



**March 21, 2024 – FOR IMMEDIATE RELEASE**

On March 19<sup>th</sup>, 2024, the North Carolina Court of Appeals issued a unanimous opinion that Currituck County cannot use Occupancy Tax (OT) to fund public safety services and equipment because those are not “tourism-related expenditures.” The Court of Appeals also reversed the trial judge’s dismissal of all other alleged illegal spending issues raised in the complaint, remanding those matters to trial court for further proceedings. Simply put, the ruling prohibits the use of OT for public safety spending.

Corolla Civic Association (CCA) has been representing the interests of residents, owners and beach tourism businesses on the Currituck Outer Banks for more than a decade. A key concern over the past decade has been the use of Occupancy Tax by the County Commissioners who are directed by the legislature to use OT to grow tourism. CCA has also been concerned over the unique structure the county has adopted to make OT spending decisions. In Currituck County, the Commissioners themselves sit as the Tourism Advisory Board. All other North Carolina counties and municipalities have a separate Tourism Development Authority, with at least a majority of the members being tourism industry representatives. CCA has been steadfast in its position that having no input from the tourism industry leads to a sub-optimal allocation of OT dollars. This structure led to an unlawful diversion of OT expenditures for tourism-related expenditures to general fund obligations. CCA and the local community are, of course, staunchly supportive of local law enforcement, fire & EMS services. The lawsuit was solely about how those services are funded.

Origin of Lawsuit: CCA and the local community have long believed that the County was spending OT in clear violation of the law which was expressly designed to attract tourists and business travelers to the county. Instead, millions of OT dollars were used each year to cover general county service costs, including public safety, instead of growing tourism and generating more tourist spending by attracting tourists and business travelers to the county. Beginning in 2017, CCA brought these concerns to the County but were repeatedly rebuffed. In 2018, CCA’s analysis of voluminous records obtained through a public records request confirmed CCA’s concerns regarding the County’s spending of OT.

After the county refused multiple requests to sit down and discuss these concerns, the only avenue left for redress was to file a lawsuit. In May of 2019, a lawsuit covering more than ten areas of alleged illegal expenditures was filed, including public safety spending. In December 2021, the trial court dismissed all of CCA’s claims. An appeal was filed and oral arguments before the Court of Appeals were held in February of 2023. The Court of Appeals’ ruling in favor of CCA and the co-plaintiffs, who represent the interests of the Currituck Outer Banks tourism industry and local small businesses, is the result.

For more background and information on the lawsuit and its history see <https://corollacivicassociation.com/occupancy-tax-investment/> and the LEGAL tab on [www.SaveOurBeach.net](http://www.SaveOurBeach.net).

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