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Blowing Rock says Caldwell owes big debt



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Blowing Rock says Caldwell County owes it almost \$200,000, but the county says it doesn't have to pay the town anything.



Gideon Ridge Inn, a resort in northern Caldwell County, had been mistakenly paying Caldwell County's 3 percent occupancy tax, a tax based on an overnight accommodation's business income, for the past 10 years after being annexed by Blowing Rock, Town Manager Ed Evans said. The town straddles the Watauga-Caldwell county line.

Evans said lawyers have told the town it is legally entitled to all 10 years' worth of the revenue. Blowing Rock asked for only half of that, \$90,833, with an invoice on April 24.

"As a courtesy, we thought, OK, they (Caldwell County) didn't do it intentionally, and we asked them to pay us five years," Evans said. "They weren't happy."

On May 22, the county replied with a letter stating that Blowing Rock did not have a valid claim, and Caldwell County would not pay.

When Gideon Ridge was annexed into Blowing Rock in 2008, a North Carolina statute specifically stated that Caldwell County cannot collect its occupancy tax from any businesses in Blowing Rock. Blowing Rock has a 6 percent occupancy tax, and the lodge did start paying 6 percent -- but sent half to Caldwell and half to Blowing Rock, Evans said.

When Evans was hired as town manager last year, he noticed that Gideon Ridge was paying only 3 percent to the town and started looking into it.

“The resort thought they were doing the right thing,” Evans said. “Yes, the town didn’t catch it, but Caldwell County didn’t volunteer it.”

Caldwell County Commissioner Randy Church said he thinks it was the town’s fault for not noticing the mistake. The county had no obligation to point it out, he said.

“If somebody is paying you money, you just continue to take the money,” Church said.

Since the county refused to pay, Evans has turned it over to the town attorney, who sent a letter Tuesday warning that the town would take legal action to collect all 10 years of the taxes if Caldwell doesn't pay.



Church said he expects the town will sue, but he thinks the matter should be between the Caldwell Chamber of Commerce and the town because occupancy tax dollars are funneled to the chamber to support tourism in the county.



“The chamber is the one who got the money, so who would you ask to pay it back?” Church said.

But he acknowledged that paying back \$90,000 would be a blow to the tourism efforts of the chamber, which already is trying to cope with losing the roughly \$1,500 a month that it had been receiving from Gideon Ridge's tax payments.

“That's a lot of money, I don’t think they can afford to do it, but it’s not right the taxpayer has to do it,” Church said.

Chamber President Barbara Armstrong said she is sure the town and the county will come to an agreement before things come to the chamber paying the money, and Church said he thinks the county would help support the chamber if it did come to that.

Evans said the town doesn't want to take money from the chamber.

Dana Clark, a Lenoir resident who is the hospitality and tourism management program director at Appalachian State University, said he thinks it would be unfair to take the money from the chamber.

"I think this is the county's problem. I think they messed it up," he said. "They're the ones who messed it up."

Reporter Virginia Annable can be reached at 828-610-8724.



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