

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 332
Committee Substitute Favorable 5/20/25

Short Title: Nash/Rocky Mount District Occupancy Tax.

(Local)

Sponsors:

Referred to:

March 10, 2025

A BILL TO BE ENTITLED
AN ACT TO MODIFY THE NASH COUNTY OCCUPANCY TAX, TO AUTHORIZE THE
CREATION OF ROCKY MOUNT DISTRICT R, AND TO AUTHORIZE THE DISTRICT
TO LEVY A THREE PERCENT ROOM OCCUPANCY TAX.

The General Assembly of North Carolina enacts:

PART I. NASH COUNTY OCCUPANCY TAX CHANGES

SECTION 1.(a) Sections 1 and 2 of Chapter 32 of the 1987 Session Laws, as amended by S.L. 1993-545, S.L. 1997-255, and S.L. 2001-349, read as rewritten:

"Section 1. Occupancy tax. – (a) Authorization and scope. – The Nash County Board of Commissioners may levy a room occupancy tax of three percent (3%) of the gross receipts derived from the rental of ~~any room, lodging, or similar an accommodation furnished by a hotel, motel, inn, or 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, or religious organizations.~~

~~(a1) Authorization of Additional Tax. – In addition to the tax authorized by subsection (a) of this section, the Nash County Board of Commissioners may levy an additional room occupancy tax of up to two percent (2%) of the gross receipts derived from the rental of accommodations taxable under subsection (a). The levy, collection, administration, and repeal of the tax authorized by this subsection shall be in accordance with the provisions of this section. Nash County may not levy a tax under this subsection unless it also levies the tax authorized under subsection (a) of this section.~~

(b) Administration. – A tax levied under this section shall be levied, administered, collected, and repealed as provided in G.S. 153A-155.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 section.

(c) Distribution and use of tax revenue. – Nash County shall, on a quarterly basis, remit the net proceeds of the occupancy tax levied under ~~subsection (a) of this section~~ to the Nash County Tourism Development Authority ~~and the net proceeds of the occupancy tax levied under subsection (a1) of this section to the City of Rocky Mount Authority.~~ The Authority shall ~~use~~ at least two-thirds of the funds remitted to it only to promote travel and tourism in Nash County, the county and shall ~~spend use~~ the remainder ~~on for~~ for tourism-related expenditures. ~~The City of Rocky Mount shall spend the funds remitted to it only for tourism-related expenditures within Nash County that have been specifically approved in advance by the Nash County Tourism Development Authority.~~ expenditures in the county. The following definitions apply in this subsection:



- (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 that, in the judgment of the Tourism Development Authority, are designed to increase the use of lodging facilities in a county accommodations, meeting facilities, or convention facilities in the county~~ or to attract tourists or business travelers to the ~~county~~ and expenditures incurred by the county in collecting the tax. county. The term includes ~~expenditures to construct, maintain, operate, or market a convention center and other expenditures that, in the judgment of the Authority, will facilitate and support tourism.~~ tourism-related capital expenditures.

"Sec. 2. Tourism Development Authority. – (a) Appointment and membership. – When the 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 ~~Board of Commissioners to appoint the membership of the Authority, for the terms of office of the members, including the members' terms of office,~~ 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. If the Authority has an even number of members, then at least one half of the members shall have experience in the promotion of travel and tourism. If the Authority has an odd number of members, then at least one less than one half of the members shall have experience in the promotion of travel and tourism.~~ 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. No elected official may serve as a member of the Authority. 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 ~~or upon a written request signed by at least one-third of its members~~ and shall adopt rules of procedure to govern its meetings. The Finance Officer for Nash County shall be the ex officio finance officer of the Authority.

(b) Duties. – The Authority ~~shall promote travel, tourism, and conventions in the county, and~~ shall expend the net tax proceeds distributed to it under this act for the purposes provided in Section 1(c) of this act.

(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 expenditures for the preceding quarter and for the year in such detail as the Board may require."

SECTION 1.(b) This section is effective July 1, 2025, and applies to gross receipts derived from the rental of an accommodation that a person occupies or has the right to occupy on or after that date. The reduction of the room occupancy tax under this section does not affect a liability for a tax that was attached before the effective date of the reduction, nor does it affect a right to a refund of a tax that accrued before the effective date of the reduction.

SECTION 1.(c) As soon as practicable after the repeal of the two percent (2%) room occupancy tax under this section and the creation of the Rocky Mount District R Tourism Development Authority under Section 2.3 of this act, Nash County shall remit to the Rocky Mount District R Tourism Development Authority the net proceeds of the two percent (2%)

occupancy tax that have been collected but not yet remitted to the City of Rocky Mount. In addition, any unexpended net proceeds of the two percent (2%) room occupancy tax held by the City of Rocky Mount as of July 1, 2025, shall be remitted to the Rocky Mount District R Tourism Development Authority upon its creation. The net proceeds derived from the two percent (2%) occupancy tax that are remitted to the Rocky Mount District R Tourism Development Authority under this subsection shall be used for the same purposes as authorized for the City of Rocky Mount under Section 1(c) of Chapter 32 of the 1987 Session Laws, as amended by S.L. 1993-545, S.L. 1997-255, and S.L. 2001-349.

PART II. ROCKY MOUNT DISTRICT R OCCUPANCY TAX

SECTION 2.1. Rocky Mount District R Created. – Rocky Mount District R is created as a taxing district. Its jurisdiction consists of only that part of Rocky Mount that is located within Nash County. Rocky Mount District R is a body politic and corporate and has the power to carry out the provisions of this Part. The Rocky Mount City Council shall serve ex officio as the governing body of the district, and the officers of the City shall serve as the officers of the governing body of the district. A simple majority of the governing body constitutes a quorum, and approval by a majority of those present is sufficient to determine any matter before the governing body, if a quorum is present.

SECTION 2.2. Occupancy tax. – (a) Authorization and Scope. – The governing body of Rocky Mount District R may levy a room occupancy tax of up to three percent (3%) of the gross receipts derived from the rental of an accommodation within the district 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.

SECTION 2.2.(b) Administration. – A tax levied under this Part 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 2.2.(c) Distribution and Use of Tax Revenue. – Rocky Mount District R shall, on a quarterly basis, distribute the net proceeds of the occupancy tax to the Rocky Mount District R Tourism Development Authority created pursuant to this section. The Authority shall use at least two-thirds of the proceeds distributed to it to promote travel and tourism and shall use the remainder for tourism-related expenditures. In accordance with the North Carolina Constitution and the United States Constitution, the tax proceeds may be used only for the direct benefit of the jurisdiction of Rocky Mount District R.

The following definitions apply in this subsection:

- (1) Net proceeds. – Gross proceeds less the cost to the district 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 accommodations, meeting facilities, or convention facilities in the district or to attract tourists or business travelers to the district. The term includes tourism-related capital expenditures.

SECTION 2.3. Tourism Development Authority. – (a) Appointment and Membership. – When the governing body of Rocky Mount District R adopts a resolution levying

1 a room occupancy tax under this Part, it shall also adopt a resolution creating a district Tourism
2 Development Authority, which shall be a public authority under the Local Government Budget
3 and Fiscal Control Act. The resolution shall provide for the membership of the Authority,
4 including the members' terms of office, and for the filling of vacancies on the Authority. At least
5 one-third of the members shall be individuals who are affiliated with businesses that collect the
6 tax in the district, and at least one-half of the members shall be individuals who are currently
7 active in the promotion of travel and tourism in the district. No elected official may serve as a
8 member of the Authority. The governing body of Rocky Mount District R shall designate one
9 member of the Authority as chair and shall determine the compensation, if any, to be paid to
10 members of the Authority.

11 The Authority shall meet at the call of the chair and shall adopt rules of procedure to
12 govern its meetings. The finance officer for the City of Rocky Mount shall be the ex officio
13 finance officer of the Authority.

14 **SECTION 2.3.(b) Duties.** – The Authority shall expend the net proceeds of the tax
15 levied under this Part for promoting travel and tourism and for tourism-related expenditures as
16 provided in this Part.

17 **SECTION 2.3.(c) Reports.** – The Authority shall report quarterly and at the close of
18 the fiscal year to the Rocky Mount City Council on its receipts and expenditures for the preceding
19 quarter and for the year in such detail as the City Council may require.

20 **SECTION 2.4.** A room occupancy tax levied under this Part may not become
21 effective any earlier than the effective date of the repeal of the two percent (2%) room occupancy
22 tax under Section 1(a) of this act.

23 24 **PART III. ADMINISTRATIVE PROVISION AND EFFECTIVE DATE**

25 **SECTION 3.(a)** G.S. 160A-215(g) reads as rewritten:

26 "(g) Applicability. – Subsection (c) of this section applies to all cities that levy an
27 occupancy tax. To the extent subsection (c) conflicts with any provision of a local act, subsection
28 (c) supersedes that provision. The remainder of this section applies only to Beech Mountain
29 District W, to the Cities of Belmont, Burlington, Conover, Eden, Elizabeth City, Gastonia,
30 Goldsboro, Graham, Greensboro, Hickory, High Point, Indian Trail, Jacksonville, Kings
31 Mountain, Lake Santeetlah, Lenoir, Lexington, Lincolnton, Lowell, Lumberton, Mebane,
32 Monroe, Mount Airy, Mount Holly, Reidsville, Roanoke Rapids, Salisbury, Sanford, Shelby,
33 Statesville, Washington, and Wilmington, to the Towns of Ahoskie, Beech Mountain, Benson,
34 Bermuda Run, Blowing Rock, Boiling Springs, Boone, Burgaw, Carolina Beach, Carrboro,
35 Cooleemee, Cramerton, Dallas, Dobson, Elkin, Elon, Fontana Dam, Four Oaks, Franklin, Grover,
36 Hillsborough, Jefferson, Jonesville, Kenly, Kure Beach, Lansing, Leland, McAdenville,
37 Mocksville, Mooresville, Murfreesboro, North Topsail Beach, Pembroke, Pilot Mountain, Ranlo,
38 Robbinsville, Selma, Smithfield, St. James, St. Pauls, Swansboro, Troutman, Tryon, West
39 Jefferson, Wrightsville Beach, Yadkinville, Yanceyville, to the municipalities in Avery and
40 Brunswick Counties, to Clayton District C, Rocky Mount District R, Saluda District D, and
41 Stallings District S."

42 **SECTION 3.(b)** Except as otherwise provided, this act is effective when it becomes
43 law.