

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

Legislative Fiscal Note

BILL NUMBER: House Bill 1215 (First Edition)

SHORT TITLE: Henderson County Occupancy Tax Changes.

SPONSOR(S): Representative McGrady

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>
REVENUES					
Henderson County	\$222,900	\$236,900	\$249,900	\$261,200	\$270,100
EXPENDITURES					
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Henderson County					
EFFECTIVE DATE: This act is effective when it becomes law.					

BILL SUMMARY:

House Bill 1215 amends SL 1987-172, as amended, to authorize the Henderson County Board of Commissioners to levy an additional room occupancy and tourism development tax of up to 1%. It provides that both the existing and additional tax must be levied, administered, collected, and repealed as provided in GS 153A-155 (uniform provisions for room occupancy taxes). The bill requires the Henderson County Tourism Development Authority (TDA) to use at least two-thirds of the tax proceeds to promote travel and tourism in the county and the remainder for other tourism-related expenditures (may include tourism-related capital expenditures). Also, it mandates that at least one-third of the TDA's members must be affiliated with businesses that collect the tax in the county and at least one-half must be currently active in the county's travel and tourism promotion.

ASSUMPTIONS AND METHODOLOGY:

Henderson County currently has a 5% room occupancy tax. House Bill 1215 would increase the county occupancy tax to 6%. According to the North Carolina Department of State Treasurer Financial Information Report for Henderson County, the 5% occupancy tax brought in \$1,114,954 in revenue for tax year 2011. It's estimated that a one percentage point increase in Henderson County's occupancy tax (to 6%) would yield \$222,900 in additional revenue in FY2012-13. That amount was then grown using the Leisure and Hospitality portion of North Carolina Gross State Product as forecast by Moody's Economy.com

SOURCES OF DATA: North Carolina Department of State Treasurer, Moody's Economy.com

TECHNICAL CONSIDERATIONS: None

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