

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: Senate Bill 339 (First Edition)

SHORT TITLE: Stallings Occupancy Tax.

SPONSOR(S): Senator Goodall

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 Stallings	\$229,910	\$240,701	\$259,034	\$275,657	\$286,451
EXPENDITURES					
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Town of Stallings					
EFFECTIVE DATE: This act is effective when it becomes law.					

BILL SUMMARY:

Senate Bill 339 creates the Stallings District U taxing district, consisting of the part of the Town of Stallings located within Union County, an authorizes the governing body of Stallings District U to levy a room occupancy tax of up to 5%. The bill provides that the tax must be levied, administered, collected, and repealed as provided in GS 160A-215 (uniform provisions for municipality room occupancy taxes). Also, it makes a conforming change to GS 160A-215(g).

The bill requires the Stallings District U Tourism Development Authority (District U Authority) to use at least two-thirds of the occupancy tax proceeds to promote travel and tourism in the district and the remainder for tourism related expenditures. Senate Bill 339 also restricts the use of the proceeds to only for the direct benefit of the jurisdiction of Stallings District U, and prohibits the use of the proceeds to promote travel or tourism in areas within the Town of Stallings that lie outside of District U or for tourism-related expenditures in the town that are outside of District U. It mandates that at least one-third of District U Authority members must be affiliated with businesses that collect the tax in the district and at least one-half must be currently active in the district’s travel and tourism promotion.

ASSUMPTIONS AND METHODOLOGY:

The Town of Stallings currently has two hotels with a total of 254 rooms located in the proposed Stalling District U area. These rooms would be subject to a 5% room occupancy tax. According to the North Carolina Division of Tourism, Film and Sports Development, Union County has a 59.2% hotel occupancy rate and an average daily room rate of \$83.78.

Using these assumptions, the 5% room occupancy tax would generate \$229,910 (254 rooms * 59.2% hotel occupancy rate * 365 days/year * \$83.78 average daily room rate * 5% occupancy tax) in FY2009-10 revenue. 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: Town of Stallings; North Carolina Division of Tourism, Film and Sports Development; Moody's Economy.com

TECHNICAL CONSIDERATIONS: None

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