

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: House Bill 1942 (Second Edition)

SHORT TITLE: Wilkes County Occupancy Tax.

SPONSOR(S): Representative Randleman

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>
REVENUES					
Wilkes County					
District K	\$98,436	\$101,713	\$106,639	\$110,927	\$114,128
EXPENDITURES					
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Wilkes County District K					
EFFECTIVE DATE: This act is effective when it becomes law.					

BILL SUMMARY:

The Second Edition of House Bill 1942 creates the taxing district of Wilkes County District K (District K), consisting of the part of Wilkes County that is located outside of the incorporated areas of Wilkes County. The bill makes District K a body politic, with the power to carry out the provisions of the act. It directs the Wilkes County Board of Commissioners to serve ex officio as the governing body of the district, and officers of Wilkes County to serve as officers of the governing body of the district.

The bill authorizes the governing body of District K to levy a room occupancy tax of up to 6%. It provides that the tax must be levied, administered, collected, and repealed as provided in GS 153A-155 (uniform provisions for room occupancy taxes), as if District K were a county. The bill requires the Wilkes County District K Tourism Development Authority (TDA) to use at least two-thirds of the occupancy tax proceeds to promote travel and tourism in District K and the remainder for tourism-related expenditures. It emphasizes that the proceeds may be used only for the direct benefit of District K, and may not be used for promotion or expenditures outside of the district.

The bill mandates that at least one-third of the members of the TDA be affiliated with businesses that collect the tax in District K, and at least one-half of the members currently are active in the district's travel and tourism promotion. It makes a conforming change to GS 153A-155(g).

ASSUMPTIONS AND METHODOLOGY:

The Wilkes County Planning Director indicated that approximately six entities in the Wilkes County District K area would be subject to the room occupancy tax. According to their estimates, the total gross receipts for the taxing district would be estimated at \$1.6 million. A 6% room occupancy tax levied on \$1.6 million in gross receipts would yield \$98,436 in occupancy tax collections for FY2010-11. This number was then grown using the leisure and tourism portion of North Carolina's GSP.

SOURCES OF DATA: Wilkes County, Moody's Economy.com

TECHNICAL CONSIDERATIONS: None

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