

**NORTH CAROLINA GENERAL ASSEMBLY  
LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** HB 603  
**SHORT TITLE:** Madison Occupancy Tax  
**SPONSOR(S):** Representative Ramsey, et al.

**FISCAL IMPACT**

**Yes (X)      No ( )      No Estimate Available ( )**

**FY 1997-98   FY 1998-99   FY 1999-00   FY 2000-01   FY 2001-02**

**REVENUES**                      See assumptions and methodology

**PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:**    The County of Madison

**EFFECTIVE DATE:**                      When it becomes law

**BILL SUMMARY:**

The proposed act authorizes Madison County, if approved by the voters of the county, to levy a room occupancy tax of 3% and to create a tourism development board. Seventy five percent of the revenue is to be used to promote travel and tourism. The remaining twenty five percent is to be used for tourism-related expenses. The act set the amount of administrative expenses at 15% of the funds remitted to the authority.

**ASSUMPTIONS AND METHODOLOGY:**

The Department of Health for Madison County reports that 87 rooms are currently for rent by various establishments in the county; several bed and breakfast inns, a motor court, and an alpine court. Using a range of \$35.00 to \$95.00 a night for room lodging and a 3% occupancy tax rate, the expected revenues from an occupancy tax would be \$11,000 to \$30,000 annually. The estimate assumes an occupancy rate of 65% for six months out of the year. If the same rooms were occupied only 50% of the time the expected revenues would range from \$8,000 to \$23,000.

The finance official of the county or city that levies an occupancy tax is responsible for administering the tax.

**FISCAL RESEARCH DIVISION  
733-4910**

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**DATE:** April 9, 1997



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