



## BUNCOMBE COUNTY TOURISM OVERVIEW

### ECONOMIC IMPACT OF TOURISM IN BUNCOMBE COUNTY

- 9.1 million people visited Buncombe County in 2012, including 3.1 million overnight visitors. They spent \$1.5 billion at local businesses, and generated \$2.3 billion in total sales, including indirect and induced impacts.
- Tourism in the Asheville area generates \$250 million in tax revenues. State and local tax proceeds of \$126 million reduce the tax burden in Buncombe County by \$1,251 per household.
  - \$59 million in local taxes are generated, including \$13.7 million received by the City of Asheville.
- 23,000 jobs are supported by visitor spending – that's 1-in-7 jobs.
  - The unemployment rate in Buncombe County would be 18% without visitor spending.
  - 25% are in food and beverage, 18% in lodging, 13% in retail, 12% in recreation – *32% were in other sectors.*

### DESTINATION PROMOTION:

#### A SUCCESSFUL ECONOMIC DEVELOPMENT STRATEGY

- Since 2001, visitor spending has grown 98% compared to the North Carolina average of 68%, and the highest among the top 10 counties.
  - This better-than-average performance generates an *additional* \$139 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 \$20 million to 21 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.

- The self-imposed 4% occupancy tax is a surcharge to the 7% sales tax for a total tax of 11% 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.

### **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.

### **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. Thirteen new or expanded hotels are in the pipeline with a total of 1,500 new rooms expected within three years – an increase of more than 20%.

During the past 12 months, 1.8 million hotel rooms have been sold with an occupancy rate of 68%. A 20% increase in the number of rooms sold totals 360,000 new room nights to maintain current performance – significantly increasing the customer base for Asheville area businesses, and generating more taxes for local governments. Attracting additional visitors will require the TDA to reach bigger and more distant audiences.