

## TOURISM PRODUCT DEVELOPMENT FUND SUMMARY & TIMELINE

Tourism promotion has been a successful strategy for building the local Asheville area economy. The establishment of the occupancy tax by the Buncombe County Tourism Development Authority (BCTDA) in 1983 created a source of marketing funds that has helped create and sustain independent businesses by expanding the Asheville customer base and providing free marketing to connect visitors to local shops, restaurants, cultural experiences, events, attractions and accommodations.

In 2015, the occupancy tax was increased with the additional revenue dedicated to funding new tourism product that would generate new overnight hotel stays and create a significant economic impact for the community.

The purpose of the TPDF is to provide financial assistance for major tourism projects to substantially increase patronage of lodging facilities in Buncombe County. As of November 2018, \$44 million has been awarded to 39 community projects.

### TPDF Timeline

**1983**

#### **Occupancy Tax Established**

- Hoteliers in Buncombe County decided to tax themselves and dedicate proceeds toward tourism marketing. The resulting legislation created a two percent room occupancy tax on accommodation rentals with five or more units and created the BCTDA.

**1985**

#### **Occupancy Tax Increased**

- An additional one percent was added, and the tourism effort began to pay off for the community.

**2001**

#### **Tourism Product Development Fund Established**

- An additional one percent was added and dedicated to funding new tourism product that would generate new overnight hotel stays and create a significant economic impact for the community.

**2013-2014**

#### **TPDF Application Improvement Study**

- The BCTDA embarked on a TPDF Application Improvement Study; the goals of which were to simplify the application process, lower the barrier to entry for applicants, and clarify guidelines and criteria.
- PGAV, the consulting firm contracted to assess the application process, engaged applicants, grantees, and community stakeholders in the process.
- Strategies for improvement were identified and incorporated into the grant cycle, including the development of a two-phase application process to help ease the burden on the applicants.

**2015**

#### **Updates to the Legislation and the Adoption of New Tools**

- The General Assembly passed HB347 which increased the occupancy tax from four to six percent, bringing Buncombe County's occupancy rate in line with other municipalities in North Carolina. The bill preserved the 25 percent dedication of revenue for TPDF, with one and a half percent dedicated to funding the Tourism Product Development Fund.

- HB347 also included modification to eliminate funding of for-profit projects to focus on local government and non-profit needs.
- Separately, the BCTDA adopted significant changes to the TPDF program in 2015, including the Strategic Priority List and the Major Tourism Works Pathway. These new strategic tools enable the BCTDA to take a more proactive approach to filling strategic gaps in market and encourages collaboration between staff and industry.
  - **Strategic Priority List:** During the standard grant cycle, the TPDF Committee may wish to recommend funding for a project but not have the funds available. As per legislation, the BCTDA cannot make a binding commitment to fund projects using future year revenues. In this case, the TPDF Committee may recommend the BCTDA place a project on the Strategic Priority List, to be considered when funding is available. Selected projects would receive priority for funding in future years. While the applicant will be required to provide an update to the BCTDA ensuring there have been no substantive changes to the project as presented, the applicant will not be required to resubmit an application in the grant cycle again.
  - **Major Tourism Works Pathway:** This approach enables a funding pathway outside the annual TPDF funding cycle for significant projects representing a minimum \$5 million capital investment and requiring multi-year funding. Outside of the grant cycle, applicants may present a project proposal to the BCTDA for funding consideration. All potential major projects must conform to TPDF requirements and are subject to evaluation by the TPDF Committee. Applicants interested in pursuing the Major Tourism Works Pathway are encouraged to consult with CVB staff in early stages of project planning.

**July 2018**

**First Major Works Project Funded**

- The BCTDA awarded \$2.25 million to municipal partners, Buncombe County and Town of Woodfin, for the Woodfin Blueway & Greenway. The project was reviewed out of the annual grant cycle as part of the Major Works Pathway.

**2019**

**Annual TPDF Grant Cycle Suspended**

- The BCTDA paused the TPDF cycle in 2019 while it pursues the Buncombe County Tourism Management & Investment Plan to Develop Community Assets (TMIP) which will result in a long-range plan that can serve as a blueprint for continued collaboration to address infrastructure and sustainability needs.