



# HOUSE BILL 332: Various Occupancy Tax Changes.

2025-2026 General Assembly

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<b>Committee:</b>		<b>Date:</b>	July 1, 2026
<b>Introduced by:</b>	Rep. Chesser	<b>Prepared by:</b>	Trina Griffin
<b>Analysis of:</b>	Third Edition		Staff Attorney

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**OVERVIEW:** *House Bill 332 would do the following:*

- *Repeal 2% of Nash County's current authority to levy a 5% room occupancy tax, create "Rocky Mount District R" as a taxing district consisting of the part of Rocky Mount located in Nash County, and authorize the district to levy a 2% room occupancy tax.*
- *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.*
- *Create a taxing district within Beaufort County comprised of the unincorporated areas of the county outside the City of Washington and authorize that district to levy a room occupancy tax within the district of up to 6%.*
- *Modify the membership of the Cherokee County Tourism Development Authority and limit the length of time a member could serve.*

## PART I. NASH/ROCKY MOUNT OCCUPANCY TAX CHANGES

**CURRENT LAW:** Nash County currently levies a 5% room occupancy tax. The county occupancy tax applies to accommodations located throughout the county, including accommodations located within city limits. Nash County remits the proceeds from the first 3% to the Nash County Tourism Development Authority. The Authority must use at least two-thirds of the proceeds for tourism promotion and the remainder for tourism-related expenditures.

The proceeds from the remaining 2% of the tax are remitted directly to the City of Rocky Mount and may only be used for tourism-related expenditures that have been specifically approved in advance by the Nash County Tourism Development Authority.

Of Nash County's total net proceeds, 60% is used for tourism-related expenditures (1% of the first 3% plus the entirety of the 2%). However, the House Finance Guidelines for Occupancy Tax limit the use for tourism-related expenditures to a maximum of 33%.

The City of Rocky Mount lies in both Nash County and Edgecombe County. Rocky Mount does not currently have the authority to levy an occupancy tax, but Edgecombe County has the authority to levy a 6% occupancy tax.

**BILL ANALYSIS:** Part I of the bill would do the following:

- Repeal 2% of Nash County's 5% authority to levy an occupancy tax, effective October 1, 2026. The bill provides transition language requiring Nash County and Rocky Mount to remit any proceeds of the 2% collected and/or unexpended after the repeal date to the Rocky Mount District

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Tourism Development Authority once it has been created. Nash County would continue to have authority to levy a 3% occupancy tax, and the proceeds would be used in the same manner as under current law.

- Create "Rocky Mount District R" as a taxing district consisting of that part of the City of Rocky Mount located in Nash County and authorize the District to levy a 2% occupancy tax and remit the proceeds to the Rocky Mount District R Tourism Development Authority. The Authority must use at least two-thirds of the funds for tourism promotion and the remainder for tourism-related expenditures. Assuming the tax is enacted, the total occupancy tax rate applicable to accommodations located on the Nash County side of Rocky Mount would remain at 5% under this bill.
- Prohibit elected officials from serving on either Tourism Development Authority.

**EFFECTIVE DATE:** Except as otherwise provided, this Part would become effective when it becomes law.

## PART II. 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 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 House Finance Guidelines (at least two-thirds for tourism promotion; the remainder for tourism-related expenditures).

**BILL ANALYSIS:** Part II 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
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

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		<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 III. BEAUFORT COUNTY DISTRICT B OCCUPANCY TAX

**CURRENT LAW:** Beaufort County does not have authority to levy an occupancy tax, but the City of Washington, which is located within Beaufort, has authority to levy a 6% occupancy tax.

**BILL ANALYSIS:** Part III of the bill would create a special taxing district consisting of that part of Beaufort County located outside of the incorporated area of the City of Washington (Beaufort County District B). The Beaufort County Board of Commissioners would serve ex officio as the governing body for the district and would be authorized to levy a 6% room occupancy tax in the district. The proceeds of the tax must be remitted to the Beaufort County District B Tourism Development Authority, which is to be established upon levy of the tax. The Authority must use at least two-thirds of the funds for tourism promotion and the remainder for tourism-related expenditures.

**EFFECTIVE DATE:** This Part is effective when it becomes law.

### PART IV. 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 IV 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.
- 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.

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- 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.

**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.
<b>Administration</b> – 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.
<b>Costs of Collection</b> – 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.

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