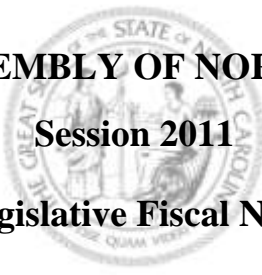


**GENERAL ASSEMBLY OF NORTH CAROLINA**



**Session 2011**

**Legislative Fiscal Note**

**BILL NUMBER:** Senate Bill 269 (First Edition)

**SHORT TITLE:** Hillsborough Occupancy Tax.

**SPONSOR(S):** Senator Kinnaird

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2011-12</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2013-14</u></b>	<b><u>FY 2014-15</u></b>	<b><u>FY 2015-16</u></b>
<b>REVENUES</b>					
<b>Town of Hillsborough</b>	<b>\$46,385</b>	<b>\$49,327</b>	<b>\$52,164</b>	<b>\$54,371</b>	<b>\$56,230</b>
<b>EXPENDITURES</b>					
<b>POSITIONS (cumulative):</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Town of Hillsborough					
<b>EFFECTIVE DATE:</b> This act is effective when it becomes law.					

**BILL SUMMARY:**

Senate Bill 269 authorizes the Town Board of the Town of Hillsborough 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 It provides that the tax must be levied, administered, collected, and repealed as provided in GS 160A-215 (uniform provisions for room occupancy taxes).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 Hillsborough Tourism Development Authority (TDA) to use at least two-thirds of the occupancy tax proceeds to promote travel and tourism in the town and the remainder for tourism-related expenditures. It mandates that at least one-third of the members of the TDA be affiliated with businesses that collect the tax in the town, and at least one-half of the members be currently active in the town's travel and tourism promotion. Senate Bill 269 makes conforming change to GS 160A-215(g).

**ASSUMPTIONS AND METHODOLOGY:**

The Town of Hillsborough currently has 208 rooms that would be subject to the proposed 3% local room occupancy tax. According to the town, Orange County estimates that approximately \$50,000 from the current 3% county occupancy tax is derived from hotel rooms in Hillsborough.

Orange County reported \$935,220 in occupancy tax collections for taxable year 2009. Chapel Hill, the only municipality in Orange County that currently levies a room occupancy tax, reported \$891,857 for collections during that same year. Both Orange County and Chapel Hill levy a 3% occupancy tax. It's assumed that the \$43,363 difference was collected from hotels in the town of Hillsborough. 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.

**SOURCES OF DATA:**

Moody's Economy.com; North Carolina Department of State Treasurer; Town of Hillsborough

**TECHNICAL CONSIDERATIONS:** None

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**APPROVED BY:** Marilyn Chism, Director  
**Fiscal Research Division**

**DATE:** March 14, 2011



**Signed Copy Located in the NCGA Principal Clerk's Offices**