



NORTH CAROLINA GENERAL ASSEMBLY

2023 Session

Legislative Fiscal Note

Short Title: Wilkes County Occupancy Tax.
Bill Number: House Bill 353 (Second Edition)
Sponsor(s): Rep. Elmore

SUMMARY TABLE

FISCAL IMPACT OF H.B.353, V.1

	<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					
Town of Wilkesboro	(222,000)	(230,000)	(239,000)	(247,000)	(254,000)
Wilkes County	600,000	620,000	640,000	670,000	680,000
District W TDA					
Less Local Expenditures	-	-	-	-	-
NET LOCAL IMPACT	378,000	390,000	401,000	423,000	426,000

Note: TDA stands for Tourism Development Authority.

FISCAL IMPACT SUMMARY

House Bill 353 would repeal the 3% occupancy tax the town of Wilkesboro currently levies in its town limits as well the authorization of a 6% occupancy tax Wilkes County could (but presently does not) levy on the unincorporated areas of the county. The bill would authorize Wilkes County to levy up to a 6% room occupancy tax on both incorporated and unincorporated areas within the county. All occupancy tax revenues would be remitted to the Wilkes County District W TDA. At least two-thirds of the proceeds would have to be used for tourism promotion and the remainder for tourism-related expenditures.

FISCAL ANALYSIS

Fiscal Research used occupancy tax collections by Wilkesboro's Tourism Development Authority and the town in Fiscal Year 2020-21 to estimate the fiscal impact on increasing the rate to 6% for the incorporated areas of the county.

Wilkes County is currently authorized, but does not levy, a 6% occupancy tax on the unincorporated areas in the county. FRD relied on county staff's estimated impact of the currently authorized 6% room occupancy tax to determine the fiscal impact of the bill.

FRD then adjusted these estimates for changes in the leisure and hospitality industry to determine the fiscal impact. FRD estimates the bill will reduce revenues for Wilkesboro by around \$222,000 in Fiscal Year 2023-24. FRD estimates the bill will increase Wilkes County District W's TDA revenues by \$600,000 in Fiscal Year 2023-24.

This results in a net local impact of an additional \$378,000 in Fiscal Year 2023-24, increasing to an additional \$426,000 in Fiscal Year 2027-28.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

Moody's Analytics; N.C. Department of Revenue; Town of Wilkesboro staff; Wilkes County staff.

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.

ESTIMATE PREPARED BY

Brent Lucas

ESTIMATE APPROVED BY

Brian Matteson, Director of Fiscal Research
Fiscal Research Division
April 24, 2023



Signed copy located in the NCGA Principal Clerk's Offices

