

5/06/2013

# PUBLIC COMMENT SIGNUP SHEET

Pursuant to N.C. Gen. Stat. §153A-52.1, the Henderson County welcomes public comment at its meetings. Please note that each speaker is limited to three (3) minutes, unless a different time limit is announced. Also, the Board may adopt rules limiting the number of persons speaking taking the same position on a given issue, and other rules regarding the maintenance of good order.

Each speaker should be aware and by their signatures hereto they agree that their comments may be recorded (by audio-visual recordings, photography or other means), and may be (but are not required to be) broadcast by the County as a part of the broadcast of this meeting, or as a part of the County's programming on its local video channel(s). By their signature they further agree that Henderson County is and will be the sole owner of all rights in and to such programming. The undersigned hereby indemnifies Henderson County, its employees and agents, against any and all claims, damages, liabilities, costs and expenses arising out of the use of the undersigned's images and words in connection therewith.

1.

Dennis Justice

PRINTED NAME

31 Tamis Lane

Fletcher NC 28732

MAILING ADDRESS

SIGNATURE

Water System transfer

Topic

2.

Kaye Caldwell

PRINTED NAME

Wyatt Lane

Edgewille

MAILING ADDRESS

SIGNATURE

Tourism

Topic

3.

Mayor Barbara Volk

PRINTED NAME

MAILING ADDRESS

SIGNATURE

Jackson Park Basement

Topic

4.

PRINTED NAME

MAILING ADDRESS

SIGNATURE

Topic

## *Henderson County Accommodations Association*

### **Comments to Henderson County Board of Commissioners May 5, 2013**

**Tourism in Henderson County is in trouble.** We base that conclusion on analysis of data available from the county TDA and from the NC Department of Commerce's Tourism Division.

#### **Annual Total Room Rents Have Not Recovered to Pre Tax Increase Levels**

Henderson County has never recovered from the tax increase in 2007 from 3% to 4%, let alone the later increase. Annual total room rents countywide are down \$1.01 million dollars (4%) as of March of this year as compared to the 12 months prior to the 2007 tax increase (see attached graph, page 4). If you are now thinking that it's because of the recession or the poor economy, it is not. To see that, just consider how well we are doing compared to surrounding counties.

#### **Henderson County's Recovery from the Recession is Much Slower than Surrounding Counties**

Using data<sup>1</sup> available from the North Carolina Division of Tourism, we can compare Henderson County to the surrounding 4 counties (Buncombe, Polk, Rutherford, and Transylvania). From the fiscal year before the recession (2006-2007) to fiscal year 2010-2011, the last year we have data for, Buncombe County has increased annual total room rents by 4%. Transylvania has come through the recession and is now essentially back up to their 2007 level. Rutherford County is down just 3% and Polk is still down 7.6% as compared to pre-recession totals. And Henderson County? We are down 12.5 % from 2007. That's almost twice as bad as the next worse off of the surrounding counties. (see attached graph, page 5) **Henderson County Tourism is in trouble.**

#### **Henderson County Is Falling Behind Other Counties Statewide**

Now let's triple check and look for more corroborating data<sup>2</sup>. In 2011, as I think you know, Henderson County was 17<sup>th</sup> out of 100 counties in total visitor revenues. That's very good. We are one of only 25 counties in NC which has more than 1,500 jobs in the tourism industry. And we are one of 23 counties that generates more than \$150 million per year in tourism spending. So tourism is very important to our county. However, in the previous year we were 16<sup>th</sup>. Why did we drop down? It's because the county below us (Catawba) increased visitor revenues at a rate of 7.6% and Henderson County only increased by 3.1 %. In addition to the list of counties in order by visitor revenues, the state also gives us that list in order by percentage increase over the previous year. Looking at the first page of that report, we are not in 17th place, we are not even on the page, which includes 39 counties. Looking at the second page of 39 more counties we are

<sup>1</sup> Data is from "The Economic Impact Of Travel On North Carolina Counties". This study was prepared for the North Carolina Division of Tourism, Film and Sports Development by the US Travel Association."

<sup>2</sup> Data is from the same source.



not on it either. It's not until the third and last page that we find Henderson County. We're down at the end of that page in 98<sup>th</sup> place. Ninety-seven counties in North Carolina are increasing visitor revenues at a faster rate than we are. And all of our surrounding counties are increasing at roughly double the rate we are. Of the 10 counties just below us on the expenditures list, 9 of them are increasing their visitor expenditures at double or even triple the rate we are. So most likely we won't be 17<sup>th</sup> in visitor expenditures when the report is released for 2012. We may be lucky to even be in 18<sup>th</sup> place. Given how important tourism is to Henderson County, it is even more deplorable that we are behind 97 other counties in increasing our tourism expenditures.

### **Henderson County Promotes Tourism Less Effectively Than Surrounding Counties**

Let's look at one more piece of corroborating data: If we look at visitor expenditures in the surrounding counties and divide by tax dollars collected, the average of 3 surrounding counties is 252. That means that those counties promote tourism well enough that an average of \$252 of visitor expenditures is generated for each tax dollar collected. Henderson County, on the other hand, only attracts \$187 in visitor expenditures per tax dollar collected, only 74% of what the surrounding counties are able to attract using their tax dollars. It's also only 71% of what Henderson County was able to attract in 2006-2007 when that tax rate was 3%.

### **Ineffective Spending Significantly Decreases Henderson County Sales Tax Revenues**

Look at what the county collects in sales taxes on tourism expenditures. Suppose, very conservatively, that only \$100 of the \$187 of tourism expenditures is subject to sales tax. That's \$2.00 the county collects for every dollar the TDA spends. Other models show \$8.35 in various taxes generated, directly or indirectly, by \$1 of TDA expenditures. If the TDA money is spent productively to promote tourism and put heads in beds, the county gets AT LEAST \$2 in taxes for every \$1 spent. If the TDA can get back to spending their funds more effectively that would be more like \$4 in sales taxes for every TDA dollar spent. However, to the extent that the TDA must spend money on non-productive expenditures, such as rent or non-productive projects, the County loses AT LEAST \$2, possibly as high as \$8, for every \$1 spent. Requiring the TDA to spend money ineffectively is costing the county much more than the county saves by requiring the TDA to pay non-productive expenses. If the TDA put \$120,000 more into advertising, thus increasing their ad budget by 30% and experiences a 20% increase in tourism because of it, the county would gain 465,000 in sales taxes and even more if other taxes are taken into consideration. More efficient spending of TDA money creates at least 2 to 4 times as much in sales tax for the county for every dollar spent more efficiently by the TDA.

### **The TDA Needs to Find a Strong Solution, and Needs to Have the Flexibility Required to Implement It.**

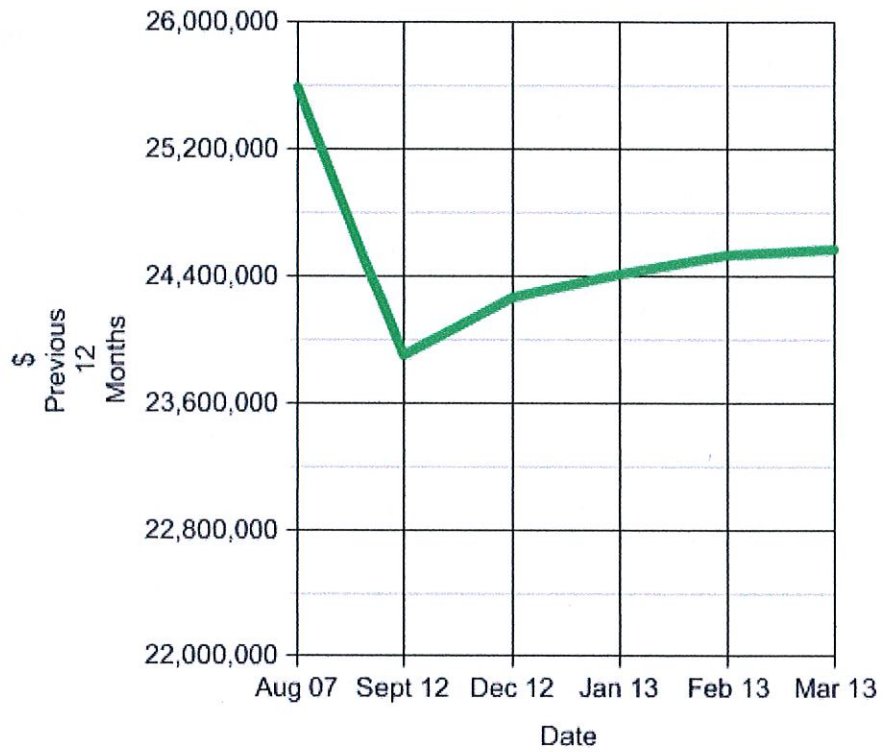
**No matter how you look at it Henderson County Tourism is in trouble.** The TDA needs to be able to find a strong solution to get us out of this hole. The Henderson County Accommodations Association believes that the survey now underway will provide information that could be used to better attract visitors to our county. We are enthused about other steps the TDA is taking as well. We believe that you have a good team in place to effect change. But for the new research, and other initiatives, to be useful the TDA must have the flexibility to implement needed changes. They need to be able to expend tax

collections in the way they think best to get us out of this hole. Indeed they are responsible under the law to spend the tax money collected as the law specifies, and to use their own judgment to determine what expenditures are designed to increase the use of specified county facilities or to attract tourists or businesses travelers to the county.

When you consider the remaining terms of the inter-agency agreement later tonight, the HCAA asks that you keep to an absolute minimum all county inter-agency expenses and required obligations so that the TDA has the flexibility and discretion to market Henderson County effectively and to reverse these trends.

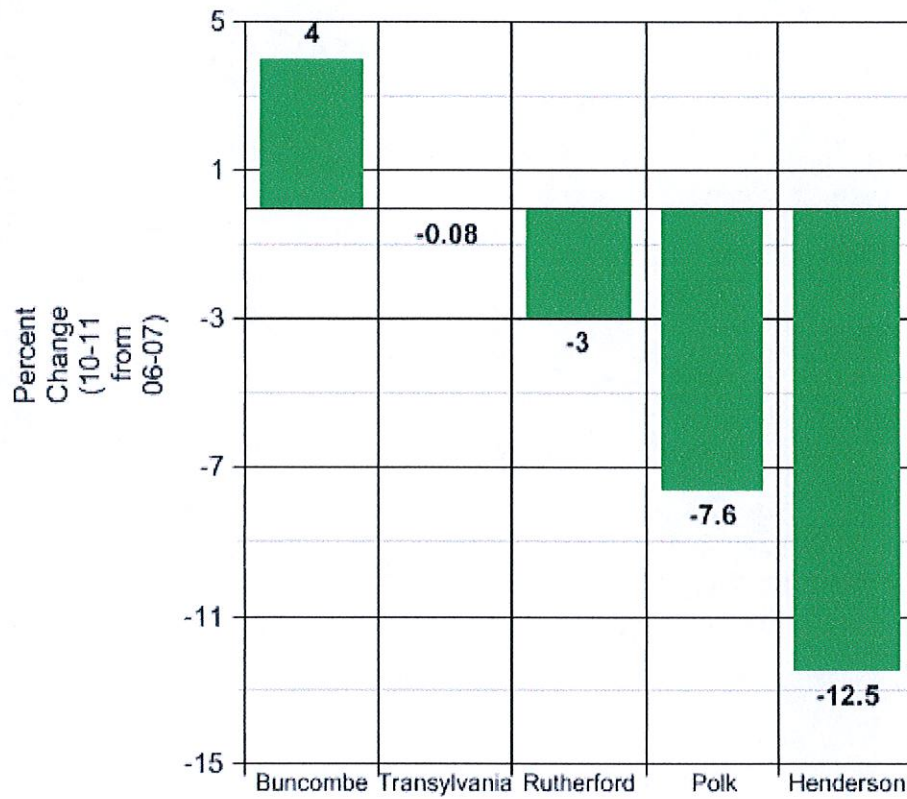
Kaye Caldwell, speaking on behalf of the Henderson County Accommodations Association.  
If you have questions, I may be reached at 828-606-1977.

12 Month Total Room Rents



Source: TDA Room Tax Revenues Report

# Surrounding Counties Yearly Total Room Rents Recession Recovery



Source: NC Dept of Commerce