

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

SESSION LAW 2026-7
HOUSE BILL 240

AN ACT TO MAKE OCCUPANCY TAX CHANGES FOR CURRITUCK COUNTY, THE
NEW HANOVER BEACH TOWNS, AND THE CITY OF JACKSONVILLE.

The General Assembly of North Carolina enacts:

PART I. CURRITUCK COUNTY OCCUPANCY TAX CHANGES

SECTION 1.(a) Section 1 of Chapter 209 of the 1987 Session Laws, as amended by Chapter 155 of the 1991 Session Laws, S.L. 1999-155, S.L. 2004-95, and Section 60(s) of S.L. 2013-414, reads as rewritten:

"Section 1. Occupancy tax. (a) ~~Authorization and scope.~~ Scope. – The Currituck 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.

(a1) ~~Additional occupancy tax.~~ Occupancy Tax. – In addition to the tax authorized by subsection (a) of this section, the Currituck County Board of Commissioners may levy a room occupancy tax of one percent (1%) of the gross receipts derived from the rental of accommodations taxable under subsection ~~(a).~~ (a) of this section. The levy, collection, administration, and repeal of the tax authorized by this subsection shall be in accordance with the provisions of this act. Currituck County may not levy a tax under this subsection unless it also levies the tax under subsection ~~(a).~~ (a) of this section.

(a2) ~~Second Additional Occupancy Tax.~~ – In addition to the tax authorized by subsections (a) and (a1) of this section, the Currituck County Board of Commissioners may levy a room occupancy tax of up to two percent (2%) of the gross receipts derived from the rental of accommodations taxable under subsection ~~(a).~~ (a) of this section. The levy, collection, administration, and repeal of the tax authorized by this subsection shall be in accordance with the provisions of this act. Currituck County may not levy a tax under this subsection unless it also levies the tax under subsections (a) and ~~(a1).~~ (a1) of this section.

...

(e) ~~Use of tax revenue.~~ Tax Revenue. – Currituck County shall use the net proceeds of the tax levied ~~under subsection (a) of this section~~ under this act as follows:

- (1) Two-thirds only for ~~tourism-related expenditures, including tourist-related~~ purposes, including services or programs needed due to the impact of tourism and seasonal population increases, such as law enforcement, emergency services, fire protection, construction and maintenance of public facilities, solid waste collection and disposal, and beach nourishment. Funds under this subdivision may not be used for services or programs normally provided by the county on behalf of its citizens unless the services or programs promote tourism and enlarge its economic benefits by enhancing the ability of the county to attract and provide for tourists.
- (2) ~~Currituck County shall use at least two-thirds of the net proceeds of the tax levied under subsections (a1) and (a2) of this section. The remainder only to~~



promote travel and ~~tourism and shall use the remainder of those funds for tourism-related expenditures.~~ tourism.

(e1) Definitions. – The following definitions apply in this ~~subsection~~ section:

- (1) Beach nourishment. – The placement of sand, from other sand sources, on a beach or dune by mechanical means and other associated activities that are in conformity with the North Carolina Coastal Management Program along the shorelines of the Atlantic Ocean of North Carolina and connecting inlets for the purpose of widening the beach to benefit public recreational use and mitigating damage and erosion from storms to inland property. The term includes expenditures for any of the following:
 - a. Costs directly associated with qualifying for projects either contracted through the U.S. Army Corps of Engineers or otherwise permitted by all appropriate federal and State agencies.
 - b. The nonfederal share of the cost required to construct these projects.
 - c. The costs associated with providing enhanced public beach access.
 - d. The costs of associated nonhardening activities such as the planting of vegetation, the building of dunes, and the placement of sand fences.
- (2) 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.
- (3) 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 these activities.
- (4) ~~Tourism related expenditures. – Expenditures that, in the judgment of the Currituck County Board of Commissioners, are designed to increase the use of lodging facilities, meeting facilities, recreational facilities, and convention facilities in a county by attracting tourists or business travelers to the county. The term includes tourism related capital expenditures and beach nourishment.~~

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SECTION 1.(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 II. NEW HANOVER BEACH TOWNS OCCUPANCY TAX CHANGES

SECTION 2.(a) Section 1(d) of S.L. 2002-138 reads as rewritten:

"SECTION 1.(d) Distribution and Use of Tax Revenue. – The county shall, on a quarterly basis, remit the net proceeds of the occupancy tax levied by each beach town under this section to the Tourism Development Authority for deposit to a separate account for that beach town. The Authority shall use at least one-half of the funds in each beach town account to promote travel and tourism in that beach town and shall use the remainder in each beach town account for tourism-related expenditures in that beach town. Before spending any funds in a beach town account for promoting travel and tourism or for tourism-related expenditures, the Authority must consult with the affected beach town regarding its needs for promoting travel and tourism and for tourism-related expenditures.

The following definitions apply in this subsection:

- (1) Beach towns. – Carolina Beach, Kure Beach, and Wrightsville Beach.

- (2) 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.
- (3) 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.
- (4) Tourism Development Authority or Authority. – The Cape Fear Coast Convention and Visitors Bureau created by New Hanover County pursuant to Part VIII of Chapter 908 of the 1983 Session Laws, as amended.
- (5) 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 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 2.(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 III. EXTEND SUNSET ON JACKSONVILLE'S USE OF OCCUPANCY TAX

SECTION 3.(a) Section 3.1(c) of S.L. 2017-202 reads as rewritten:

"**SECTION 3.1.(c)** Subsection (a) of this section becomes effective on July 1, 2017, and expires on July 1, ~~2027-2037~~. Subsection (b) of this section becomes effective on July 1, ~~2027-2037~~. The remainder of this section is effective when it becomes law."

SECTION 3.(b) This Part is effective when it becomes law.

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 June, 2026.

s/ Rachel Hunt
President of the Senate

s/ Donna McDowell White
Presiding Officer of the House of Representatives