



# HOUSE BILL 169: Haywood/Cherokee/Leland Occ. Tax. Mods.

2025-2026 General Assembly

<b>Committee:</b> Senate Rules and Operations of the Senate	<b>Date:</b> June 24, 2026
<b>Introduced by:</b> Rep. Pless	<b>Prepared by:</b> Nicholas Giddings
<b>Analysis of:</b> Fourth Edition	Staff Attorney

### OVERVIEW: House Bill 169 would do the following:

- 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.
- Modify the membership of the Cherokee County Tourism Development Authority and limit the length of time a member could serve.
- Provide the Town of Leland with explicit authorization to use the portion of its occupancy tax proceeds dedicated to tourism-related expenditures to include seasonal ocean rescue and lifeguard services and police and fire overtime pay for festivals and special events that are funded by occupancy tax proceeds.

### PART I. HAYWOOD COUNTY OCCUPANCY TAX CHANGES

**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 five 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 House Finance Guidelines (at least two-thirds for tourism promotion; the remainder for tourism-related expenditures).

### BILL ANALYSIS: Part I of the bill 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
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Own or operate accommodations with more than 20 rental units	3	2 <ul style="list-style-type: none"> <li>• 1 from either Maggie Valley or Waynesville</li> <li>• 1 from Canton, Clyde or Lake Junaluska</li> </ul>
Own or operate accommodations with 20 or fewer rental units	3	2 <ul style="list-style-type: none"> <li>• 1 from either Maggie Valley or Waynesville</li> <li>• 1 from Canton, Clyde or Lake Junaluska</li> </ul>
Own or operate a tourism-related business	2	2 <ul style="list-style-type: none"> <li>• 1 from either Maggie Valley or Waynesville</li> <li>• 1 from Canton, Clyde or Lake Junaluska</li> </ul>
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"> <li>• A member from Board of Commissioners</li> <li>• County finance officer</li> <li>• Executive Director of Economic Development Commission</li> </ul>	1 County finance officer

**EFFECTIVE DATE:** This Part is effective when it becomes law. When the Haywood County Board of Commissioners adopts a resolution levying an increase of the room occupancy tax as authorized under this Part, it shall adopt a resolution modifying the composition of the Haywood County Tourism Development Authority in accordance with this Part.

## PART II. CHEROKEE COUNTY TDA CHANGES

**CURRENT LAW:** The Cherokee County Board of Commissioners currently appoints the membership of the Cherokee County Tourism Development Authority and sets the members' terms of office. At least 1/3 of the members appointed must be individuals who are affiliated with businesses that collect the tax in the county, and at least 1/2 of the members must be individuals who are currently active in the promotion of travel and tourism in the county.

**BILL ANALYSIS:** Part II of the bill would modify the makeup of the Cherokee County Tourism Development Authority by providing that the Authority must consist of seven members, outlining the makeup of those members, and limiting the members' terms of office. The county board of commissioners would still make the appointments and adhere to the current requirement that at least 1/3 of the members be affiliated with businesses that collect the tax in the county and at least 1/2 of the members be active in promoting travel and tourism in the county. However, the appointments must be as follows:

- One must be a member of the county board of commissioners.

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- One must be a nominee of the Town of Murphy who is actively engaged in the promotion of travel and tourism or collection of the tax.
- One must be a nominee of the Town of Andrews who is actively engaged in the promotion of travel and tourism or collection of the tax.
- Four may be anyone actively engaged in the promotion of travel and tourism or collection of the tax.

The members would be limited to two consecutive three-year terms; however, an individual could be appointed to the Authority again after the expiration of their second term as long as at least 12 months have passed since that term ended.

**EFFECTIVE DATE:** The modifications to appointments and term limits of members of the Cherokee County Tourism Development Authority under this Part become incrementally effective upon the expiration of the terms of current members of the Authority and applicable to newly seated members of the Authority thereafter.

## PART III. TOWN OF LELAND OCCUPANCY TAX CHANGES

**CURRENT LAW:** The Town of Leland has the authority to levy a 3% occupancy tax. The net proceeds are remitted to the Leland Tourism Development Authority. The Authority must use at least two-thirds of the funds to promote travel and tourism in the Town of Leland and use the remainder for tourism-related expenditures.

**BILL ANALYSIS:** Part III of the bill would amend the definition of "tourism-related expenditures" in the local act applicable to the Town of Leland to explicitly include use for seasonal ocean rescue and lifeguard services and police and fire overtime pay for festivals and special events that are funded by occupancy tax proceeds.

**EFFECTIVE DATE:** This Part would become effective when it becomes law and would apply to the expenditure of occupancy tax proceeds collected on or after that date.

**BACKGROUND:** In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax,<sup>1</sup> 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
<b>Rate</b> – The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.
<b>Use</b> – Two-thirds of the proceeds must be used to promote travel and tourism, and the remainder must be used for tourism-related expenditures.
<b>Definitions</b> The terms "net proceeds", "promote travel and tourism", and "tourism-related expenditures" are defined terms.

<sup>1</sup> G.S. 153A-155 and G.S. 160A-215.

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**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.

*Trina Griffin, counsel to House Finance, substantially contributed to this summary.*