



GENERAL MANAGERS NEWSLETTER
(February 28, 2011)

“A good listener is not only popular everywhere, but after a while he gets to know something.”...Wilson Mizner, playwright & entrepreneur

Welcome New Member!!

Help us welcome **Phillip Cunningham** and **Great Wolf Lodge** in Concord, NC into CAHA membership.

NASCAR All-Star Race Weekend Changes This Year

With the race on May 21, the other two major events for All-Star race weekend are *Revved Up*, the open-air concert, and the *Pitt Crew Challenge*. While it's not yet a "done deal," it looks like the *Revved Up* concert will move from Mint and 3rd Streets to the NASCAR Hall of Fame. And, because of NBA arena booking requirements, these events will swap days of the week from last year, with *Revved Up* being on Wednesday (May 18) and the *Pitt Crew Challenge* moving to Thursday, May 19 at Time Warner Cable Arena.

OTC's Sue North Carolina Over Occupancy Tax Law

As you know, last year North Carolina instituted a new law requiring online travel companies to report and pay taxes on the value of their charges to their customers, to each hotel, and requiring the hotel to remit both their taxes and the OTC's taxes beginning January 1st of this year. Right after the first of the year, a group of OTC's filed a lawsuit over the new law. The Raleigh News & Observer published a good recap of the lawsuit, the text of which is listed below.

A group of online travel companies have filed a lawsuit against North Carolina saying recent amendments to the state's sales tax law violate the Internet Tax Freedom Act. The amendments, which went into effect on January 1, require that fees paid to third-party intermediaries, such as Orbitz, Trip Network, Travelocity, Hotwire and Hotels.com, be included in the gross receipts of hotel operators that are subject to sales and hotel room taxes.

In addition to violating the Internet Tax Freedom Act, the lawsuit alleges that the amendments are overly vague; unconstitutionally impair the plaintiffs' contracts

with hotel operators; and violate the commerce clause in the U.S. Constitution and uniformity clause in the North Carolina constitution. The plaintiffs are seeking to have the amendments voided and their attorneys fees paid.

The lawsuit is the second legal skirmish that has resulted from the state's effort to collect tax on online sales. A federal judge in Seattle, WA recently ruled against North Carolina in its attempts to force Amazon.com to turn over the names of its customers to state tax collectors. The judge ruled that turning over customer names violates a key free-speech tenet.

Lawyers with the state's Department of Justice are reviewing the complaint. The state has not yet decided whether to appeal the final ruling (in the Washington case).

Here's what we know so far. This lawsuit could drag out for several years, depending on how rulings go. The plaintiffs did file for an injunction and we should hear something on that request by this spring or summer. In the meantime, we understand that the OTC's are collecting, but holding their portion of the taxes, with the exception of Priceline, which is paying.

Overall Economic News

With consumers showing spending power beyond the holiday season, January marked the seventh straight month of retail sales gains. According to the National Retail Federation (NRF), retail industry sales for January increased 0.2% seasonally adjusted from December and 3.5 % unadjusted year-over-year. January retail sales released by the U.S. Commerce Department show total retail sales increased 0.3 % seasonally adjusted over December and 7.1 % unadjusted year-over-year.

The NRF is projecting that retail industry sales for 2011 will increase 4.0 % from 2010. The cautiously optimistic outlook is supposedly supported by the seven consecutive months of retail sales growth and better than expected holiday sales. But they also say, while consumers are once again showing a willingness to spend, inflation from rising commodity prices and continued high unemployment could become obstacles to growth down the line. With small businesses continuing to hold back on hiring and expansion plans, and consumers facing higher energy costs, questions remain about the speed and strength of the retail spending momentum. Just this week, the Bureau of Economic Analysis (BEA) adjusted their 4th quarter estimate of gross domestic production downward from an originally robust +3.2%, to +2.8%. Adjustments to early estimates are common.

Handgun Permit Bill Could Hit Hotels' Policies

House Bill 111 in the NC legislature could have an impact on holders of ABC permits, such as restaurants and hotels, if passed. The initiative is a classic clash of private property owners' rights, and freedom of speech and the second amendment. The bill would allow persons with concealed handgun permits to carry their weapons

(concealed) in restaurants and other public places regardless of any policies imposed by the property owner. The catch is, the way it's worded it's linked to holders of ABC permits. If you have an ABC permit, you could not have a "no-guns" policy, whereas, if you don't have an ABC permit you could still post "no-guns." ?????

Hotel Search Engine Offers Data on Specific Hotel Rooms to Customers

On February 24, a group of hotel and technology entrepreneurs launched a new search tool designed to help travelers pick their own rooms by providing simulations of actual views and detailed information on everything from bed size to distance from the elevator. Eventually, the creators say, they hope the site, called Room 77 will become a TripAdvisor of sorts for rooms, with traveler pictures and reviews offering information on things like wireless Internet strength. Visit the site at <http://www.room77.com/>.

A team of engineers from companies such as Google and Facebook, have been working to build the initial product, which features 500 hotels in 15 North American cities and London. Targeting properties rated three stars and above, Room 77 has collected and indexed data on more than 425,000 hotel rooms in 2,500 properties and plans to grow that with the help of travelers and hotels. Initial destinations for Room 77 include Atlanta, Boston, Chicago, Denver, Honolulu, Las Vegas, London, Los Angeles, Maui, Miami, New York, Orlando, San Diego, San Francisco, Seattle and Washington.

Available on the Web or through an iPhone app, Room 77 provides travelers with specific with information such as room category, square footage, bed type, elevator proximity and if it is a connecting room. For each room, Room 77 also generates a simulation of the room's view using Google Earth-enabled technology. The best rooms for each traveler are automatically ranked using an algorithm that adjusts to the preferences entered by the traveler. As the site grows, plans call for including pictures of the insides of rooms provided by both hotels and travelers as well as user-generated room reviews.

The site does not enable travelers to book specific rooms, but does offer travelers tips on how to request and secure them from hotel companies. It also has links to hotel booking websites and Orbitz.

Pool Fences Receiving Extra Scrutiny

With summer just around the corner, state and local health inspectors are getting ready for the opening of thousands of pools, including those at hotels. Unfortunately one overzealous regulator in Raleigh asked the State Attorney General (AG) for several interpretations on laws about pool fencing. The AG was very specific as to the "letter of the law" and the required dimensions and configurations (3' distance from the ground to the bottom rail; 4' form the ground to the top rail; etc.). This state inspector then sent instructions to local health departments (the people that actually do all of the inspections) saying that, "...*there will be 100% compliance statewide to all pool regulations, including fence requirements...*" and that the counties could be liable for any accidents if they inspected a pool that didn't comply and allowed it to open anyway. Several county inspectors around the state raced out with tape measures and rulebooks, measuring

everything to the millimeter. Point is, it looks like there's going to be a lot of emphasis on pools this year (indoor and out), so pay close attention to yours.

Tryon Street to Get a Face Lift

Tryon Street in uptown will soon be getting a face-lift with bike lanes, new signage, etc. The city department of transportation (CDOT) is also embarking on what is called a "Curb Lane Management Study" to improve on street usage and lanes. Curb lanes are used throughout the city for many things: residential and business parking; loading and unloading zones; bus stops; taxi stands; etc.). CDOT also noticed that there are more than 40 different kinds of signs and messages conveyed along these curb lines. The study will come up with recommendations for more standardization and uniformity through the city. A final report and recommendations could go to City Council as early as July.

Hospitality House Reaching Out for Silent Auction Items

Hospitality House of Charlotte, the non-profit organization providing shelter to family members with a loved one in medical crisis in a local hospital, is celebrating 26 years of service this year with a **Full House Casino Night** event on **April 9, 2011** at CenterStage@NoDa beginning at 7:00 p.m, and would love the support of the association with contributions of lodging certificates, spa, dinner packages or baskets to include into their auction (Deadline to send items to Hospitality House to be included is March 31). This is the nonprofits largest fundraiser of the year, and they encourage all wishing to donate items to send promotional materials for all partygoers to see.

Since 1985, more than 38,000 guests from 49 states and 33 countries have enjoyed the comfort and shelter of the facility so they can be close to a loved one undergoing medical treatment in one of Charlotte's many medical facilities. All attendees are welcome for a fun evening of casino style gaming, live music, heavy hors d'oeuvres, refreshments, dancing and more. To find out more, contact Susan Ross at 704-376-0060 or at sross@hhocharlotte.org. For those wishing to attend the event purchase tickets online at www.HospitalityHouseOfCharlotte.org. Thank you for your support, and hope to see you there

North Carolina Sales Taxes on Services

You will continue to hear a lot of news and discussion about reforming North Carolina sales tax laws in an effort to raise more tax revenue by broadening the base. There are a number of services that are currently exempt from sales taxes in the state that if taxed, could raise a lot of money for the state...but also raise the cost of these services to hotels and businesses. Here's a sample list of some of the services that are currently exempt, and an average of tax rates applied by other states:

Carpentry, painting, plumbing & similar trades	4.98
Swimming pool cleaning & maintenance	5.17

Interior design & decorating	3.79
Maintenance & janitorial services	5.01
Exterminating (including termite services)	5.35
Window cleaning	4.95
Internet service providers-Dialup	5.89
Internet service providers-DSL or other broadband	5.64

They're also looking at the current state sales tax rate on hotels, motels and lodging houses, which is 5.75%, as compared to an average of 6.08% in 48 other states.

The good news is that if the state does impose or increase these taxes on services, they would cut the corporate tax rate. Also, no one expects anything to happen on tax reform this year. There's just not enough time. And then looking ahead, legislators are always loath to talk about or change taxes in an election year, which could delay any changes from next year to 2013. We'll keep watching.

Watch Out When Disciplining Employees Over What They Put on Facebook

A US federal agency has declared Facebook posts as legally protected speech, even for employees who write negative things about their employers. In a lawsuit that probably won't sit well with most employers trying to enforce social media policies, the National Labor Relations Board said that a recent Facebook-related termination was unlawful. The employee in question used vulgar language to deride her boss on Facebook when he denied one of her requests. Several of her co-workers joined in on the thread, also making negative comments about the supervisor. The employee made these comments on her own time and on her own computer.

An NLRB representative said that company social media policies that prohibit making negative remarks about one's boss or company online are actually in violation of labor laws that protect employees' right to talk about things like wages and working conditions. Therefore, the employee's supervisors may not have had the right to fire her for what she did.

Of course, not all Facebook activity is likely to be protected speech. According to the NLRB's Facebook comments can lose protected status depending on where the discussion takes place, the subject matter, the nature of the outburst and whether the comments were provoked by an employer's unfair labor practice.

More Local News

The **Plaza Hotel** near Carowinds Boulevard and I-77 has been sold and is scheduled for renovation. The hotel was bought for \$1.2 million by Chad Patel with Shreeji Carowinds, who plans on putting another \$1 million into rooms and public spaces...the **High Point Convention & Visitors Bureau** has selected Timothy Mabe as its new president to replace Charlotte Young who is retiring. Mabe, a Winston-Salem native, has 20 years CVB experience and was most recently the chief executive officer

for the government appointed board that runs the Valdosta-Lowndes County CVB, Conference Center and the Sports Commission in Georgia.

Future CAHA Events

CAHA General Membership Meetings: March 17, April 21, May 19, June 16, July 21, August 18, September 15, October 20, November 17, December 15 (Third Thursday of each month, 3-5 PM, subject to change.)

CAHA HR Committee Meetings: March 11, May 6, July 1, September 2, November 4 (First Friday of every other month, 9 AM, subject to change.)

Support Our Supplier Members:

Action Pest Exterminating, Inc., Charlotte Paint/Pro-Tec Finishes; Computer Rents; Hospitality Education Services; HotelPro Staffing; Ipswich Shellfish Group; JeneRation Recycling LLC; Killingsworth Environmental; Mechanical Systems & Services Inc.; Rose Chauffeured Transportation; Show Pros Event Staffing Services; Swank Audio Visuals; Tarheel Linen Service; USAudio Visual, Inc., U.S. Foodservice, Visit Charlotte and Wayne Automatic Fire Sprinklers, Inc.

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