



GENERAL MANAGERS NEWSLETTER (September 2015)

"Some people believe that holding on and hanging in there are signs of great strength. However, there are times when it takes much more strength to know when to let go...and then doing it."...Ann Landers, American advice columnist

NC Budget Process Ends Well....Considering

The long drawn out two-year budget process that North Carolina goes during the "long session" every two years was exceptional this year in the wide range of revenue and spending options presented and debated. Many would have dramatically impacted the hospitality and tourism industry in very bad ways. Thankfully, in the end, cooler heads prevailed in most cases with the extraordinary help of NCRLA and the NC Travel & Tourism Coalition. Here are some of the highlights:

No Sales Tax on Advertising. After NCRLA and other business groups lobbied heavily against a Senate proposal to impose a new sales tax on advertising, that proposal was left out of the final budget deal.

No Sales Tax Redistribution. The compromise backs away from a highly controversial Senate plan to change how sales taxes are distributed among counties, which would have shifted revenue from urban to rural counties. Instead, the budget deal creates an \$85 million fund for public schools, community colleges, and economic development projects that would heavily favor rural counties, whose residents pay more in sales taxes than their local governments collect under the current system.

Film Grants Funded at \$30 Million Per Year. In addition to tripling the film grant fund to \$30 million a year for the next two years, the budget deal would raise the cap for a TV series from \$5 million to \$9 million per year.

Tourism Promotion Funding Increased. The budget deal allocates an additional \$1 million dollars in tourism promotion funds for the current fiscal year and \$2 million dollars for next fiscal year. However, the budget eliminates \$982,000 in special registration plate fee receipts that have historically been used for tourism promotion. The net impact of these two changes is to maintain tourism promotion dollars during the current fiscal year and increase spending by approximately \$1 million next year.

Corporate Income Tax Rate Reductions Continue. The budget deal maintains a previously-established sequence of reductions in corporate income tax rates. The 2013 tax reform law reduced corporate income tax rates from 6.9 % in tax year 2013 to 6% in 2014, 5% in 2015, and

4% in 2016. Under the tax reform law and the budget deal, if tax revenues for fiscal year 2015-2016 exceed \$21 billion (a trigger the state is forecasted to meet), corporate income tax rates will drop an additional 1% to 3% in tax year 2017.

Personal Income Taxes Cut. The budget deal cuts personal income tax rate from 5.75 % to 5.49 %; increases standard deduction in 2016 from \$15,000 to \$15,500; and fully restores the state tax deduction for medical expenses.

(Source & thanks to NCRLA)

Hotel Scam

CAHA did a TV interview about a new national scam that is being perpetrated on hotel guests. Here's how it works: *A caller phones a hotel and asks to be connected to a hotel guests room and when they answer, the caller proceeds to tell them there's a problem with their credit card charge for the room and to please read them the card number and security code on the back.* Of course you know how it ends; the hotel guest's card gets a bogus charge on it.

We told the reporter to tell viewers that *"No reputable hotel would ask for this information over the phone; they would ask the guest go come to the front desk to deal with it. Secondly, any credit card issue would have been resolved at the time of check in or when the guest made the reservation. Don't ever give out your credit card information over the phone to anyone! And lastly, reputable hotels are very hesitant to simply transfer a call to a room without checking the name of the person they're calling. We are unaware of this scam occurring in Charlotte, but being a national scam, the caller could be calling from anywhere in the US or overseas."*

Still, this is one of those issues hotels need to train their telephone operators and front desk personnel on, and have policies and procedures in place to protect their guests.

General Economy

According to the National Retail Federation (NRF), retail sales got back on track in August. NRF reported that retail sales in August rose a healthy 2.6 % over last year, indicating consumer spending is back on track after several months of depressed sales results; sales also grew 0.2 % seasonally adjusted from July. The three-month moving average growth on a year-over-year basis was 3.6 %. This was in spite of financial market volatility and a deflationary pricing environment in retail.

The U.S. Department of Commerce reported retail sales overall grew 0.2 % seasonally adjusted from the previous month and 2.2 % unadjusted year-over-year. USDOC data includes more categories than the NRF data.

One to Watch...Cumberland County Tries to Grab Control of Tourism Money

The Cumberland County Board of Commissioners (Fayetteville) has had a bill filed in the State legislature to abolish its Tourism Development Authority and to have the proceeds from the county occupancy and meals taxes paid directly to the county commission. The

commissioners say they will use the funds for travel, tourism and arts, but what about a future commission?

This is the type of precedence we don't need popping up across the State, if this legislative effort is successful. Current State law requires that occupancy taxes be restricted in their use for travel and tourism, and the only way to protect that is to keep the law the way it is and not allow exceptions.

What Meeting Planners Are Saying

Successful Meetings, September issue, had a good survey on meeting planner optimism. Here's a sample of what they said:

Economic Conditions for the Remainder of 2015: 72% predict better business conditions; **18%** predict no change; and **10%** predict worse business conditions.

Meeting Attendance This Year & Next: 62% predicted an increase; **29%** predicted no change; and **9%** predicted a decrease.

Will Airbnb Destroy Room Blocks?

Good question posed in *Meeting Focus* magazine, August issue that they tried to give some perspective to in a guest article.

First it was room-block poachers, and then Travelocity and Priceline doing the disruption in room blocks; now newer technologies and companies like Airbnb, HomeWay and VRBO have the industry, especially meeting planners, nervous. They started almost unnoticed, primarily the domain of the adventurous traveler that wanted to experience cheap overnight accommodations in someone's house; now they're appealing to the high-paying leisure and business traveler. Why not reserve a three bedroom condo in the center city of the town where your next business meeting or convention is going to be? While they might miss out on amenities like room and maid service, why not enjoy the comforts of home, plus close proximity to the meeting and the city's main attractions. The future effects on room blocks are already being considered by meeting planners.

Some speculate that the traditional formulas for the cost of meeting space and sleeping rooms will dissolve (a negotiated lower, or even free, meeting space if the group commits to so much in room and F&B income). Some planners even think room blocks in general will disappear. It may also impact where they put F&B and networking events. With a desire to have all of their meeting attendees coalesce together at events like these, will it make the draw of a headquarters hotel even stronger; or are they going to have to consider a "central" location based on where all of their people are staying? How can they contract for events like these 3-5 years out? A hotel seems the best bet, but then again.....?

Will they even begin to offer Airbnb (and others) to their meeting attendees to book through them so they'll know where all their attendees are staying? The ASAE convention in Detroit in September may be an indicator: there was no "host" hotel. There were 10 hotels in a block (and they ranged from boutique hotels to major brands), but attendees were told to "...stay anywhere you would like." With the rise of home-stay alternatives, some meeting planners are

wondering if they should offer them among their accommodations offerings. But so far, legal liability issues and in some cases the loss of rebate income has slowed that move.

One interesting turn in this situation is Hyatt Hotels Corporation's investment in a luxury private homes brand, London-based onefinestay. Reportedly, this is the first time one of the big seven parent companies has made such a move. Is it a sign that they're acknowledging that rentals by owners is a force to be reckoned with in the hotel marketplace?

"Green Walking Tour" of Charlotte

Did you know that Charlotte has a "Green Walking Tour" that might be of interest to your hotel guests...and even staff? There's a cellphone app they can download (for free) and then follow as they walk the tour. Right now it's only in the center city, but plans are to expand it out into other areas. To take a look, go to www.power2charlotte.com/GreenTour.

The app was created to be available to delegates and guests to the DNC back in 2012, but it's been updated and is now being promoted to everyone. There's even a desktop version that simply highlights many of the green initiatives that are noteworthy throughout Charlotte, such as green initiatives at the airport.

Is Your Employee Handbook Up-to-date? There are Changes Required for 2016

If your employee handbook hasn't been updated in the past 12 months, it's out of date. For example:

- Do you realize that you can't prohibit discussions on pay and benefits?
- Have you provided clear rules on overtime and off-the-clock work?
- Have you updated your FMLA policy to reflect same-sex marriage couples rights to FMLA leave? Do you know which same-sex marriages are considered valid?
- Have you changed your handbook to reflect the latest DOL rules on nursing mothers?
- Have you updated your leave policies to include time off for employees with relatives in the military ... or to prohibit moonlighting while on FMLA leave?
- Have you changed your ADA reasonable accommodations policy to include accommodating pregnant employees?
- Do you have a loyalty, no-gossip or civility statement that could land you in court?

Your employee handbook can be an invaluable organizational tool ... or an employment lawsuit waiting to happen. And in recent years, Congress and state legislatures have been busy enacting laws that directly affect your employee handbook. Make sure it's up-to-date.

Future CAHA Events

CAHA General Membership Meetings: *October 15; November 19; December 17 (Third Thursday of each month, 3 pm, subject to change.)*

CAHA HR Committee Meetings: *November 12 (Second Thursday of odd-numbered months, 9 AM, subject to change)*

CAHA Security Committee Meetings: *November 18 (Third Wednesday of odd-numbered months, 10 AM, subject to change):*

Support Our Supplier Members:

Afterdisaster; Alliance Bus; Charlotte Arrangements; Charlotte Paint/Pro-Tec Finishes; Computer Rents; Environmental Diversified Services; Ipswich Shellfish Group; MSS Solutions; Regency DKI; Show Pros Event Staffing Services; Tarheel Linen Service; The Charlotte Destination Group; U.S. Foodservice; Visit Charlotte; and Where Charlotte Magazine

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