

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Fiscal Note

BILL NUMBER: House Bill 580 (Third Edition)

SHORT TITLE: Belmont & Troutman Occupancy Tax.

SPONSOR(S): Representative Rayfield

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<u><b>FY 2005-06</b></u>	<u><b>FY 2006-07</b></u>	<u><b>FY 2007-08</b></u>	<u><b>FY 2008-09</b></u>	<u><b>FY 2009-10</b></u>
<b>REVENUES:</b>					
<b>Town of Belmont</b>	<b>\$9,600</b>	<b>\$9,820</b>	<b>\$10,036</b>	<b>\$10,237</b>	<b>\$10,442</b>
<b>Town of Troutman</b>		<b>* See Assumptions and Methodology *</b>			
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Town of Belmont, Town of Troutman					
<b>EFFECTIVE DATE:</b> Becomes effective when law.					

**BILL SUMMARY:**

This bill authorizes the Town of Belmont and the Town of Troutman to levy an occupancy tax. The tax applies to the rental of any room, lodging, or accommodation within the city limits. For both municipalities, the occupancy tax rate is 3% of gross receipts from the rental of accommodations, and two-thirds of the proceeds would be used to promote travel and tourism and one-third would be used for tourism-related expenditures.

**ASSUMPTIONS AND METHODOLOGY:**

**Town of Belmont**

According to the Belmont town manager, there are 3 motels in Belmont with 12-15 rooms each and 1 bed and breakfast. Assuming an average room rate of \$45 per night and a 50% rate of room occupancy, FRD estimates the 3% occupancy tax would generate \$9,600 per year. Because no historic data is available, the General Consumer Price Index estimated rate of increase is used to estimate future growth in occupancy tax receipts. No development of additional motels or other accommodations is assumed in the estimates of subsequent year revenues.

**Town of Troutman**

The Town of Troutman currently has no hotels or motels. Therefore, the fiscal analysis assumes no fiscal impact for the Town of Troutman.

**SOURCES OF DATA:** Town of Belmont, Town of Troutman

**TECHNICAL CONSIDERATIONS:** None

**FISCAL RESEARCH DIVISION:** (919) 733-4910

**PREPARED BY:** Rodney Bizzell

**APPROVED BY:** James D. Johnson, Director  
Fiscal Research Division



**DATE:** June 21, 2005

**Signed Copy Located in the NCGA Principal Clerk's Offices**