



# 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







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







# Undesignated Debt Capacity and Uses/Restrictions

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



# Potential, Future Hospitality and Tourism Investments

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

# 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



# Hospitality & Tourism Overview

June 26, 2017