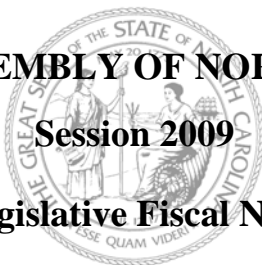


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: House Bill 401 (Second Edition)

SHORT TITLE: Boone Occupancy Tax.

SPONSOR(S): Representative Tarleton

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
REVENUES					
Town of Boone	\$235,498	\$246,550	\$265,329	\$282,356	\$293,413
EXPENDITURES					
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: The Town of Boone					
EFFECTIVE DATE: This act is effective when it becomes law.					

BILL SUMMARY:

House Bill 401 amends SL 1987-170, as amended, to authorize the Boone Town Council to levy an additional room occupancy tax of up to 3%. It provides that the existing and additional tax must be levied, administered, collected, and repealed as provided in GS 160A-215 (uniform provisions for room occupancy taxes) and makes conforming changes. The bill removes the requirement of 10 days' notice and a public hearing before adopting the existing occupancy tax, and it clarifies that the existing occupancy tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations, when furnished in furtherance of their nonprofit purpose.

The bill requires the Boone Tourism Development Authority (TDA) to use at least two-thirds of the proceeds it receives to promote travel and tourism and the remainder for tourism-related expenditures that are recommended by the Boone Town Council and approved by the TDA. It provides that the TDA shall receive the gross proceeds of the two taxes less the cost to the town of administering the tax, which shall not exceed 3% of the gross proceeds and mandates that at least one-third of TDA members must be individuals who are affiliated with businesses that collect the tax in the town, and at least one-half of the members must be individuals who are currently active in the promotion of travel and tourism in the town. The bill deletes language specifying membership of the TDA and makes a conforming change to GS 160A-215.

ASSUMPTIONS AND METHODOLOGY:

The Town of Boone currently has a room occupancy tax rate of 3%. House Bill 401 would authorize the Boone Town Council to levy an additional 3% tax, for a combined 6% local room occupancy tax in the town.

According to the North Carolina Department of the State Treasurer, FY07-08 local occupancy tax collections for the Town of Boone were \$233,825 at the current 3% rate. Assuming that an additional 3% room occupancy tax would raise an equal amount, the FY07-08 collections were grown using North Carolina's leisure and hospitality growth rates as projected by Moody's Economy.com.

SOURCES OF DATA: Moody's Economy.com, North Carolina Department of the State Treasurer

TECHNICAL CONSIDERATIONS: None

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Fiscal Research Division



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Signed Copy Located in the NCGA Principal Clerk's Offices