

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**Session 2005**

**Legislative Fiscal Note**

**BILL NUMBER:** Senate Bill 369 (Second Edition)

**SHORT TITLE:** Franklin County Occupancy Tax.

**SPONSOR(S):** Senator Berger of Franklin

<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>General Fund</b>	<b>No General Fund Impact</b>				
<b>Franklin County</b>	<b>\$77,609</b>	<b>\$79,394</b>	<b>\$81,140</b>	<b>\$82,763</b>	<b>\$84,418</b>
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Franklin County					
<b>EFFECTIVE DATE:</b> Becomes effective when law.					

**BILL SUMMARY:**

The Proposed Committee Substitute for Senate Bill 369 would authorize Franklin County to levy a room occupancy tax of 6%. Two-thirds of the proceeds would be used to promote travel and tourism and one-third would be used for tourism-related expenditures. This bill conforms to the guidelines supported by the North Carolina Travel and Tourism Coalition and adhered to by the House Finance Committee.

**ASSUMPTIONS AND METHODOLOGY:**

According to the Franklin County manager, there are four hotels in Franklin County with a total of 116 rooms. An average rate of occupancy of 52% and an average room rate of \$45 are used to calculate an estimated annual revenue of \$75,900. Because no historical data is available, the five-year revenue projection is based on the General Consumer Price Index rate of increase.

	<b>6% Occupancy Tax</b>	<b>Each 1%</b>
<b>FY06</b>	<b>\$77,609</b>	<b>\$12,935</b>
<b>FY07</b>	<b>\$79,394</b>	<b>\$13,232</b>
<b>FY08</b>	<b>\$81,140</b>	<b>\$13,523</b>
<b>FY09</b>	<b>\$82,763</b>	<b>\$13,794</b>
<b>FY10</b>	<b>\$84,418</b>	<b>\$14,070</b>

**SOURCES OF DATA:** Franklin County

**TECHNICAL CONSIDERATIONS:** None

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**DATE:** June 7, 2005

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