tourism related expenditures. And it mandates that at least one-third of the members of the TDA must be affiliated with businesses that collect the tax in the town and at least one-half must be currently active in the town's travel and tourism promotion. House Bill 2156 amends GS 160A-215(g) (uniform provisions for room occupancy taxes) to add Leland to the list of towns to which that section applies.

ASSUMPTIONS AND METHODOLOGY:

Currently, the town of Leland does not have any qualifying establishments. However, there are two hotels with approximately 250 total rooms that are awaiting building permits. According to Leland's town manager, it is estimated that these hotels will be completed in one and a half years.

Using an estimated average room rate of \$60 and a room occupancy rate of 60%, the 3% occupancy tax for Leland would generate approximately \$49,000 in FY2009-10. That amount assumes the hotels begin operations in January of 2010 and collect six months of occupancy taxes in FY2009-10. The revenues were grown using the leisure and hospitality portion of North Carolina's gross state product as projected by Moody's Economy.com.

SOURCES OF DATA: Town of Leland, Moody's Economy.com

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Brian Slivka

APPROVED BY:

Lynn Muchmore, Director
Fiscal Research Division



DATE: June 23, 2008

Signed Copy Located in the NCGA Principal Clerk's Offices