

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 1668 (1st Edition)

SHORT TITLE: Modify Southport Occupancy Tax

SPONSOR(S): Rep. Redwine

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>
REVENUES					
General Fund	* No General Fund Impact *				
Southport	17,110	25,929	26,192	26,456	26,719
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: City of Southport.					
EFFECTIVE DATE: When it becomes law.					

BILL SUMMARY: Currently the city of Southport levies a 3% room occupancy tax. This bill authorizes the city to increase its room tax to 5%. It also makes changes to the existing 3% tax to conform to the uniform provisions concerning the levy, administration, collection, and repeal of the tax found in G.S. 160A-215. It also clarifies that two-thirds of the revenue from all of the occupancy taxes must be used to promote travel and tourism, while the remaining one-third is to be used for tourism related expenditures. The legislation also requires that the city create a Tourism Development Authority to promote travel, tourism, and conventions in the city, sponsor tourism related events and activities in the city, finance tourist related capital projects in the city, and expend occupancy tax proceeds in accordance with the above guidelines. The Authority is also required to report quarterly and at the end of the fiscal year on the receipts and expenditures of the occupancy tax revenues.

ASSUMPTIONS AND METHODOLOGY: Currently the City of Southport levies a 3% occupancy tax. This is in addition to the 1% tax levied by Brunswick County. According to documents filed with the North Carolina Department of Revenue, the 3% occupancy tax has resulted in the following revenue stream:

Fiscal Year	Collections	Revenue from 1%
1994-95	35,727	11,909
1995-96	37,320	12,440
1996-97	35,430	11,810
1997-98	32,407	10,802
1998-99	38,907	12,969
1999-00	38,147	12,716

Examining the revenue trend from this six (6) year period suggests the following potential revenue stream for the additional 2% tax:

Fiscal Year	Revenue from 1%	Revenue from 2%
2002-03	12,833	25,665
2003-04	12,964	25,929
2004-05	13,096	26,192
2005-06	13,228	26,456
2006-07	13,360	26,719
2007-08	13,492	26,983

The amount in the fiscal impact box is adjusted to account for the delayed effective date. This note assumes the tax will become effective September 1, 2002.

SOURCES OF DATA: NC Department of Revenue, Tax Research Division.

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Linda Struyk Millsaps

APPROVED BY: James D. Johnson

DATE: July 15, 2002



Signed Copy Located in the NCGA Principal Clerk's Offices