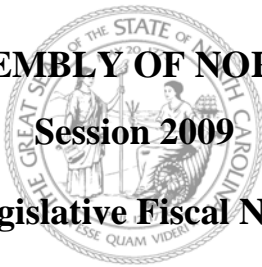


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: House Bill 395 (Second Edition)

SHORT TITLE: Surry County Occupancy Tax.

SPONSOR(S): Representatives McCormick and Stevens

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2009-10</u></b>	<b><u>FY 2010-11</u></b>	<b><u>FY 2011-12</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2013-14</u></b>
<b>REVENUES</b>					
Surry County District S	\$91,044	\$95,317	\$102,577	\$109,160	\$113,434
<b>EXPENDITURES</b>					
<b>POSITIONS (cumulative):</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Surry County District S					
<b>EFFECTIVE DATE:</b> This act is effective when it becomes law.					

**BILL SUMMARY:**

House Bill 395 creates a new taxing district made up of the unincorporated areas within Surry County and authorizes the Surry County Board of Commissioners to levy a room occupancy tax of up to 6% within the district. It provides that the tax must be administered and repealed as provided in GS 153A-155, the uniform occupancy tax provisions for counties and requires the county commissioners, if they adopt a resolution levying the occupancy tax, to create the Surry County District S Tourism Development Authority (TDA). At least one-third of the TDA members must be individuals affiliated with businesses that collect the tax in the district, and at least one-half of the members must be individuals currently active in the promotion of travel and tourism in the district. The bill requires the TDA to use at least two-thirds of the proceeds remitted to it to promote travel and tourism in the Surry County District S and to use the remainder for tourism-related expenditures. It provides that the TDA shall receive the gross proceeds of the tax minus the cost to the town of administering the tax, not to exceed 3% of the first \$500,000 collected annually and 1% of the remaining amount collected annually and makes a corresponding change to GS 153A-155.

**ASSUMPTIONS AND METHODOLOGY:**

The unincorporated areas that would make up Surry County District S currently have 104 total rooms that would be subject to the proposed 6% local room occupancy tax. According to the North Carolina Division of Tourism, Film and Sports Development, the region Surry County District S is located in has a 51.4% hotel occupancy rate and an average daily room rate of \$77.77.

Using these assumptions, the 6% room occupancy tax would generate \$91,044 (104 rooms \* 51.4% occupancy rate \* 365 days/year \* \$77.77 average daily rate \* 6% occupancy tax) in FY2009-10. This amount was then grown using the leisure and hospitality portion of North Carolina's gross state product as projected by Moody's Economy.com.

**SOURCES OF DATA:** Surry County; North Carolina Division of Tourism, Film and Sports Development; Moody's Economy.com

**TECHNICAL CONSIDERATIONS:** None

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

**PREPARED BY:** Brian Slivka

**APPROVED BY:** Marilyn Chism, Director  
Fiscal Research Division



**DATE:** May 5, 2009

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