

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 1060 (First Edition)

SHORT TITLE: Town of Franklin Occupancy Tax.

SPONSOR(S): Senator Carpenter

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	(\$)				
	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>
REVENUES					
General Fund	* No General Fund Impact *				
Town of Franklin/TDA	25,000	50,000	50,000	50,000	50,000
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Town of Franklin.					
EFFECTIVE DATE: When it becomes law.					

BILL SUMMARY: The legislation authorizes the Town of Franklin to levy a room occupancy tax of 3%. This is in addition to the 3% room occupancy tax currently levied by the county.

ASSUMPTIONS AND METHODOLOGY: In 2001-02 Macon County raised \$402,606 in occupancy tax revenue. This is at a 3% rate. The Department of Commerce’s web site indicates that as many as eight motels may be located within the town of Franklin, although some of these might be outside town limits. Local Chamber of Commerce officials indicate, based on the proportion of county occupancy taxes raised in the town limits of Franklin, that a 3% Franklin room tax would generate approximately \$50,000 a year. The town will collect the tax, with the net proceeds forwarded to the Franklin Tourism Development Authority. Two-thirds of the proceeds must be used to promote travel and tourism, with the remainder used for tourism related purposes. The first year revenues are discounted to allow time to implement the tax.

SOURCES OF DATA: North Carolina Department of Revenue, North Carolina Department of Commerce, and the Franklin Chamber of Commerce.

FISCAL RESEARCH DIVISION: (919) 733-4910
PREPARED BY: Linda Millsaps



APPROVED BY: James D. Johnson, Director
Fiscal Research Division

DATE: May 23, 2004

Signed Copy Located in the NCGA Principal Clerk's Offices