



Hospitality & Tourism Overview

June 26, 2017

Presentation Purpose

- Role of hospitality and tourism investments in growing jobs and economic impact
- Explain hospitality and tourism tax revenues, expenditures, and restricted uses
- Discuss current and potential, future hospitality and tourism investments



Charlotte's Visitor Economy

- Region has over 26 million visitors annually
- Visitors spend \$6.5 billion in the region, including \$5 billion in Mecklenburg County alone
- More than 124,000 jobs in the hospitality and leisure sector, with direct visitor spending supporting 63,000 of those jobs
- One in nine people in Charlotte work in the hospitality and leisure sector

Tourism Tax Overview

- Why have Hospitality and Tourism taxes?
 - Supports jobs and economy
 - Avoids using General Fund revenues to support tourism related activities
 - Historically strong support from Hospitality and Tourism industry where these taxes are tied to supporting and advancing the City's tourism economy
- Strong return on investment:
 - A recent study of "Charlotte's Got a Lot!" marketing campaign showed that every dollar spent in advertising resulted in \$115 in spending with Charlotte area businesses and produces \$6 in tax collections



• **THE WINNING CITY.**





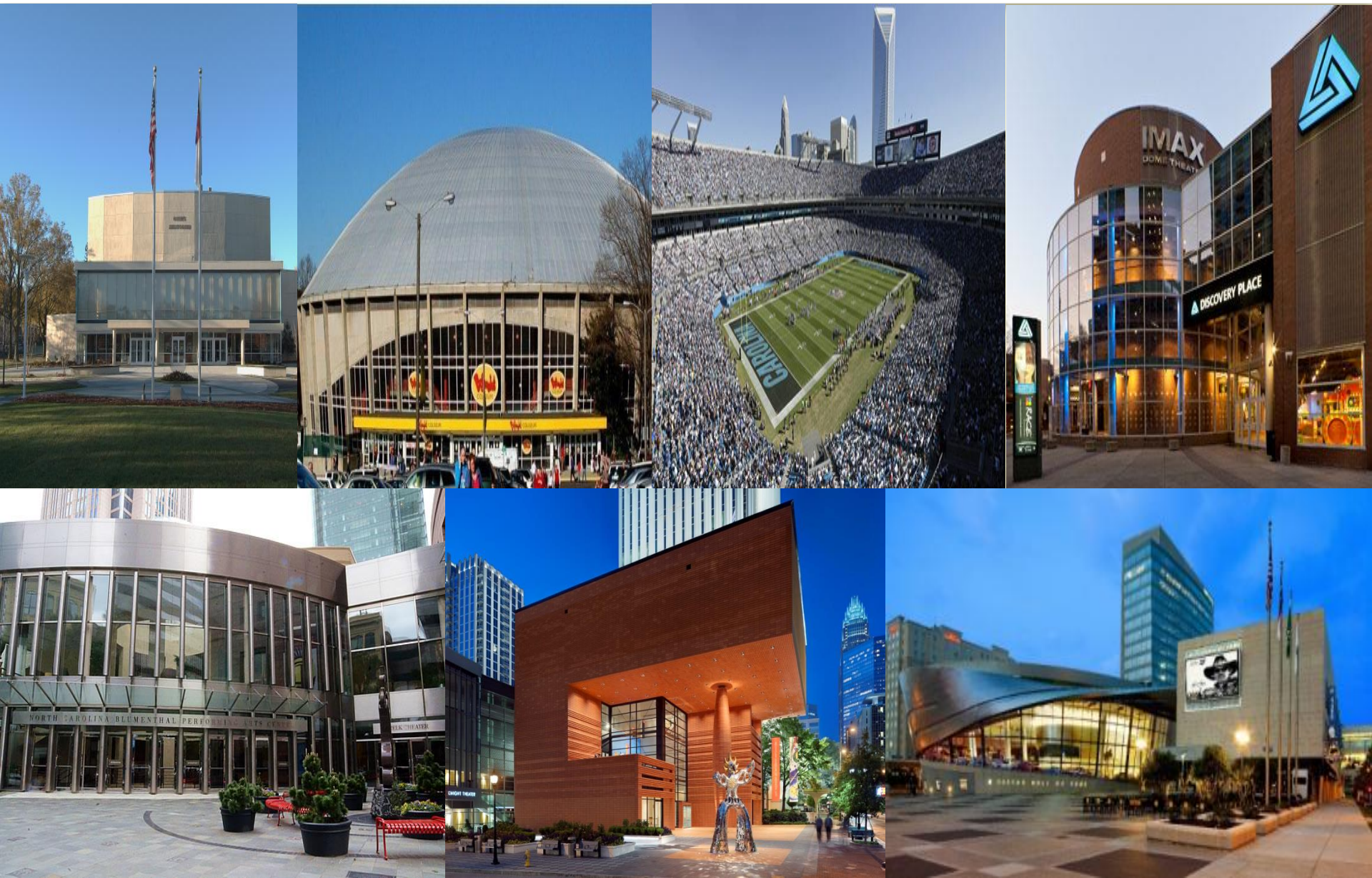
Hospitality and Tourism Funding "Buckets"

Due to tourism tax use restrictions, eligible uses are grouped into four funding "buckets"

- **Tourism I Fund (3% Occupancy, 1.5% Rental Car)**
 - marketing and visitor promotion, cultural and sports facilities
- **Tourism II Fund (4% Rental Car)**
 - cultural facilities & maintenance
- **Convention Center Fund (3% Occupancy, 1% Food & Beverage)**
 - convention marketing and promotion, convention center, amateur sports, and Bank of America Stadium
- **NASCAR Hall of Fame Complex Fund (2% Occupancy)**



Hospitality and Tourism assets that contribute to sports, cultural, and visitor economy





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Undesignated Debt Capacity and Uses/Restrictions

Funding Source	Current Debt Capacity	Uses/Restrictions
Tourism I Debt Capacity (3% Occupancy Tax & 1.5% Rental Car Tax)	\$69M	<ul style="list-style-type: none">Capital repair and/or refurbishment of Spectrum Center, BB&T Ball Park, and other tourism and cultural related assets
Tourism II Debt Capacity (4% Rental Car Tax)	\$12M	<ul style="list-style-type: none">Capital maintenance, repair and/or refurbishment of City-owned cultural and arts facilities, including Levine Center for the Arts Campus, Discovery Place, and other tourism assets
Convention Center Debt Capacity (3% Occupancy Tax & 1% Food & Beverage Tax)	\$123M	<ul style="list-style-type: none">Capital maintenance, repair and refurbishment of the Charlotte Convention Center, Bank of America Stadium, and amateur sports infrastructureActivities and programs to encourage convention and visitor promotions
NASCAR Hall of Fame Complex (2% Occupancy Tax)	\$40M	<ul style="list-style-type: none">For capital maintenance, repair and refurbishment of the NASCAR Hall of Fame and Convention Center Ballroom
Total	\$244M	



Potential, Future Hospitality and Tourism Investments

Funding Source	Targeted Projects Over next 6 Years
Tourism I	<ul style="list-style-type: none">• Discovery Place upgrade/expansion• Spectrum Center upgrades• NBA All-Star Game partnership <hr/> <ul style="list-style-type: none">• MLS Soccer (<i>request to refer to ED Committee tonight</i>)• Carolina Theater (<i>request to refer to ED Committee tonight</i>)
Tourism II	<ul style="list-style-type: none">• Blumenthal Theater <hr/> <ul style="list-style-type: none">• Mint Museum energy upgrades (<i>on Council Agenda tonight</i>)
Convention Center	<ul style="list-style-type: none">• Convention Center expansion and upgrades• Amateur Sports partnerships• Convention Center hotel partnerships• Bank of America Stadium upgrades (current contract expires June 30, 2023)
NASCAR Hall of Fame Complex	<ul style="list-style-type: none">• Facility and exhibit upgrades

Summary

- Hospitality/tourism/cultural sector is an important economic engine for Charlotte and the region
- Hospitality and tourism taxes are used to attract visitors and catalyze investment, jobs, and economic growth
- Important for future investments to be strategic, proactive, and reflect “The winning cities of tomorrow” traits



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