

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

BILL NUMBER: House Bill 78 (Second Edition)

SHORT TITLE: Amend Burke County Occupancy Tax.

SPONSOR(S): Representative Church

FISCAL IMPACT					
	Yes (x)	No ( )	No Estimate Available ( )		
	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>
<b>REVENUES:</b>					
Burke County TDA	\$172,340	\$175,959	\$179,654	\$183,607	\$187,830
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Burke County, City of Morganton, Town of Valdese					
<b>EFFECTIVE DATE:</b> Becomes effective when law.					

**BILL SUMMARY:**

House Bill 78 authorizes Burke County to levy an additional 3% room occupancy tax, it requires the establishment of a county tourism development authority, and it modifies the distribution formula.

**ASSUMPTIONS AND METHODOLOGY:**

Burke County currently levies a 3% room occupancy tax. HB 78 would allow the county to levy an additional 3% tax, for a total of 6%. The current 3% Burke County occupancy tax generated \$165,648 in FY 2005-06. Projections for the additional 3% tax are based on current collections and consumer price index increases from Moody's Economy.com.

The bill requires Burke County to convert its Travel and Tourism Board to a Tourism Development Authority (TDA) and to spend the proceeds of the total 6% tax as follows:

- o First 3%. – Two-thirds of the first 3% must be spent to promote travel and tourism and the remainder must be spent on tourism-related expenditures.
- o Remainder. – The remainder must be segregated into three accounts as follows. Two-thirds of the proceeds in each account must be used to promote travel and tourism in each of the named areas and the remainder must be used for tourism-related expenditures in each of the named areas.

- Morganton Account = 45%
- Burke County Account = 30%
- Valdese Account = 25%

<b>Proposed Distribution of Burke County Occupancy Tax</b>					
	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
First 3%	172,340	175,959	179,654	183,607	187,830
Morganton Acct	77,553	79,181	80,844	82,623	84,523
Burke Co. Acct	51,702	52,787	53,896	55,082	56,348
Valdese Acct	43,085	43,989	44,913	45,901	46,957

**SOURCES OF DATA:** NC Department of Revenue, City of Morganton

**TECHNICAL CONSIDERATIONS:** None

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

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Fiscal Research Division

**DATE:** July 17, 2007



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