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Hillsborough vacation rental checklist

Orange County, North Carolina | Rules checked November 6, 2026

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Hillsborough considered short-term rental rules in 2024, but staff recommended adopting its zoning update without them, and we could not confirm any were adopted. Stays owe 7.5% sales tax, Orange County's 3% occupancy tax, and Hillsborough's 3%.

> The 2024 draft was added at the request of the town's Tourism Development Authority. The town may take up short-term rentals again as a separate amendment.

Licensing steps

STATE OF NORTH CAROLINA

- [ ] **Know who owes the tax**
  Whoever collects the rent reports the sales and occupancy tax: the platform, your rental agency, or you. Airbnb collects state and county sales tax and all local occupancy taxes on its bookings. If guests pay you directly, register with the Department of Revenue for sales tax and with your county or town for occupancy tax.
  NCDOR business registration: https://www.ncdor.gov/taxes-forms/business-registration

- [ ] **Use a written vacation rental agreement**
  The Vacation Rental Act covers owners and agents renting for vacation stays under 90 days. Have the guest accept a written agreement with the required notices, hold advance payments in a trust account, and keep the home fit and habitable with working smoke and carbon monoxide alarms.

- [ ] **Check your zoning**
  Towns can't require you to register a rental, but they can limit short-term rentals to certain zoning districts, require a zoning permit, and set parking, trash, and safety standards. Pick your area for the local rules.

ORANGE COUNTY, NORTH CAROLINA

- [ ] **Taxes on each stay**
  Stays under 90 days owe 7.5% sales tax plus the local occupancy tax. Airbnb collects both on its bookings. If guests pay you directly, file sales tax with the Department of Revenue. Orange County's 3% occupancy tax applies countywide. For direct bookings, file it through the county's online portal by the 15th of each month, even when no tax is due. Inside Chapel Hill, Carrboro, and Hillsborough a 3% town tax applies too.
  Orange County occupancy tax: https://orangecountync.gov/836/Occupancy-Tax

- [ ] **Then your city or area**
  Zoning rules for short-term rentals are set by each city or town, and by the county outside town limits. Pick your area.

TOWN OF HILLSBOROUGH

- [ ] **Taxes on each stay**
  Stays under 90 days owe 7.5% sales tax plus the local occupancy tax. Airbnb collects both on its bookings. If guests pay you directly, file sales tax with the Department of Revenue. Orange County's 3% occupancy tax is filed through the county portal by the 15th; Hillsborough adds 3%. Ask the town who collects its share from direct-booking hosts.

- [ ] **Ask the Planning Department**
  Ask Hillsborough's planning staff whether the town adopted any short-term rental standards after 2024 and whether zoning allows one at your address. Check your HOA rules too.

Who to contact

Orange County Tax Office (occupancy tax): 919-245-2124

Official sources

UNC School of Government: Occupancy taxes and Airbnb. https://www.sog.unc.edu/node/374926

North Carolina General Assembly: Vacation Rental Act (G.S. Chapter 42A)-
. https://ncleg.gov/EnactedLegislation/Statutes/HTML/ByChapter/Chapter_42A.html

UNC School of Government: Short-term rental regulations after Schroeder-
. https://www.sog.unc.edu/blogs/coates-canons/short-term-rental-regulations-after-schroeder-0

Orange County Tax Office: Occupancy tax. https://orangecountync.gov/836/Occupancy-Tax

Town of Hillsborough: Planning Board agenda abstract: UDO text amendment (May 16, 2024).
https://mccmeetingspublic.blob.core.usgovcloudapi.net/hillsbronc-meet-c0a73e0714224be9b1cf35f7276cf61b/ITEM-Attachment-001-4cb94ec1784e43ba8b9c9