ASHEVILLE
Discovery, inside and out

BUNCOMBE COUNTY TOURISM OVERVIEW

ECONOMIC IMPACT OF TOURISM IN BUNCOMBE COUNTY

- 10.9 million people visited Buncombe County in 2016, including 3.8 million overnight visitors. They spent $1.9 billion at local businesses, and generated $2.9 billion in total sales, including indirect and induced impacts.
- Tourism in the Asheville area generates $365 million in tax revenues. State and local tax proceeds of $202 million reduce the tax burden in Buncombe County by $1,800 per household. Visitor spending generated $49 million in property taxes.
- 26,700 jobs are supported by visitor spending – that's 1-in-7 jobs.
    - The unemployment rate in Buncombe County would be 15.9% without visitor spending.
    - 27% are in food and beverage, 17% in lodging, 13% in retail, 12% in recreation – *32% were in other sectors*.
    - Average wages in Buncombe County accommodations are 17% higher than the North Carolina average (Bureau of Labor Statistics, 2013 data)

DESTINATION PROMOTION:
A SUCCESSFUL ECONOMIC DEVELOPMENT STRATEGY

- Between 2000 and 2015, visitor spending in Buncombe County has grown 120% compared to the North Carolina average of 82%, and the highest among the top 10 counties.
    - This better-than-average performance generates an *additional* $174 million in visitor spending annually.
- In 1983, the occupancy tax was enabled 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.
- 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 almost $30 million to 32 projects including the John B. Lewis Soccer Complex, Pack Square Park, the US Cellular Center, wayfinding signs, and more. The projects have successfully attracted visitors, and have added to the quality of life that citizens enjoy. This model is unique to Buncombe County. Projects owned by the City of Asheville have been awarded $17.3 million, accounting for 63% of the total.

- 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
    - 3% reinvested in tourism promotion
    - 1% invested in product development through TPDF grants
- Tourism promotion puts Asheville on the map -- increasing awareness of Asheville for business attraction and residential relocation.
- The BCTDA has created a large customer base for local businesses and provides free sales and marketing to more than 1,200 tourism partners.

HOTEL DEVELOPMENT: OPPORTUNITIES AND CHALLENGES

BCTDA's marketing strategies have driven overnight visitation from regional markets, making Asheville a leader in the southeast region. High levels of performance have also attracted a new cycle of construction.

Twenty new or expanded hotels are in the pipeline with a total of 2,306 new rooms expected between 2015 and 2019 – an increase of more than 25%. The new hotels represent a quarter-billion-dollars of private investment in the Asheville Area. This private-sector investment is expected to generate more than $3 million annually in new property taxes and create more than 4,000 new jobs.

During 2016, 1.9 million hotel rooms have been sold with an occupancy rate of 74%. With 1,648 new rooms scheduled to open in 2017 and 2018, 439,000 new rooms will have to be sold to maintain occupancy – significantly increasing the customer base for Buncombe County businesses, and generating more tax revenue for local governments.

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.