

## BUNCOMBE COUNTY TOURISM OVERVIEW

### ECONOMIC IMPACT OF TOURISM IN BUNCOMBE COUNTY

- 3.8 million overnight visitors were attracted to Buncombe County in 2016. An additional 6.1 million people came to the county for day visits to shop, recreate, visit friends and family, attend a medical appointment, etc.
- In total, visitors spent \$1.9 billion at local businesses, and generated \$2.9 billion in total sales, including indirect and induced impacts.
  - 24% was spent in food and beverage, 21% in retail, 17% in lodging, 13% in recreation, and 13% in other categories.
- 26,700 jobs are supported by visitor spending – that's 1-in-7 jobs.
  - The unemployment rate in Buncombe County would be 15.2% without visitor spending.
  - Average wages in Buncombe County accommodations are 16% higher than the North Carolina average (Bureau of Labor Statistics, 2016 data).

### TAXES

- In total, visitor spending generated \$202.5 million in local and state taxes, representing \$1,800 per Buncombe County household.
- Visitor spending accounts for \$49 million of property taxes annually, or about 18%. Lodging properties will pay a total of \$7.7 million in 2017.
- \$97 million of sales tax was paid by visitors to Buncombe County, representing 43% of all sales tax produced in the county. Lodging properties alone generated \$24.6 million in sales tax during FY 2017.

### DESTINATION PROMOTION:

#### A SUCCESSFUL ECONOMIC DEVELOPMENT STRATEGY

- Between 2000 and 2016, visitor spending in Buncombe County has grown 136% compared to the North Carolina average of 90%, and is the highest among the top 10 counties.
  - This better-than-average performance generates an *additional* \$243 million in visitor spending annually.
- In 1983, the occupancy tax was established by state law and the Buncombe County Tourism Development Authority was formed to invest the tax revenue in tourism promotion to attract and sustain overnight visitation. Similar to a BID, the

occupancy tax is assessed on one group of businesses, with their permission, and is directed by representative stakeholders.

- In 2001, the tax was increased by one percent which was dedicated to the Tourism Product Development Fund (TPDF) for capital projects that increase tourism.
  - The Fund has awarded \$34.5 million to 34 projects including the John B. Lewis Soccer Complex, Pack Square Park, the US Cellular Center, wayfinding signs, and more. Projects owned by the City of Asheville have received 63%. The projects have successfully attracted visitors, and have added to the quality of life that citizens enjoy. This model is unique to Buncombe County.
  
- The self-imposed 6% occupancy tax is a surcharge to the 7% sales tax for a total tax of 13% on paid accommodations in Buncombe County.
  - 4.75% to the State of North Carolina
  - 2% redistributed to Buncombe County and its municipal governments
  - .25% earmarked for AB Tech capital project fund
  - 4.5% reinvested in tourism promotion
  - 1.5% invested in product development through TPDF grants
  
- Tourism promotion puts Asheville on the map -- increasing awareness of Asheville for business attraction and residential relocation.

## **NORTH CAROLINA OCCUPANCY TAX GUIDELINES**

North Carolina occupancy taxes are established by state legislation. The General Assembly adopted guidelines to direct the use of occupancy tax revenues in 1997 and established an Occupancy Tax Subcommittee to evaluate new legislation for compliance. The Subcommittee looks for the inclusion of the following uniform provisions in proposed legislation:

- The county tax rate cannot exceed 6%.
- At least two-thirds of the proceeds must be used for promotion and the remainder must be used for tourism-related expenditures.
  - “Tourism-related expenditures” is defined as expenditures that, in the judgment of the TDA, are designed to increase the use of lodging facilities, meeting facilities, and convention facilities in a city/county by attracting tourists or business travelers to the city/county. The term includes tourism-related capital expenditures (such as the TPDF).
- Additional guidelines address administration, cost of collection, and beach nourishment.