SENATE BILL 484: Clarify Tourism-Related Expenditures.

2025-2026 General Assembly

Analysis of:	S.L. 2026-15	**Date:**	August 28, 2026
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S.L. 2026-15 (Senate Bill 484) clarifies that when occupancy tax proceeds are authorized to be used for "tourism-related expenditures," those expenditures do not include services ordinarily provided to or that primarily benefit residents, such as the type of services typically funded through a local government's general fund, unless explicitly provided for by local act. This limitation applies to all counties and cities that levy an occupancy tax and prohibits occupancy tax proceeds from being spent on services such as solid waste collection or disposal, water supply, distribution, or treatment, fire protection, law enforcement, public safety services, emergency services, affordable housing, or education, unless explicitly authorized in the local act.

This legislation was in response to *Costanzo v. Currituck County*, a North Carolina Supreme Court case issued on May 22, 2026, in which a group of vacation rental property owners, who collect and remit occupancy taxes, challenged the County's use of funds for public safety services arguing that those services are not "tourism-related expenditures." The Court ultimately ruled in favor of the County, in large part because the local act deferred to the judgment of the Board of Commissioners in determining what constitutes a tourism-related expenditure. Moreover, the Court found the Commissioners' reasoning sound and in good faith because seasonal increases in tourists require additional public safety services and because tourists tend to avoid visiting areas that are not perceived to be safe. This legislation effectively overrules the opinion, at least with respect to Currituck County. However, consistent with the exception for explicit authorization, S.L. 2026-7 modifies Currituck County's local act to explicitly allow it to use a portion of occupancy tax proceeds for certain public safety services.

This act became law June 22, 2026, and applies to the expenditure of occupancy tax proceeds collected on or after that date.

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