

**Hospitality Tax County Manager Recommendations
August 2023**

I. Revenues:

Occupancy Tax – 4% 2024; 3% 2025 – 2033; 2.5% 2034 – 2038; 2% thereafter

Prepared Food and Beverage Tax – 5% 2024; 4% 2025 – 2033; 3.5% 2034 – 2038; 3% thereafter

II. Expenses:

Section 1 Recommendations			
	Funding Level	Timing	Notes
PNC Arena Enhancement	\$21.3M annually (leverages ~ \$300M debt)	Start FY25 (assumes 25-year financing)	Centennial Authority to retain current \$9M commitment through FY29; funding authorization to support construction draw program; assumes long term lease, development around arena and affordable housing
Cary Indoor Sports Facility	\$5.35M annually (leverages ~ \$75M debt)(previously ~\$60M)	New funding starts FY26 (assumes 25 financing)	Project to use cash accrued from FY22 – FY23 commitment to support project in FY26
Section 2 Recommendations			
	Funding Level	Timing	Notes
Raleigh Downtown Hotel/ Parking Infrastructure	\$6.02M annually (leverages up to \$75M debt)	Start FY25 (assumes 20 financing)	Not to exceed \$75M
Raleigh Music Venue Relocation and Convention Center Expansion	\$25.6M annually (leverages ~ \$387.5M debt)	Start FY25 (assumes 20-year and 30-year financing)	Funding authorization to begin construction draw program
Business Development Fund	Transition funding to GRCVB Operating Budget; \$.6M FY24 – FY25; \$.3M FY26; \$.2M FY27	Begin transition FY26	GRCVB will continue to operate BDF program under current framework and guidelines
Receive Funds from Section 3	\$3.5M provided from Section 3 to cover fund balance guidelines	Occurs FY28 - FY29	If revenue growth is sufficient to cover fund balance guidelines, the transfer will automatically cancel
Section 3 Recommendations			
	Funding Level	Timing	Notes
Town of Cary Sports Facilities Capital Ex	\$1M additional allocation FY24	FY24	Restores \$1M reduction from FY21 due to COVID
Competitive Process Funding	Allocates additional \$15.5M over four years	FY24 – FY27	If combined with Small Project Funding, totals \$23.5M; Process to be held late 2025
Transfer Funds to Section 2	Transfer \$3.5M to Section to adhere to fund balance guidelines	Occurs FY28 – FY29	Future reimbursement would occur; revenue growth sufficient to cover fund balance guidelines would automatically cancel the transfer

III. Next review: Complete by June 30, 2026