GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

SESSION LAW 2026-64
HOUSE BILL 169

AN ACT TO MAKE OCCUPANCY TAX CHANGES FOR HAYWOOD AND CHEROKEE COUNTIES AND FOR THE TOWN OF LELAND.

The General Assembly of North Carolina enacts:

PART I. HAYWOOD COUNTY OCCUPANCY TAX CHANGES

SECTION 1.(a) Part V of Chapter 908 of the 1983 Session Laws, as amended by Chapter 942 of the 1985 Session Laws (Regular Session 1986), Chapter 48 of the 1987 Session Laws, Chapter 540 of the 1995 Session Laws, and S.L. 2007-337, reads as rewritten:

"Part V. Haywood Occupancy Tax.

"Sec. 10. Occupancy Tax. (a) Authorization and Scope. – The Haywood County Board of Commissioners may levy a room occupancy and tourism development tax of ~~two percent (2%)~~ up to six percent (6%) of the gross receipts derived from the rental of ~~any room, lodging, or similar~~ an accommodation ~~furnished by any hotel, motel, inn, tourist camp, or other similar place~~ within the county that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. ~~This tax does not apply to accommodations furnished by nonprofit charitable, educational, benevolent, or religious organizations.~~

"~~Sec. 10.1. Additional One Percent (1%) Occupancy Tax. In addition to the tax authorized by Section 10 of this Part, the Haywood County Board of Commissioners may levy a room occupancy and tourism development tax of one percent (1%) of the gross receipts derived from the rental of accommodations taxable under that section. The levy, collection, administration, and repeal of the tax authorized by this section, and the use of tax revenue from a tax levied under this section, shall be in accordance with this Part. Haywood County may not levy a tax under this section unless it also levies a tax under Section 10 of this Part.~~

"~~Sec. 10.2. Additional One Percent (1%) Occupancy Tax. In addition to the tax authorized by Sections 10 and 10.1 of this Part, the Haywood County Board of Commissioners may levy a room occupancy and tourism development tax of one percent (1%) of the gross receipts derived from the rental of accommodations taxable under Sections 10 and 10.1 of this Part. The levy, collection, administration, and repeal of the tax authorized by this section and the use of tax revenue from a tax levied under this section shall be in accordance with this Part. Haywood County may not levy a tax under this section unless it also levies the tax authorized under Sections 10 and 10.1 of this Part.~~

"Sec. 12. Administration. – A tax levied under this Part shall be levied, administered, collected, and repealed as provided in G.S. 153A-155. The penalties provided in G.S. 153A-155 apply to a tax levied under this Part.

"Sec. 13. Repealed by S.L. 2007-337.

"Sec. 14. Distribution and Use of ~~the First Three Percent Occupancy Tax.~~ Tax Revenue. – Haywood County shall, on a ~~monthly~~ quarterly basis, remit the net proceeds of the room occupancy and tourism development tax ~~levied under Sections 10 and 10.1 of this Part~~ to the Haywood County Tourism Development Authority. The Authority shall use ~~at least~~ two-thirds of the funds ~~remitted to it under this Part~~ to promote travel and tourism in the county and shall

use ~~the remainder~~ one-third of the funds for tourism-related ~~expenditures.~~expenditures in the county.

The following definitions apply in this Part:

(1) Net proceeds. – Gross proceeds less the cost to the county of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars ($500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross receipts collected each year.

(2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area. The term includes administrative expenses incurred in engaging in the listed activities.

(3) Tourism-related expenditures. – Expenditures that, in the judgment of the Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in a county or to attract tourists or business travelers to the county. The term includes tourism-related capital expenditures.

"~~Sec. 14.1. Distribution and Use of the Additional One Percent Occupancy Tax. Haywood County shall, on a monthly basis, remit the net proceeds of the room occupancy and tourism development tax levied under Section 10.2 of this Part to the Haywood County Tourism Development Authority. The Authority must segregate the net proceeds received under this section into five separate accounts based on the collection area from which the proceeds were collected. Net proceeds collected under this section from accommodations located in the 28716 zip code area must be credited to the Canton Area Account. Net proceeds collected under this section from accommodations located in the 28721 zip code area must be credited to the Clyde Area Account. Net proceeds collected under this section from accommodations located in 28745 zip code area must be credited to the Lake Junaluska Area Account. Net proceeds collected under this section from accommodations located in the 28751 zip code area must be credited to the Maggie Valley Area Account. Net proceeds collected under this section from accommodations located in the 28785 and the 28786 zip code areas must be credited to the Waynesville Area Account. Based on recommendations from and in consultation with each of the five collection areas, the Authority shall use at least two-thirds of the funds in each account to promote travel and tourism and the remainder for tourist-related expenditures in each of the collection areas.~~

"Sec. 15. Tourism Development Authority. – (a) Appointment and Membership. – When the Haywood County Board of Commissioners adopts a resolution levying a room occupancy and tourism development tax pursuant to this Part, it shall also adopt a resolution creating the Haywood County Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall provide that the Authority is composed of the following ~~15~~ eight members:

(1) ~~Three~~ Two members who own or operate hotels, motels, or other accommodations with more than 20 rental units. Of these members, one member must be from the 28751, 28785, or 28786 zip code, and one member must be from the 28716, 28721, or 28745 zip code.

(2) ~~Three~~ Two members who own or operate hotels, motels, or other accommodations with 20 or fewer rental units. Of these members, one member must be from the 28751, 28785, or 28786 zip code, and one member must be from the 28716, 28721, or 28745 zip code.

(3) Two members who own or operate a tourism-related business, including, but not limited to, county attractions, resorts, restaurants, gift shops, and concert venues. Of these members, one member must be from the 28751, 28785, or

28786 zip code, and one member must be from the 28716, 28721, or 28745 zip code.

~~(4) Four at-large members who are recommended to the Board of Commissioners by the four municipal governments. Each governing body must submit two names to the Board, and the Board must select from the names submitted.~~

~~(5)~~(4) ~~Three ex officio, nonvoting members as follows:~~

~~a.~~A member of the Haywood County Board of Commissioners.

(5) ~~b. The~~ One ex officio, nonvoting member, who shall be the Haywood County finance officer.

~~c. The Executive Director of the Haywood County Economic Development Commission.~~

All members of the Authority shall be appointed by the Haywood County Board of Commissioners. The resolution shall also provide for the members' terms of office and for the filling of vacancies on the Authority. At least one-third of the members must be individuals affiliated with businesses that collect the tax in the county, and at least one-half of the members must be individuals currently active in the promotion of travel and tourism in the county. ~~The Board of Commissioners shall designate four of its initial appointees to serve a one-year term, four to serve a two-year term, and four to serve a three-year term. Thereafter, all members shall serve three-year terms. All members of the Authority serve at the pleasure of the Board of Commissioners and may be removed by the Board at any time. All members of the Authority shall serve without compensation. Vacancies shall be filled by the Board of Commissioners subject to the qualifications established above for the vacating member. Members appointed to fill vacancies shall serve the remainder of the unexpired term for which they are appointed to fill.~~ The Board shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority.

~~The members of the Tourism Development Authority shall elect from its membership a chair.~~ The Authority shall meet at the call of the chair and shall adopt rules of procedure to govern its meetings. ~~The chair shall only vote to break a tie vote.~~ The finance officer of Haywood County shall ~~serve~~ be the ex officio ~~as accountant for~~ finance officer of the Authority.

(b1) Duties. – The Authority shall expend the net proceeds of the tax levied under this Part for ~~the purposes provided in this Part. The Authority shall promote travel, tourism, and conventions in the county, sponsor tourist-related events and activities in the county, and finance tourist-related capital projects in the county.~~promoting travel and tourism and for tourism-related expenditures as provided in this Part.

(c) Reports. – The Authority shall report quarterly and at the close of the fiscal year to the Board of Commissioners on its receipts and disbursements for the preceding quarter and for the year in such detail as the Board may require."

SECTION 1.(b) 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

SECTION 2.(a) Section 6 of Chapter 1055 of the 1983 Session Laws, as amended by Section 21(e) of S.L. 2007-527, Section 1 of S.L. 2008-33, and Section 28 of S.L. 2009-445, reads as rewritten:

"Sec. 6. Cherokee County Tourism Development Authority. –

(a) Appointment and Membership. – When the Cherokee County Board of Commissioners adopts a resolution levying a room occupancy tax under this act, it shall also adopt a resolution creating a County Tourism Development Authority, which shall be a public authority under the Local Government Budget and Fiscal Control Act. The resolution shall

provide for the membership of the Authority, including the members' terms of office, in accordance with this section, and for the filling of vacancies on the Authority. At least one-third of the members must be individuals who are affiliated with businesses that collect the tax in the county, and at least one-half of the members must be individuals who are currently active in the promotion of travel and tourism in the county. Members of the Authority shall serve for terms of three years, and no member shall serve more than two consecutive full terms unless a minimum of 12 months has elapsed since the expiration of the member's second full term. The board of commissioners shall designate one member of the Authority as chair and shall determine the compensation, if any, to be paid to members of the Authority. The Authority shall meet at the call of the chair and shall adopt rules of procedure to govern its meetings. The Finance Officer for Cherokee County shall be the ex officio finance officer of the Authority. The Authority shall be composed of seven members as follows:

(1) One member of the Cherokee County Board of Commissioners, appointed by the Cherokee County Board of Commissioners.

(2) One member, nominated by the Town Council of the Town of Murphy, who is actively engaged in the promotion of travel and tourism or the collection of occupancy tax. The Cherokee County Board of Commissioners shall appoint the Town Council's nominee under this subdivision.

(3) One member, nominated by the Board of Aldermen of the Town of Andrews, who is actively engaged in the promotion of travel and tourism or collects occupancy tax. The Cherokee County Board of Commissioners shall appoint the Board of Aldermen's nominee under this subdivision.

(4) Four members who are actively engaged in the promotion of travel and tourism or collect the occupancy tax. The Cherokee County Board of Commissioners shall appoint the four members under this subdivision.

(b) Duties. – The Authority shall expend the net proceeds of the tax levied under this act for the purposes provided in this act. The Authority shall promote travel, tourism, and conventions in the county, sponsor tourist-related events and activities in the county, and finance tourist-related capital projects in the county.

(c) Reports. – The Authority shall report quarterly and at the close of the fiscal year to the board of county commissioners on its receipts and disbursements for the preceding quarter and for the year in such detail as the board may require."

SECTION 2.(b) 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

SECTION 3.(a) Section 1.1 of S.L. 2008-64 reads as rewritten:

"**SECTION 1.1.** Occupancy tax. – (a) Authorization and Scope. – The Town Council of the Town of Leland may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of ~~any room, lodging, or~~ an accommodation ~~furnished by a hotel, motel, inn, tourist camp, or similar place~~ within the town that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. ~~This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.~~

"**SECTION 1.1.(b)** Administration. – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 160A-215. The penalties provided in G.S. 160A-215 apply to a tax levied under this section.

"**SECTION 1.1.(c)** Distribution and Use of Tax Revenue. – The Town of Leland shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Leland Tourism Development

Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in the Town of Leland and shall use the remainder for tourism-related expenditures.

The following definitions apply in this subsection:

(1) Net proceeds. – Gross proceeds less the cost to the town of administering and collecting the tax, as determined by the finance officer, not to exceed three percent (3%) of the first five hundred thousand dollars ($500,000) of gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.

(2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area; the term includes administrative expenses incurred in engaging in the listed activities.

(3) Tourism-related expenditures. – Expenditures that, in the judgment of the Leland Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the town or to attract tourists or business travelers to the town. The term includes tourism-related capital ~~expenditures.~~expenditures, seasonal ocean rescue and lifeguard services, and police and fire overtime pay for festivals and special events that are funded by occupancy tax proceeds."

SECTION 3.(b) This Part is effective when it becomes law and applies to the expenditure of occupancy tax proceeds collected on or after that date.

PART IV. EFFECTIVE DATE

SECTION 4. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 18th day of November, 2026.

s/ Bill Rabon
Presiding Officer of the Senate

s/ Howard Penny, Jr.
Presiding Officer of the House of Representatives