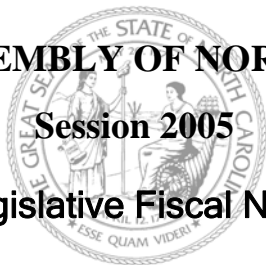


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2005

Legislative Fiscal Note

**BILL NUMBER:** House Bill 1269 (Fourth Edition)

**SHORT TITLE:** Chowan Occupancy Tax Changes.

**SPONSOR(S):** Representative Culpepper

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<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>	<u><b>FY 2010-11</b></u>
<b>REVENUES:</b>					
<b>Chowan County</b>	<b>\$48,176</b>	<b>\$49,622</b>	<b>\$51,110</b>	<b>\$52,644</b>	<b>\$54,223</b>
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Chowan County					
<b>EFFECTIVE DATE:</b> Becomes effective when law.					

**BILL SUMMARY:**

Amends SL 1989-174 to authorize the Chowan County Board of Commissioners to levy an additional room occupancy and tourism development tax of up to 2 percent of the gross receipts from room rentals. Provides that both the existing and additional tax must be levied, administered, collected, and repealed as provided in GS 153A-155 (Uniform provisions for room occupancy taxes). Requires the Authority to use at least two-thirds of its funds to promote travel and tourism (primarily marketing activity) in Chowan County and the remainder for other tourism-related expenditures (may include tourism-related capital expenditures). Provides that the Authority receive the gross proceeds of the two taxes minus the cost to Chowan County of administering and collecting the tax (not to exceed 3 percent of the first \$500,000 of gross proceeds and 1% of the remaining gross receipts collected each year). Mandates that at least one-third of the Authority's members must be affiliated with businesses that collect the tax in the county and at least one-half must be currently active in county's travel and tourism promotion. Makes other conforming changes

*Source: Bill Digest H.B. 1269 (04/19/0200).*

**ASSUMPTIONS AND METHODOLOGY:**

The bill would allow Chowan County to levy an occupancy tax of 2% in addition to the 3% tax that is currently levied. The total rate of tax for Chowan County would be 5%. The table below provides collections data for the existing tax for the last four years.

<b>Fiscal Year</b>	<b>Chowan County 3% (Existing)</b>	<b>Each 1%</b>
<b>2001-02</b>	\$63,757	\$21,252
<b>2002-03</b>	\$62,581	\$20,860
<b>2003-04</b>	\$74,512	\$24,837
<b>2004-05</b>	\$68,117	\$22,705

Extending this trend for the proposed 2% tax suggests the following revenue stream:

<b>Fiscal Year</b>	<b>Proposed 2% Tax</b>	<b>Each 1%</b>
<b>2006-07</b>	\$48,176	\$24,088
<b>2007-08</b>	\$49,622	\$24,811
<b>2008-09</b>	\$51,110	\$25,555
<b>2009-10</b>	\$52,644	\$26,322
<b>2010-11</b>	\$54,223	\$27,112

**SOURCES OF DATA:** NC Department of State Treasurer

**TECHNICAL CONSIDERATIONS:** None

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

**PREPARED BY:** Rodney Bizzell

**APPROVED BY:** Lynn Muchmore, Director  
Fiscal Research Division

**DATE:** July 17, 2006



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