

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: Senate Bill 80 (First Edition)

SHORT TITLE: Jacksonville Occupancy Tax.

SPONSOR(S): Senator Brown

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
REVENUES	\$782,299	\$819,015	\$881,394	\$937,957	\$974,686
EXPENDITURES					
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: City of Jacksonville					
EFFECTIVE DATE: This act is effective when it becomes law.					

BILL SUMMARY:

Senate Bill 80 authorizes the Jacksonville city council to levy a room occupancy tax up to 3%. It provides the tax must be levied, administered, collected, and repealed as provided in GS 160A-215 (uniform provisions for room occupancy taxes for cities and towns). The bill requires the Jacksonville 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 taxes in the city and at least one-half must be currently active in the city's travel and tourism promotion. Senate Bill 80 makes a technical change and a conforming change to GS 160A-215(g).

ASSUMPTIONS AND METHODOLOGY:

The City of Jacksonville estimates there are 1,596 rooms that would be subject to the proposed 3% local room occupancy tax. According to the North Carolina Division of Tourism, Film and Sports Development, the region Jacksonville is located in has a 57.7% hotel occupancy rate and an average daily room rate of \$77.58.

Using these assumptions, the 3% room occupancy tax would generate \$782,299 (1,596 rooms * 57.7% occupancy rate * 365 days/year * \$77.58 average daily rate * 3% occupancy tax) in FY2009-10. This amount was then grown using the leisure and hospitality portion of North Carolina's gross state product as projected by Moody's Economy.com.

SOURCES OF DATA: City of Jacksonville; North Carolina Division of Tourism, Film and Sports Development; Moody's Economy.com

TECHNICAL CONSIDERATIONS: None

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