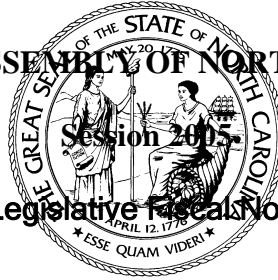


GENERAL ASSEMBLY OF NORTH CAROLINA



Legislative Fiscal Note

BILL NUMBER: Senate Bill 1804 (Second Edition)

SHORT TITLE: Tryon/Boiling Springs Occupancy Tax.

SPONSOR(S): Senator Apodaca

	FISCAL IMPACT				
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>
REVENUES:					
Town of Tryon	\$20,000	\$20,600	\$21,000	\$21,500	\$22,000
Town of Boiling Springs	\$14,700	\$15,100	\$15,400	\$15,700	\$16,000
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Town of Tryon, Town of Boiling Springs					
EFFECTIVE DATE: Becomes effective when law.					

BILL SUMMARY: Senate Bill 1804 authorizes the Towns of Tryon and Boiling Springs to levy a 3% room occupancy tax. 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:

Town of Tryon

The Town of Tryon has three bed and breakfasts and a conference center facility. The town estimates that the 3% occupancy tax would generate approximately \$20,000 annually. The general Consumer Price Index is used to project revenues for future years.

Town of Boiling Springs

According to the Town of Boiling Springs, there is 1 motel in the city limits with approximately 50 rooms. Assuming an average room rate of \$45 per night and a 60% rate of room occupancy, FRD estimates the 3% occupancy tax would generate \$14,700 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.

SOURCES OF DATA: Town of Tryon, Town of Boiling Springs

TECHNICAL CONSIDERATIONS: None

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Fiscal Research Division



DATE: July 10, 2006

Signed Copy Located in the NCGA Principal Clerk's Offices