

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** H.B. 9 (1st Edition as amended)  
**SHORT TITLE:** Modify Avery County Occupancy Taxes  
**SPONSOR(S):** Rep. Buchanan

**FISCAL IMPACT**

<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available (X)</b>		
		<b>(loss)</b>		
<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>	<b><u>FY 2003-04</u></b>	<b><u>FY 2004-05</u></b>	<b><u>FY 2005-06</u></b>

**REVENUES**

<b>General Fund</b>	<b>* No General Fund Impact *</b>
<b>Avery County</b>	<b>* See Assumptions and Methodology *</b>
<b>Avery Municipalities</b>	<b>* See Assumptions and Methodology *</b>

**PRINCIPAL DEPARTMENT (S) &  
PROGRAM (S) AFFECTED:**

Avery County, Avery County Municipalities.

**EFFECTIVE DATE:** When it becomes law.

**BILL SUMMARY:** The bill repeals Avery County’s authority to levy a room occupancy tax. It also conforms the levy, administration, collection, and repeal provisions of the Beech Mountain occupancy tax to the standards generally used in occupancy tax legislation and outlined in G.S. 160A-215. Finally, it authorizes all the municipalities in Avery County who do not currently have an occupancy tax to levy such a tax. All municipal occupancy tax rates in the county are set at up to 3%. It also sets regulations for the distribution and use of the taxes.

**ASSUMPTIONS AND METHODOLOGY:** In 1998-99 Avery County collected \$149,134 in occupancy taxes, using a 3% rate. Since that time the county has repealed the occupancy tax at the local level. However, they are still authorized by the General Assembly to levy the tax at a rate of up to 3%. Therefore, the bill costs the county the ability to access up to approximately \$150,000 per year should they choose to levy the tax.

Because the language is permissive and allows the municipalities to set a tax rate of up to 3% Fiscal Research cannot provide an accurate assessment of the fiscal impact. However, current data suggests that approximately \$47,000 of the \$149,000 collected in 1998-99 was drawn from Banner Elk. Therefore, it would be reasonable to assume that if all the municipalities in the county levied a tax of 3% the combined revenue in municipalities outside of Banner Elk would

be slightly less than \$102,000 (Countywide minus Banner Elk minus rooms in unincorporated areas). This estimate includes Beech Mountain, which already has occupancy tax authority.

**FISCAL RESEARCH DIVISION 733-4910**

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**DATE:** March 5, 2001



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