



# NC TRAVEL NEWS

A weekly newsletter on North Carolina General Assembly news relevant to the North Carolina tourism industry

## Short-term Rental Case Update

The following article was excerpted by a story published by the Wilmington Star-News on May 2. [Click to read the entire article.](#)

Wilmington has decided not to appeal a ruling that struck down key parts of the city's rental ordinance last month.

Not appealing means the city will abide by a unanimous decision from the NC Court of Appeals that ruled Wilmington can't require owners to register rental properties but allowed other parts of the city's rental ordinance to stand.

The city of Wilmington had the option to ask the NC Supreme Court to rule on the case, but the court wouldn't have had to take it up, Shawn Evans, an assistant city attorney told the Wilmington City Council on Monday.

The April ruling centers around an ordinance the Wilmington City Council approved in February 2019 in an effort to limit the impact of short-term rentals on the city's neighborhoods and housing market, some city leaders and residents said at the time.

[Click to read the entire article published by the Wilmington Star-News.](#)

## Business Recovery Grants Phase 2

The NC Department of Revenue launched [Phase 2 of the Business Recovery Grant Program](#) on May 2 and the application period closes on June 1, 2022.

[Click for the online application.](#)

The program will provide \$200 million to North Carolina businesses that experienced a significant economic loss due to COVID-19, including eligible arts, entertainment, or recreation business, as well as an eligible accommodation or food service business such as a hotel, restaurant, or bar.

Gross receipts reported on an expanded list of tax forms can be used to calculate an economic loss, making the Business Recovery Grant Program available to eligible sole proprietors, and corporations that do not report gross receipts on Form E-500 or Federal Form 1065. This change may also allow eligible businesses to apply for a larger grant award during Phase 2.

In addition, an eligible business that received other COVID-19 relief is eligible for a grant in Phase 2. In Phase 1, an applicant that received certain COVID-19 relief was not eligible for a reimbursement grant, but the General Assembly changed this policy in legislation passed in March 2022, a modification supported by NCTIA.

"The General Assembly initially appropriated \$500 million for this program last year as part of their COVID-relief package and it was designed to assist hospitality businesses that were adversely affected by the pandemic," said NCTIA Executive Director Vince Chelena. "NCTIA encourages our members to promote Phase 2 of this program to local businesses that either didn't apply or thought they were ineligible for funds."

[Watch an informational video about the Business Recovery Grants](#) and [click to see a comparison between the two phases of the program](#) (graphic).

Business Recovery Grant	
NCDOR	
Phase 1	Phase 2
<b>Hospitality Grant Eligibility</b>	
<ol style="list-style-type: none"> <li>Classified in NAICS Code 71 or 72</li> <li>Subject to NC income tax</li> <li>Suffered an economic loss of at least 20%</li> </ol>	<ol style="list-style-type: none"> <li>Classified in NAICS Code 71 or 72</li> <li>Subject to NC income tax</li> <li>Suffered an economic loss of at least 20%</li> </ol>
<b>Reimbursement Grant Eligibility</b>	
<ol style="list-style-type: none"> <li>Not classified in NAICS Code 71 or 72</li> <li>Subject to NC income tax</li> <li>Suffered an economic loss of at least 20%</li> <li>Did not receive other COVID relief</li> </ol>	<ol style="list-style-type: none"> <li>Not classified in NAICS Code 71 or 72</li> <li>Subject to NC income tax</li> <li>Suffered an economic loss of at least 20%</li> </ol> <p>Note: A business that received COVID-19 relief may be eligible for a grant.</p>
<b>Eligible Gross Receipts to Calculate Economic Loss</b>	
<p>Gross receipts reported on Form E-500 for the applicable Pre-COVID and COVID periods</p> <ol style="list-style-type: none"> <li>Line 1 of Form E-500, Sales and Use Tax Return</li> <li>If Line 1 is blank, use lines 4-8 of Form E-500 to compute the gross receipts</li> </ol> <p>Gross receipts reported on line 1a of federal Form 1065 that meet the following criteria:</p> <ol style="list-style-type: none"> <li>The gross receipts were not reported on Form E-500</li> <li>The receipts are apportioned to NC</li> </ol>	<p>Gross receipts reported on Form E-500 for the applicable Pre-COVID and COVID periods</p> <ol style="list-style-type: none"> <li>Line 1 of Form E-500, Sales and Use Tax Return</li> <li>If line 1 is blank, use lines 4-8 of Form E-500 to compute the gross receipts</li> </ol> <p>Gross receipts reported on one of the following federal forms (line 1a of Form 1065, line 1a of Form 1120, line 1a of Form 1120-S, line 1 of Form 1040 Schedule C, line 9 of Form 1040 Schedule F) that meet the following criteria:</p> <ol style="list-style-type: none"> <li>The gross receipts were not reported on Form E-500</li> <li>The receipts are apportioned to NC</li> </ol>
<b>Economic Loss</b>	
At least 20%	At least 20%
<b>Application Period</b>	
Applications received on or after December 15, 2021, and on or before January 31, 2022	Applications received on or after May 2, 2022, and on or before June 1, 2022
<b>Hospitality Grant Amount</b>	
<ul style="list-style-type: none"> <li>Up to 20% of economic loss if other COVID relief was not received</li> <li>Up to 10% of economic loss if other COVID relief was received</li> <li>Maximum of \$500,000</li> </ul>	<ul style="list-style-type: none"> <li>Up to 20% of economic loss if other COVID relief was not received</li> <li>Up to 10% of economic loss if other COVID relief was received</li> <li>Maximum of \$500,000</li> </ul>
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