

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: Senate Bill 1298 (Second Edition)

SHORT TITLE: Various Local Occupancy Taxes.

SPONSOR(S): Senator Walters

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					
Town of Pembroke	\$28,576	\$29,528	\$30,958	\$32,202	\$33,132
Mocksville	\$65,363	\$67,539	\$70,810	\$73,657	\$75,783
Bermuda Run	\$29,912	\$30,908	\$32,405	\$33,708	\$34,680
Cooleemee	\$0	\$0	\$0	\$0	\$0
Montgomery County	\$27,782	\$28,707	\$30,097	\$31,307	\$32,211
Anson County	\$22,516	\$23,265	\$24,392	\$25,373	\$26,105
Dare County	\$1,349,424	\$1,394,349	\$1,461,880	\$1,520,664	\$1,564,546
Wilkes County District K	\$98,436	\$101,713	\$106,639	\$110,927	\$114,128
EXPENDITURES					
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Town of Pembroke; Mocksville; Bermuda Run; Cooleemee; Montgomery County; Anson County; Dare County; Wilkes County District K					
EFFECTIVE DATE: This act is effective when it becomes law.					

BILL SUMMARY:

Senate Bill 1298 (Second Edition) would authorize the Town of Pembroke to levy a room occupancy tax of up to three percent (3%) of the gross receipts collected from the rental of any eligible room. It authorizes the Mocksville Board of Commissioners, the Bermuda Run Town Council, and the Cooleemee Board of Commissioners to levy a room occupancy tax of up to 3% within their respective towns.

The bill would authorize the Montgomery County Board of Commissioners and the Anson County Board of Commissioners to levy an additional room occupancy tax of up to 3%. The bill requires Montgomery County and Anson County to levy the original occupancy tax in order to also levy the additional tax authorized in this act.

Senate Bill 1298 (Second Edition) authorizes Dare County to levy an additional one percent room occupancy tax to be used for beach nourishment. It also 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 authorizes the governing body of District K to levy a room occupancy tax of up to 6%.

The bill provides guidelines regarding the levy, collection, administration, and repeal of these taxes.

ASSUMPTIONS AND METHODOLOGY:

The Town of Pembroke is located in Robeson County. According to the NC Department of Commerce, the average daily room rate for hotels located in this economic region is \$76.81, with a room occupancy rate of 54.8%. Pembroke has only one existing hotel with 62 rooms. Using these assumptions (\$76.81 room * 62 rooms * 54.8% occupancy * 365 days * 3% occupancy tax), the city would collect \$28,576 in occupancy taxes in FY10-11.

According to the Davie Chamber of Commerce, Bermuda Run currently has 81 rooms that would be subject to a room occupancy tax. Cooleemee has no rooms that would be subject. And there are 177 rooms in Mocksville where a room occupancy tax would be levied. According to the NC Department of Commerce, the average daily room rate for hotels located in the Triad economic region, where Davie is located, is \$75.11. The room occupancy rate is estimated at 44.9%. Using these assumptions (\$75.11 room * number of rooms * 44.9% occupancy * 365 days * 3% occupancy tax), Bermuda Run would collect \$29,912 in occupancy taxes in FY2010-11. Cooleemee would collect \$0, as they do not have any eligible rooms. And Mocksville would collect \$65,363 in FY2010-11 based on 177 rooms.

Currently, Montgomery County levies a 3% room occupancy tax. The bill would allow the county to levy an additional 3%, bringing the combined room occupancy tax rate to 6%. According to Montgomery County's Financial Information, as reported by the North Carolina Department of the Treasurer, the county collected \$27,174 in occupancy taxes in calendar year 2009. Adjusting this number for fiscal year data and growth yields an estimated \$27,782 in FY10-11 revenues. Since the bill will double the current tax rate of 3%, this would reflect the increase in revenue.

Anson County currently levies a 3% room occupancy tax. The bill would allow the county to levy an additional 3%, bringing the combined room occupancy tax rate to 6%. According to Anson County's Financial Information, as reported by the North Carolina Department of the Treasurer, the county collected \$21,481 in occupancy taxes in calendar year 2009. Adjusting this number for fiscal year data and growth yields an estimated \$27,782 in FY10-11 revenues. Since the bill will double the current tax rate of 3%, this would reflect the increase in revenue.

Dare County currently levies a 5% room occupancy tax. According to the North Carolina Department of the Treasurer's Office, Dare County occupancy tax collections for 2009 were \$6,709,348. Using this collection data, a 1% increase would yield approximately \$1.35 million in new occupancy tax revenues for FY2010-11.

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.

All of these numbers were grown using the Leisure and Hospitality growth rates from Moody's Economy.com.

SOURCES OF DATA: Davie County Chamber of Commerce; Town of Pembroke; Wilkes County; Moody's Economy.com; NC Department of Commerce; North Carolina Department of the Treasurer

TECHNICAL CONSIDERATIONS: None

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