



HOUSE BILL 332: Nash/Rocky Mount District Occupancy Tax.

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. Chesser	Prepared by:	Trina Griffin
Analysis of:	PCS to First Edition H332-CSSVxfr-17		Staff Attorney

OVERVIEW: *The Proposed Committee Substitute for House Bill 332 would 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 3% room occupancy tax. The bill conforms to the Occupancy Tax Guidelines adhered to by the House Finance Committee.*

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 Guidelines 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: The PCS would do the following:

- Repeal 2% of Nash County's 5% authority to levy an occupancy tax, effective July 1, 2025. 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 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 3% 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

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accommodations located on the Nash County side of Rocky Mount would increase from 5% to 6% under this bill.

- Prohibit elected officials from serving on either Tourism Development Authority.

EFFECTIVE DATE: The repeal of Nash County's 2% occupancy tax would become effective July 1, 2025. The remainder would become effective when the act 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.