BILL NUMBER: Senate Bill 80 (Third Edition)

SHORT TITLE: Jacksonville Occupancy Tax.

SPONSOR(S): Senator Brown

FISCAL IMPACT

<table>
<thead>
<tr>
<th>FISCAL IMPACT</th>
<th>Yes (X)</th>
<th>No ()</th>
<th>No Estimate Available ()</th>
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<td>FY 2009-10</td>
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<td>FY 2013-14</td>
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REVENUES

City of Jacksonville $782,299 $819,015 $881,394 $937,957 $974,686
City of Mount Holly $46,706 $48,898 $52,623 $56,000 $58,192

EXPENDITURES

POSITIONS (cumulative):

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Cities of Jacksonville and Mount Holly

EFFECTIVE DATE: This act is effective when it becomes law.

BILL SUMMARY:

Senate Bill 80 authorizes the Jacksonville city council to levy a room occupancy tax up to 3%. It provides the tax must be levied, administered, collected, and repealed as provided in GS 160A-215 (uniform provisions for room occupancy taxes for cities and towns). The bill requires the Jacksonville Tourism Development Authority (TDA) to use at least two-thirds of the occupancy tax proceeds to promote travel and tourism in the city and the remainder for tourism-related expenditures. It mandates that at least one-third of the members of the TDA must be affiliated with businesses that collect taxes in the city and at least one-half must be currently active in the city’s travel and tourism promotion. Senate Bill 80 makes a technical change and a conforming change to GS 160A-215(g).

The second edition adds the following cities and towns to those whose city or town council is authorized to levy a room occupancy tax of up to 3% of the gross receipts derived from the rental of accommodations furnished by a motel, hotel, inn, tourist camp, or similar facility within the
respective cities that is subject to sales tax imposed by the state under GS 105-164.4(a)(3): (1) Cramerton, (2) Lowell, (3) McAdenville, (4) Mount Holly, and (5) Ranlo. It provides that the tax must be levied, administered, collected, and repealed as provided in GS 160A-215 (uniform provisions for room occupancy taxes for cities and towns) and requires each city or town to adopt a resolution creating a Tourism Development Authority (Authority) simultaneously with the adoption of a resolution levying the room occupancy tax and provides for the membership of the Authority. Senate Bill 80 requires each Authority to use at least two-thirds of the funds from the tax to promote travel and tourism in the municipality with the remainder used for tourism-related expenditures. It makes conforming changes to GS 160A-215(g) (uniform provisions for room occupancy taxes).

The third edition makes technical changes to proposed amended GS 160A-215(g) and changes the title.

ASSUMPTIONS AND METHODOLOGY:

The City of Jacksonville estimates there are 1,596 rooms that would be subject to the proposed 3% local room occupancy tax. According to the North Carolina Division of Tourism, Film and Sports Development, the region Jacksonville is located in has a 57.7% hotel occupancy rate and an average daily room rate of $77.58.

Using these assumptions, the 3% room occupancy tax would generate $782,299 (1,596 rooms *57.7% occupancy rate * 365 days/year * $77.58 average daily rate * 3% 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.

The Gaston County Department of Tourism estimates there are 86 rooms in the City of Mount Holly that would be subject to the proposed 3% local room occupancy tax. According to the North Carolina Division of Tourism, Film and Sports Development, the region Mount Holly is located in has a 59.2% hotel occupancy rate and an average daily room rate of $83.78.

Using these assumptions, the 3% room occupancy tax would generate $46,706 (86 rooms * 59.2% occupancy rate * 365 days/year * $83.78 average daily rate * 3% 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.

The remaining locales (Cramerton, Lowell, McAdenville and Ranlo) do not currently have any establishments that would be impacted by a room occupancy tax.

SOURCES OF DATA: City of Jacksonville; Gaston County Department of Tourism; North Carolina Division of Tourism, Film and Sports Development; Moody’s Economy.com

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910