



NORTH CAROLINA GENERAL ASSEMBLY

2025 Session

Fiscal Analysis Memorandum

CONFIDENTIAL

Requestor: Rep. Howard, Rep. Setzer, and Rep. N. Jackson Brent Lucas
Analyst(s): PCS to HB 332-Nash/Rocky Mount District Occupancy Tax
RE: PCS H332-CSSVxfr-17(v3)

SUMMARY TABLE

	FISCAL IMPACT OF PCS TO HB 332				
	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>
Local Impact					
Local Revenue	470,000	475,000	485,000	490,000	500,000
Less Local Expenditures	-	-	-	-	-
NET LOCAL IMPACT	470,000	475,000	485,000	490,000	500,000

FISCAL IMPACT SUMMARY

HB 332 would modify Nash County’s occupancy tax, resulting in the County retaining its current share of revenues and increasing the amount for the city of Rocky Mount.¹ At least two-thirds of the proceeds would have to be used for tourism promotion and the remainder for tourism-related expenditures.

FISCAL ANALYSIS

Nash County currently levies a total 5% occupancy tax; the tax applies to accommodations anywhere in the county, including inside the city limits of Rocky Mount. Revenues from the first 3% are for the county Tourism Development Authority (TDA) and revenues from the remaining 2% are for the City of Rocky Mount.

Nash County

The bill would keep the county’s occupancy tax at 3% and have it still apply to accommodations anywhere in the county, including inside the City of Rocky Mount. For Nash County, the bill has no fiscal impact since it will continue receiving the 3% tax that applies to areas both in and outside city limits.

¹ For Rocky Mount, the city currently receives these funds. The bill changes this to be the Rocky Mount District R Tourism Development Authority. For the purposes of this note, they are treated as the same entity in displaying the fiscal impact of the bill.

Rocky Mount

The bill repeals the 2% tax levied across the county that currently provides revenues to the City of Rocky Mount. The bill establishes a 3% occupancy tax that only applies to accommodations inside the city limits of Rocky Mount located in Nash County. The proceeds from this 3% tax would be deposited with the Rocky Mount District R Tourism Development Authority, that is established in the bill. The bill's repealing of the current 2% tax means the city would lose occupancy tax revenues of about \$950,000 on average, annually. To compute this value, FRD used data on previous current occupancy tax collections from the Department of Revenue.

As mentioned previously, the bill establishes a new 3% occupancy tax that would only apply to accommodations in city limits within Nash County. Since collections from the current tax are from rentals of accommodations county-wide (not just within the city limits), FRD could not use historical levy data to compute the city's tax revenues under the new tax. Instead, FRD used data on annual accommodation sales within the city's limits in Nash County from the N.C. Department of Commerce. These sales figures were then multiplied by the proposed rate of 3%. This results in FRD estimating the new tax would generate approximately \$1.4 million per year, adjusted for growth in the leisure and hospitality industries for the five-year estimate period.

To determine the net fiscal impact, FRD subtracted what Rocky Mount is projected to collect under current law (about \$950,000 per year, on average, when adjusted for growth) from what FRD estimates it would receive under the bill each year (about \$1.4 million).² This results in occupancy tax revenues for Rocky Mount increasing by about \$500,000 each year, on average. The estimated fiscal impact for future years is adjusted based on anticipated changes in the leisure and hospitality industry.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

N.C. Departments of Commerce and Revenue.

FISCAL ANALYSIS MEMORANDUM – PURPOSE AND LIMITATIONS

This document is a fiscal analysis of a bill, draft bill, amendment, committee substitute, or conference committee report that is confidential under Chapter 120 of the General Statutes. 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. This document is not an official fiscal note. If a formal fiscal note is requested, please email your request to the Fiscal Research Division at FiscalNoteRequests@ncleg.net or call (919) 733-4910.

² Projections for future amounts collected under both current law and the proposed bill were adjusted for anticipated changes in the leisure and hospitality industry.