

OVERVIEW & HISTORY OF BUNCOMBE COUNTY TOURISM DEVELOPMENT AUTHORITY

The Buncombe County Tourism Development Authority (BCTDA) administers the proceeds of the occupancy tax paid by overnight visitors to Buncombe County who stay in commercial lodging facilities, including hotels and motels, bed & breakfast operations, cabins, and short-term rentals such as Airbnb and VRBO. As mandated by the requirements of the legislation, they oversee the Asheville area destination marketing and sales efforts developed and carried out by the Explore Asheville Convention & Visitors Bureau.

In 2019, Buncombe County attracted just under 11.9 million visitors, including 4.2 million overnight guests. Visitors spend \$2.2 billion annually at local businesses, supporting about 28,000 jobs. The total value of visitors to the community is \$3.3 billion.

The BCTDA also approves and makes grants to community capital projects through the Tourism Product Development Fund. Since the fund's inception, the BCTDA has supported 39 community capital projects with \$44 million in grants; \$22 million of that to City of Asheville-owned projects.

Pioneers of the Buncombe County Tourism Development Authority

The economic growth and development of the Asheville area over the past four decades can, in many ways, be attributed to recognition of the potential offered by tourism, recreation and hospitality.

In the 1960s and early 1970s, the closing of some of the city's oldest convention hotels played an important role in the decline of downtown Asheville. In 1973, local leaders were depending on the new Asheville Civic Center complex to fill Asheville area hotels. With the closing of the city's downtown Landmark Hotel, reversal of the decline became an even greater critical issue.

The mid-1970s brought new Asheville Area Chamber of Commerce leadership who recognized the potential of travel and tourism to resurrect the declining downtown and showcase the city for other forms of economic development. They also saw that competing destinations in other states were already realizing the results of promotional campaigns executed with revenues derived from hotel-motel taxes.

After research and deliberation, the Chamber's board of directors endorsed the pursuit of a dedicated accommodations tax to fund a full-service destination marketing organization and create a comprehensive strategy to market Asheville and Buncombe County.

The Chamber, working in cooperation with an all-Democratic Buncombe County legislative delegation, and with the blessing of a forward-thinking Asheville City Council and Buncombe County Commission, drafted what would become the first accommodation tax legislation passed in North Carolina.

This new source of marketing funds generated the increase in visitation necessary to create and sustain independent shops, restaurants, cultural experiences, events, attractions and accommodations benefitting Asheville area visitors and local residents.

Details of the Occupancy Tax

In 1983, the North Carolina General Assembly ratified Occupancy Tax House Bill 426 for Buncombe, New Hanover, Forsyth, Haywood and Mecklenburg counties. The bill created a 2% room tax in Buncombe County on accommodation rentals with five or more units to be used directly for travel and tourism promotion. The tax was added to the sales tax that properties also charge their customers.

The NCGA also established a new public body – the Buncombe County Tourism Development Authority (BCTDA) to administer the tax and oversee its use. According to the enabling legislation (HB 347), the tax in Buncombe County must be used as follows:

- **75% to promote travel, tourism and economic development**
 - “May be used only to further the development of travel, tourism, and conventions in the county through State, national, and international advertising and promotion.”
 - The term includes administrative expenses incurred in engaging in these activities.

- **25% for product development [Tourism Product Development Fund]**
 - Provides financial assistance for major tourism projects in order to significantly increase patronage of lodging facilities in Buncombe County. This includes tourism-related capital expenditures.
 - Projects must be evaluated by 9-member committee and approved by the BCTDA.
 - A for-profit entity is not eligible to receive funds or loans from the TPDF.
 - Debt limitation: “May not commit for purposes of debt service in excess of 33% of net funds... for a period in excess of 10 years...may not commit for debt service in excess of 10% of net funds received in any one year for any single project.”

Uniform Guidelines in the Use of the Occupancy Tax

In 1997, the NC House established guidelines to provide “uniformity” in the use of occupancy taxes. These guidelines apply to all new legislation:

- The county tax rate cannot exceed 6%.
- It must be administered by a TDA.
- At least two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism-related expenditures.

Nine municipalities in North Carolina direct occupancy taxes to the general fund, enabled by legislation passed prior to 1997.

More About the Buncombe County Tourism Development Authority

In 1983, when the NC General Assembly established the occupancy tax, it also established the Buncombe County TDA, which brought Buncombe County hoteliers and local industry leaders together to create a comprehensive destination marketing strategy – a strategy that would ultimately expand the customer base for locals businesses, provide jobs, and generate state and local taxes.

There are 11 members of the BCTDA. By law, they are appointed as follows:

- 4 members each are appointed by the Asheville City Council and the Buncombe County Commissioners; 1 is appointed by the Asheville Area Chamber of Commerce. There is 1 ex-officio (non-voting) representative each from the City Council and the Buncombe Commissioners.
- 6 members must be owners or operators of hotels, motels, bed and breakfasts, or vacation rental management companies, 4 of whom are from lodging of more than 100 rooms; 2 from 100 or fewer rooms.
- 3 individuals must be actively involved in travel and tourism businesses and have participated in tourism promotion. They cannot be owners or operators of hotels.

Key Dates in the Evolution of the Buncombe County Occupancy Tax

- **1970s:** Downtown loses hotels, shopping and businesses.
- **1983:** State legislation creates a 2% room occupancy tax on accommodation rentals with five or more units and creates the BCTDA.
- **1985:** An additional 1% is added and the tourism economic effort begins to grow the community.
- **1997:** Uniform guidelines in the use of the occupancy tax are established that apply to all new legislation.
- **2001:** An additional 1% is added to create the Tourism Product Development Fund, dedicated to funding new tourism products to create an even stronger economic impact for the community.
- **2015:** The occupancy tax is increased from 4% to 6% with 1.5% dedicated to funding the Tourism Product Development Fund.
- **2019*:** Asheville is thriving; visitor spending is among the highest in the state; there are 1,300+ tourism-related businesses; visitor spending supports nearly 28,000 jobs.
- **2022:** As Asheville recovers from the pandemic, the BCTDA sets a revenue objective for fiscal year 2022-2023 of \$40.8 million, based on projected occupancy tax collections.

** 2019 is the last year for which information is available – new stats for calendar year 2021 will be available later in 2022*