

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** HB 583 (2<sup>nd</sup> Edition)

**SHORT TITLE:** Modify Nash Occupancy Tax

**SPONSOR(S):**

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>	<b><u>FY 2003-04</u></b>	<b><u>FY 2004-05</u></b>	<b><u>FY 2005-06</u></b>
<b>REVENUES</b>					
<b>General Fund</b>			<b>* No General Fund Impact *</b>		
<b>Nash County</b>			<b>* See Assumptions and Methodology *</b>		
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>	Nash County Government.				
<b>EFFECTIVE DATE:</b>	When it becomes law.				

**BILL SUMMARY:** The bill reduces the authorized Nash County occupancy tax levy from 6% to 5%. It also amends the use of 2% of the tax by requiring that the funds be remitted to Rocky Mount and used for tourism related expenditures. These Rocky Mount expenditures must be approved in advance by the Nash County Tourism Development Authority. Finally, it modifies the composition of the Tourism Development Authority board.

**ASSUMPTIONS AND METHODOLOGY:** Because the bill only impacts local revenues it has no General Fund impact.

While Nash is authorized to levy a 6% tax, county records filed with the Department of Revenue indicate that the tax rate has remained at 3% since at least 1994-95. During that period the 3% revenue has been as follows:

Year	Amount
1994-95	<b>487,580</b>
1995-96	<b>526,487</b>
1996-97	<b>595,293</b>
1997-98	<b>634,356</b>
1998-99	<b>671,645</b>

1999-00	724,084
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The chart below shows the amount of revenue 3% and 1% is expected to generate between 2001-02 and 2005-06.

Year	Amount @ 3%	Amount from each 1%
2001-02	819,624	273,208
2002-03	866,969	288,990
2003-04	914,313	304,771
2004-05	961,658	320,553
2005-06	1,009,002	336,334

If the county were actually reducing the rate by 1%, the loss amounts would reflect the numbers in the right column above. However, unless the county has introduced an increased levy since July 2000, there should be no fiscal impact.

**FISCAL RESEARCH DIVISION 733-4910**

**PREPARED BY:** Linda Struyk Millsaps

**APPROVED BY:** James D. Johnson

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