



HOUSE BILL 169: Haywood County Occupancy Tax Mods.

2025-2026 General Assembly

| | | | |
|-----------------------|---|---------------------|---------------------------------|
| Committee: | House Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House | Date: | May 20, 2025 |
| Introduced by: | Rep. Pless | Prepared by: | Trina Griffin Staff Attorney |
| Analysis of: | PCS to First Edition H169-CSSVxfr-3 | | |

OVERVIEW: *The Proposed Committee Substitute for House Bill 169 would increase Haywood County's authority to levy an occupancy tax from 4% to 6%, modify its Tourism Development Authority membership requirements, and make other administrative and technical changes. The bill conforms to the Occupancy Tax Guidelines adhered to by the House Finance Committee.*

CURRENT LAW: Haywood County currently has authority to levy a 4% room occupancy tax. The net proceeds of the total tax are remitted to the Haywood County Tourism Development Authority. However, the Authority must segregate the proceeds from 1% of the tax into separate accounts designated by zip code and based on the four towns from which they are collected, that being Canton, Clyde, Lake Junaluska, Maggie Valley, and Waynesville. The Authority must use the proceeds from these accounts in those areas consistent with the use ratio required under the Guidelines (at least two-thirds for tourism promotion; the remainder for tourism-related expenditures).

BILL ANALYSIS: The PCS would do the following:

- Increase from 4% to 6% Haywood County's authority to levy a room occupancy tax.
- Eliminate the requirement that the Authority maintain separate accounts for a portion of the proceeds and expend those proceeds specifically within the towns.
- Limit the Authority's ability to spend funds on tourism promotion to no more than two-thirds of the funds. Under current law, the Authority could spend all of the proceeds on tourism promotion.
- Decrease the TDA Board from 15 to 8 members and modify the membership as follows:

| Type of Member | Current Law | Proposed in H169 |
|--|-------------|--|
| Own or operate accommodations with more than 20 rental units | 3 | 2 <ul style="list-style-type: none"> • 1 from either Maggie Valley or Waynesville • 1 from Canton, Clyde or Lake Junaluska |
| Own or operate accommodations with 20 or fewer rental units | 3 | 2 <ul style="list-style-type: none"> • 1 from either Maggie Valley or Waynesville • 1 from Canton, Clyde or Lake Junaluska |

Kara McCraw
Director



* H 1 6 9 - S M S V - 3 8 C S S V X F R - 3 - V - 2 *

Legislative Analysis
Division
919-733-2578

House 169 PCS

| | | |
|---|---|--|
| Own or operate a tourism-related business | 2 | 2 <ul style="list-style-type: none"> • 1 from either Maggie Valley or Waynesville • 1 from Canton, Clyde or Lake Junaluska |
| At-large members | 4 (individuals recommended from each of the 4 towns) | 1 (a member of the board of commissioners) |
| Ex officio, nonvoting members | 3 <ul style="list-style-type: none"> • A member from Board of Commissioners • County finance officer • Executive Director of Economic Development Commission | 1 County finance officer |

EFFECTIVE DATE: This bill would become effective when it becomes law.

BACKGROUND: In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax,¹ which provide uniformity among counties and cities with respect to the levy, administration, collection, repeal, and imposition of penalties. In 1993, the House Finance Committee established the Occupancy Tax Guidelines, which address the rate of tax, the use of the tax proceeds, the administration of the tax, and the body with authority to determine how the proceeds will be spent. A summary of these provisions is detailed in the chart below.

| UNIFORM OCCUPANCY TAX PROVISIONS |
|---|
| Rate – The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%. |
| Use – Two-thirds of the proceeds must be used to promote travel and tourism, and the remainder must be used for tourism-related expenditures. |
| Definitions The terms "net proceeds", "promote travel and tourism", and "tourism-related expenditures" are defined terms. |
| Administration – The net revenues must be administered by a local tourism development authority that has the authority to determine how the tax proceeds will be used, is created by a local ordinance, and at least 1/2 of the members must be currently active in the promotion of travel and tourism in the county and 1/3 of the members must be affiliated with organizations that collect the tax. |
| Costs of Collection – The taxing authority may retain from the revenues its actual costs of collection, not to exceed 3% of the first \$500,000 collected each year plus 1% of the remainder collected each year. |

¹ G.S. 153A-155 and G.S. 160A-215.