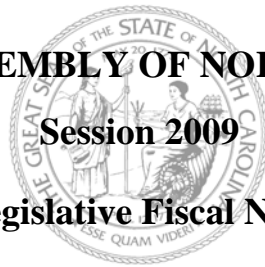


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: House Bill 528 (First Edition)

SHORT TITLE: Omnibus Gaston County Occupancy Tax.

SPONSOR(S): Representative Neumann

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					
City of Lowell	\$0	\$48,330	\$52,011	\$55,348	\$57,516
City of Mount Holly	\$44,534	\$46,624	\$50,175	\$53,395	\$55,486
Town of Cramerton	\$0	\$0	\$0	\$0	\$0
Town of McAdenville	\$0	\$0	\$0	\$0	\$0
Town of Ranlo	\$0	\$0	\$0	\$0	\$0
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: City of Lowell, City of Mount Holly, Town of Cramerton, Town of McAdenville, Town of Ranlo					
EFFECTIVE DATE: Effective when bill becomes law					

BILL SUMMARY:

House Bill 528 authorizes the town councils of Cramerton, McAdenville, and Ranlo and the city councils of Lowell and Mount Holly to levy a room occupancy tax of up to 3%. Provides that the tax must be levied, administered, collected, and repealed as provided in GS 160A-215 (Uniform provisions for room occupancy taxes). Requires the tourism development authority (TDA) of each town or city to use at least two-thirds of the occupancy tax proceeds to promote travel and tourism and the remainder for tourism-related expenditures. Mandates that at least one-third of the members of the TDA be affiliated with businesses that collect tax in the town or city and at least one-half must be currently active in the town or city's travel and tourism promotion. Makes conforming changes to GS 160A-215(g)

Source: Bill Digest H.B. 528 (03/10/0200).

ASSUMPTIONS AND METHODOLOGY:

House Bill 528 authorizes five municipalities in Gaston County (Cramerton, McAdenville, Ranlo, Lowell, and Mount Holly) to levy an occupancy tax of up to 3%. Of these municipalities, only

Mount Holly currently has a hotel. According to the Gaston County Visitor Center, Lowell is expecting a hotel to be built next year. No other hotel openings are expected within this area in the next five years.

The hotel in Mount Holly currently has 82 rooms. These rooms would be subject to the 3% room occupancy tax. According to the North Carolina Division of Tourism, Film and Sports Development, Gaston County has a 59.2% hotel occupancy rate and an average daily room rate of \$83.78.

Using these assumptions, the 3% room occupancy tax would generate \$44,534 (82 rooms * 59.2% hotel occupancy rate * 365 days/year * \$83.78 average daily room rate * 3% occupancy tax) in FY 2009-10 revenue for the City of Mount Holly. 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.

The hotel in Lowell that is expected to open next year will have 85 rooms. Using the same assumptions, the 3% occupancy tax would generate \$48,330 in FY 2010-11 revenue for the City of Lowell. For the municipalities without hotels, there will be no fiscal impact.

SOURCES OF DATA: Gaston County Visitor Center; North Carolina Division of Tourism, Film and Sports Development; Moody's Economy.com

TECHNICAL CONSIDERATIONS: None

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DATE: May 5, 2009



Signed Copy Located in the NCGA Principal Clerk's Offices