

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**Session 2015**

**Legislative Fiscal Note**

**BILL NUMBER:** House Bill 1127 (First Edition)  
**SHORT TITLE:** Sanford Occupancy Tax Authorization.  
**SPONSOR(S):** Representatives Salmon and Reives

<b>FISCAL IMPACT</b>					
(\$ in millions)					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
<b>State Impact</b>					
General Fund Revenues:					
General Fund Expenditures:					
State Positions:					
<b>NET STATE IMPACT</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Local Impact</b>					
Revenues:	\$0.3	\$0.4	\$0.4	\$0.4	\$0.4
Expenditures:					
<b>NET LOCAL IMPACT</b>	<b>\$0.3</b>	<b>\$0.4</b>	<b>\$0.4</b>	<b>\$0.4</b>	<b>\$0.4</b>
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> City of Sanford					
<b>EFFECTIVE DATE:</b> This act is effective when it becomes law.					
<b>TECHNICAL CONSIDERATIONS:</b> None					

**BILL SUMMARY:**

House Bill 1127 authorizes the Sanford City Council to levy a room occupancy tax of up to 3%. It provides that the tax must be levied, administered, collected, and repealed as provided in GS 160A-215 (uniform provisions for room occupancy taxes). The bill requires the Sanford Tourism Development Authority (TDA) to use 100% of the occupancy tax proceeds to promote travel and tourism in the city. It provides provisions for the appointment, membership, and duties of the TDA. The bill requires the TDA to make reports quarterly and at the close of the fiscal year to the Sanford City Council on its receipts and expenditures for the preceding quarter and for the year. Makes conforming changes.

**ASSUMPTIONS AND METHODOLOGY:**

House Bill 1127 would authorize the Sanford City Council to levy a room occupancy tax of up to 3%. The City of Sanford reports there are 587 rooms in the city that would be eligible for the room occupancy tax. Using tourism related economic estimates from the North Carolina Department of Commerce, Fiscal Research estimates \$337,100 in occupancy tax revenue in 2016-17. The revenue projected is estimated using the following formula: 587 (Rooms) \* \$86.82 (Average Daily Room Rate) \* 60.4% (Occupancy Rate) \* 365 (Days in the Year) \* 3% (Occupancy Tax Rate). Subsequent years are estimated using the growth rates of the Leisure and Hospitality portion of North Carolina's Gross State Product. Collections would increase to an estimated \$390,581 by FY 2020-21.

**SOURCES OF DATA:** Moody's Economy.com, North Carolina Department of Commerce; City of Sanford

**TECHNICAL CONSIDERATIONS:** None

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**APPROVED BY:**

Mark Trogon, Director  
**Fiscal Research Division**

**DATE:** May 23, 2016



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