



NORTH CAROLINA GENERAL ASSEMBLY

2023 Session

Legislative Fiscal Note

Short Title: Avery/Union/Stallings/Indian Trail OT Chngs.
Bill Number: Senate Bill 154 (Second Edition)
Sponsor(s): Sen. Ralph Hise

SUMMARY TABLE

FISCAL IMPACT OF S.B. 154, V.2 (\$ in millions)

	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>
Local Impact					
Local Revenue	2.1	2.2	2.6	2.7	2.7
Less Local Expenditures	-	-	-	-	-
NET LOCAL IMPACT	2.1	2.2	2.6	2.7	2.7

FISCAL IMPACT SUMMARY

Part I of the bill would authorize Avery County to levy up to a 6% room occupancy tax. Part II would allow the town of Indian Trail to levy up to a 5% room occupancy tax. Part III would authorize Stallings District S (consisting of the part of the Town of Stallings that is located within Union County) to levy up to a 1% room occupancy tax. Part IV would authorize Union County to levy up to a 1% room occupancy tax.

At least two-thirds of the proceeds from each of these taxes would have to be used for tourism promotion and the remainder for tourism-related expenditures.

FISCAL ANALYSIS

Avery County. Avery County does not currently levy an occupancy tax. County staff provided Fiscal Research with information from a private consulting firm that studied county vacancies and room rates. FRD adjusted these values for actual and forecasted changes in the leisure and hospitality industry to determine the fiscal impact. Using this information, FRD estimates Avery County would generate approximately \$1.6 million in Fiscal Year 2023-24 room occupancy tax collections at a 6% rate.

Town of Indian Trail. Indian Trail town staff report there is currently no hotel, motel, or inn within town limits that is in operation. However, they report two hotels will begin construction soon, and are expected to be in operation beginning in Fiscal Year 2025-26. Together, the hotels will have 205 rooms. Town staff also report a third hotel is planned, but it is unclear if and when construction will begin; thus, this estimate only includes the two hotels. Using this data and other

information on occupancy rates and room costs, Fiscal Research estimates Indian Trail will collect approximately \$384,000 beginning in Fiscal Year 2025-26 at a 5% occupancy tax rate.

Town of Stallings. Stallings town staff report there are two hotels, motels, or inns within town limits in Union County, which combined provide 236 rooms for rent. Using this number of rooms and data on occupancy rates and average room costs, it is estimated that the town would collect \$336,000 in Fiscal Year 2023-24 room occupancy tax collections at a 5% rate.

Union County. In addition to data from the Department of Commerce, FRD also reviewed current occupancy tax collections for the only municipality within the county currently levying an occupancy tax. Using this data and adjusting for actual and forecasted changes in the leisure and hospitality industry, FRD estimates Union County’s 1% room occupancy tax would generate approximately \$120,000 in revenue for the county in Fiscal Year 2023-24.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

Avery County staff; Moody’s Analytics; N.C. Department of Commerce; N.C. Department of Revenue; Towns of Indian Trail and Stallings.

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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Signed copy located in the NCGA Principal Clerk's Offices