

ASHEVILLE BUNCOMBE HOTEL ASSOCIATION

Jim Muth, Executive Director

Information on Proposed Changes to the Occupancy Tax

February 18, 2020

Background

- The Asheville Buncombe Hotel Association was formed in 2019 to address various issues affecting the hotel industry. Despite ongoing mainstream and social media coverage of “the hoteliers” in Asheville and Buncombe County, there has been no such formal entity in recent years.
- Jim Muth is Executive Director, having been asked to form the association after he and his wife sold the local bed and breakfast establishment they owned for 12 years. During that period, Muth served on the Buncombe County Tourism Development Authority for six years, including two as chair, until his term expired in mid- 2019.
- It is notable (and unusual in many locations) that more than three-fourths of hotels in Buncombe County are **family-owned businesses**, run by **local citizens who live here in the community**. Many have been here for decades – even generations. They are *not* out-of-town developers as they are sometimes portrayed.
- The Asheville Buncombe Hotel Association has spent the past several months seeking input from the community about the laws governing the use of the occupancy tax, which is paid by visitors to Buncombe County who stay overnight in commercial lodging facilities, to include not just hotels but also bed and breakfast establishments and short-term rentals such as Airbnbs and VRBO .
- The ABHA has also been in discussions with Western North Carolina’s local delegation to the state General Assembly to ask for help in making changes to this law.
- In addition, ABHA’s position on the occupancy tax has been informed by the extensive research done over the past year as part of the Buncombe County TDA’s Tourism Management & Investment Plan (TMIP) process. More than 90 projects have been submitted by public partners (City of Asheville, Buncombe County, UNC Asheville) and nonprofits / community groups for potential funding.
 - Funding for any of these projects, if selected, would be from the Tourism Product Development Fund (TPDF), which comes from a portion of the occupancy tax paid by overnight visitors. To-date, \$44 million in TPDF grants has been given to 39 community projects, including infrastructure, parks, greenways, cultural arts organizations, sports facilities, and more.

Support for Changes to the Occupancy Tax

The Asheville Buncombe Hotel Association supports the following changes to the laws that govern the use of the occupancy tax:

- **Reducing the funding dedicated to marketing** Asheville and Buncombe County from 75% to 67% -- and **increasing the funding available for community projects** from 25% to 33%. These changes to the tax are the maximum allowable under the occupancy tax guidelines that have been applied to occupancy tax legislation since 1997.
- **Expanding the flexibility** of the portion of the tax designated for community projects (TPDF):
 - To go **beyond the current limits** of only “brick and mortar” capital projects.
 - To include some **non-capital projects**, such as transportation funding for initiatives like the City’s Transit Master Plan.
 - To **expand the option for bonding funds** over a period of 20 years, to enable funding of larger community needs.
 - To also provide funding for the **administration, design and maintenance of TPDF-approved projects**. *For example, a park or sports facility that received TPDF funding would also be eligible for funding for maintenance, allowing for the use of County or City dollars to be used for other purposes.*
 - To include **local arts projects**.
- **Expanding the TDA Board** to include a broader range of tourism partners, to include representatives of ticketed attractions, arts organizations, restaurants, and short-term rental owners.

Asheville Buncombe Hotel Association: Responding to Community Needs

The occupancy tax has been a **successful strategy** for Asheville and Buncombe County, **attracting customers to local businesses, providing jobs and creating tax revenue**.

The ABHA also understands and appreciates that the needs of our industry and the needs of the community change over time. **We want to be responsive to these needs**; therefore, we have taken a leadership role in asking our state representatives to make changes to the law that governs the use of the tax that is collected by our members.

We’d like to express our appreciation to Chairman Brownie Newman, Commissioner Joe Belcher, Mayor Esther Manheimer and Council member Julie Mayfield for their time spent in discussions about this topic.