

**TOURISM EXPENDITURE REVIEW COMMITTEE
MEETING MINUTES
August 4, 2003
Room 2E21 of the SC Department of Revenue, 11 a.m.**

ATTENDANCE:

Committee Members in Attendance: Frans Mustert, Chairman; Lanneau Siegling, Vice Chairman; John Curry, Susan Cruse, Isabell Hill, Rod Swaim, David Warren.

Non Committee Members/Guests in Attendance: Tom Sponseller, SC Hospitality Association; Damita Jeter, TERC Staff; Gary Cannon and Howard DuVall, Municipal Association of SC; Tim Winslow, SC Association of Counties; Frances Bowen, Sid Crumpton and Wanda Fowler, Town of Duncan; Ron Allison, John Edwards and Bill Mayrose, Spartanburg County; Eddie Payne and Geri McSwain, Oconee County; Julie Flowers, PRT.

CALL TO ORDER AND PRESENTATION OF CASES:

Chairman Mustert called the meeting to order at 11 a.m., and asked the Town of Duncan, Spartanburg County and Oconee County to present their information.

Town of Duncan

SCALE Park: Mr. Sid Crumpton reported on the SCALE (SC Academic Learning Environment) project, which had been previously denied based on information provided. Mr. Crumpton said the project had been endorsed by the local Chamber of Commerce, and has an ongoing effort to promote tourism. Among the items provided by the park is a reception site for tourists, a welcome center for receptions, seminars, etc. The town is also advertising by way of billboards along the interstates and brochures in South Carolina Welcome Centers. Mr. Crumpton said the long range plan is to complete the site, and promote it for tourism by hiring a curator and continual advertising. It is in the process of applying for a non profit status now, but currently the funds are going through the school district and earmarked for the park.

After some discussion, the Committee decided that the decision be overturned and the funding for the park project be approved, pending receiving information such as the long-range plan for the Park, budget, an endorsement from the Convention and Visitors Bureau and non profit status. However, the Committee said all promotional efforts such as billboards and brochures can be approved immediately.

Middle Tyger Community Center Golf Tournament: Ms. Wanda Fowler said the Golf Tournament was a collaboration of more than 25 organizations that reach out to business and industry for participation. The Community Center's main focus is building a better community. Ms. Fowler said that they are working with businesses to bring in celebrity golfers. After some discussion, the Committee re-affirmed its denial of funds for the golf tournament, however, they stated that the funds used for out of market advertising (generally, 50 miles or more) could be used. This decision was based on previous similar decisions with other municipalities and counties, where the Committee found that tournaments of this nature were more of a benefit to the local community, but an effort to promote the tournament to tourists was a good use of accommodations taxes. They also encouraged the town to continue tracking tourism for all of its events, including this golf tournament.

Concoxiions Cornerstone Theater: This is a nonprofit performance center that has performances by a professional Christian entertainment group. Their plays attract Christians and non-Christians alike. The attendance to this show is tracked and it is found that 30% of attendees are from outside of the state. The funds were used for out of market advertising and a website promoting the show and the theater as a tourist destination. The Committee overturned their original decision and approved this funding based on the new information.

A letter will be written to the Town of Duncan explaining the above decisions.

Spartanburg County:

Representatives from Spartanburg County had drafted several questions for the Committee, including the definition of a tourist being one from more than 50 miles. The Committee reminded the County that they now look at everything on a case by case basis and if an event boosts the economic impact of the area, it will be considered. The Committee also reminded the County representatives that funds must go to a nonprofit destination and advertising must be done in an out of market area. In general, if a parade, golf tournament, event, etc. is something that is done primarily for local residents, it cannot be funded out of accommodations taxes.

After hearing more information on the Miss S.C. Pageant, including a newspaper article with statistics on how many tourists the pageant brings in, the Committee passed a motion to reverse its original decision and approve such funding. However, the Committee also asked that the County submit a budget for the pageant to the Tourism Expenditure Review Committee.

A letter will be drafted to the County telling them this.

Oconee County:

Geri McSwain and Eddie Payne were at the meeting to discuss the Miss Golden Corner Scholarship Pageant, which the TERC had previously said should not receive funding. Mr. Payne explained that the Miss Golden Corner went on to the Miss S.C. Pageant. Ms. McSwain said this project was funded before the guidelines regarding beauty pageants went out. She also said that the pageant did surveys and learned that 42 hotel rooms in Walhalla were being used the evening of the pageant. After hearing this, the Committee reversed its decision based on the fact that it was funded before the guidelines and the pageant did track tourism data.

A letter will be drafted to the County telling them this.

REVIEW OF BUDGET PROVISIO LANGUAGE AND POLICY ON TOURISM:

The Committee then discussed with representatives of the S.C. Association of Counties and the Municipal Association of SC budget proviso 72.83 which states that for “FY 02-03, the word ‘tourist’ as used in Section 6-4-10 does not apply to museums, festivals arts and cultural events or the sponsoring organization of the events.”

All representatives involved agreed that because of the time frame in which it was first drafted (before the definition of tourist changed) and the language, it essentially affects nothing and the current provisions still apply.

Both the Municipal Association and the Association of Counties agreed with the Committee that cultural events, festivals and museums must still attract, provide for and promote tourism in order to qualify for

accommodations tax funding. The Committee asked that both organizations disseminate that opinion to its members and copy Mrs. Jeter.

The Committee then turned its attention towards the Draft Policy on the Interpretation of Tourism Related Expenditures. Ms. Hill, who drafted the policy, said it was her attempt to clarify and bring consistency to the law, which tended to be ambiguous in some parts when it came to a clear definition of tourism-related expenditures.

Ms. Hill said she used language from the Revenue Ruling and from the law. Mr. DuVall from the Municipal Association agreed with the policy, but stated that it is difficult to draft language that would apply to every county and municipality within the state since they are all different. Ms. Hill said that it sets a framework to show that an event which attract tourists and promotes economic growth in order to attract more tourism to that area is a good use of accommodations taxes. The Committee approved a motion to adopt the policy and distribute in its a-tax reporting package which will come out late August.

ADMINISTRATIVE TASKS:

- The Committee approved the June 2, 2003 minutes as submitted.
- The Committee reviewed the accommodations tax reporting package and made some adjustments to the a-tax committee members' reporting page. Mrs. Jeter said she would make the changes and send to the Committee members for final approval.
- The Committee also reviewed the newsletter, which Mrs. Jeter said had been sent to all municipalities and counties eligible for funding, their a-tax committee members, the media and the tourism regions. Mrs. Jeter invited the TERC members to add names to the mailing list.
- Chairman Mustert then discussed with the Committee the various "team" for reviewing questionable expenditures. A question was raised whether or not Ms. Hill felt comfortable reviewing questionable expenditures for the Committee. She said she did not. Mr. Mustert also said the Committee would assign Mr. Mark Williams to a team as soon as the new Committee members joined us, which will tentatively be in September (before the October deadline).
- The Committee reviewed the research by John Crotts from the College of Charleston and decided that many of his suggestions were being implemented. However, the Committee will send a letter to him encouraging his ongoing research in accommodations taxes and the Committee's oversight mission.

REVIEW OF CERTAIN EXPENDITURES:

- **City of Aiken:** The Committee reviewed their further explanations of questionable expenditures and approved expenditures for **the Aiken Downtown Development Association and the Festival of Trees**. It also approved the expenditure related to out of market advertising for the Marine Corps League Parade. However, it further questioned the "event transportation" portion of that expenditure. Mrs. Jeter called the City for further clarification and found that the event transportation was a bus rental for the Marine band to come to the parade. The Committee said this portion of the expenditure could not be funded from a-taxes. A letter will be drafted telling them such.
- **Town of Lexington:** The Committee will hold over the Town of Lexington's reporting form and Mrs. Cruse and Mr. Warren will advise the Committee during its September meeting.
- **City of Greenwood:** The Committee then reviewed a request by the City of Greenwood that was submitted in October 2002. The City says the Committee never responded to the request. The request was for approval of funds for an open-aired pavilion by the Greenwood Parks and Trails Foundation. The second request was for the Arts Council of Greenwood County for use in the

renovation of an old building which will be used for a visitor's center. The Committee was concerned that both of these requests did not have the approval of the local a-tax committee. The Committee voted to request more information from the City, including an explanation as to why it was turned down by the local accommodations tax committee, whether or not the building is now public or privately owned, and a budget. At first glance, the Committee said it did not look like an appropriate use of a-tax funds.

- **City of Beaufort:** The Committee reviewed a request from the City of Beaufort, regarding a \$40,000 appropriation over eight years for construction of a performing arts center at USCB. The Committee questioned whether or not this had been run through the local a-tax committee first. If not, it could be rejected on that basis, considering the law states that if a local a-tax committee is in place the county or municipality must run it through them first (Section 6-4-25). The Committee asked Mrs. Jeter to obtain more information and ask in more detail how it provides for tourism and the procedure in which council funded it.
- **Beaufort County:** After repeated attempts to obtain information, the Committee voted to send a letter saying it is requesting to withhold funds from this County based on the noncompliance section of the law.
- **Town of Moncks Corner:** The Town sent an original request to the Committee in October 2002, which was never addressed. They then amended the request. The Committee suggested the Town run its request back through their local accommodations tax committee and Mrs. Jeter was asked to obtain an unofficial opinion from SCDOR legal counsel. The Committee decided this would set a precedent in being able to change requests for carryover of funds; therefore, a legal opinion was necessary.
- **Georgetown County:** The Committee reviewed a request from the County for an opinion of appropriate use of a-tax funds. The Litchfield Beach Homeowners Association was asking for a-tax funds to be used to reimburse the Association, which had paid for repairs to a footbridge. After studying the information, the Committee decided that they had no reason to disagree with the County attorney. A-tax funds could not be used to pay for a private bridge on private property, even if it is used by some tourists.
- **City of Spartanburg:** The Committee reviewed this entity's reporting form, which had never been submitted due to a miscommunication error with previous staff. The Committee agreed to abate any penalties for non reporting. After reviewing the form, it requested more information on the Spartanburg Terrace Tenants Association, Evening of Talent Expression. Specifically, the Committee was curious as to whether or not this was a for-profit organization and how this event attracts tourists.
- **Town of Mount Pleasant:** The Committee was copied on a request that went to SCDOR legal counsel. The question was whether or not a-tax funds could be used to fund a youth sports team's travel to an out of state tournament. The Committee said this would not be an appropriate use of funds.
- **Georgetown County (CVB):** The question arose whether or not the CVB could use either 65% or 30% funds to pay for operation of its visitors center. By operation, it includes salaries, software, telephone, expense, etc. The Committee arrived at the opinion that the law states if you are in a high concentration of tourism area, (which Georgetown County is), you can use the 65% to pay for "operation of visitors centers," but only to the extent that the center is used to attract, promote and provide for tourists. The Committee further requested a budget to determine the extent it provides "solely for tourism" before sending an official letter to the CVB.
- **Pawley's Island:** Chairman Mustert and Rod Swaim visited Mayor Otis at Pawley's Island and discussed the "special situation" of using a-tax funds to pay for things primarily paid for at the city level. They both agreed that Pawley's Island was unique in that there was a disproportionate level of tourists versus local residents. The Committee requested in a letter that for future filings, Pawley's Island remit a budget and percentage of tourism related to expenditures.
- **Chester County:** The County had requested the Committee approve a carryover of funds beyond the two-year time limit. In order to do this, the request must include in it provisions that the

money will be used for a special tourism-related project. Mrs. Jeter communicated this to Rebecca Moon of Chester County via email. Since we have not yet gotten a response from her, the Committee voted to withhold approximately \$28,000 in carryover funds unless a response is received by September 15.

LETTERS FROM CONCERNED CITIZENS:

Update on Florence County:

Concerned citizens in Florence County had asked for the TERC to give an opinion on the way funds were appropriated from the 65% fund. They said the Council did not report all of its funds and that the County had issued a tax levy to retire a debt for a civic center. The County now uses a-tax funds for that debt and the tax levy goes to the general fund. The attorney general is looking into the case.

Orangeburg County and City of Orangeburg:

The Committee was asked to look into both of these for compliance of their local accommodations tax committees. Mrs. Jeter will draft a letter to both asking for an updated list of their Committees.

City of Beaufort:

A citizen was concerned about the City of Beaufort using accommodations tax funds to make repairs on a Performing Arts Center. There was concern over whether accommodations taxes could be used for such an item and whether or not the city council could appropriate funds without the local committee's annual review. Mrs. Jeter will send the citizen a copy of the letter she sends to Beaufort regarding these questions.

OTHER BUSINESS:

Annual Reporting:

Ms. Hill and Ms. Flowers then discussed with the Committee the possibility of Mrs. Jeter assuming the task of the annual reports, normally accomplished by SCPRT. Mrs. Jeter said she would be happy to assume this considering she has intentions of putting a similar reporting system in place, and it would be a duplication of efforts. However, she asked that SCPRT support her in this endeavor and provide training. The Committee will also have to ask SCDOR to make the change legislatively since now the law states this task should be accomplished by SCPRT.

Media Talking Points:

Mrs. Jeter asked everyone to review the media talking points in the packet and we would discuss at the next meeting.

The next meeting scheduled of the TERC is scheduled for September 15, 2003 at 11 a.m. at the SCDOR, Room 2E21.

There being no other business, the Committee adjourned.

Respectfully Submitted,

Damita S. Jeter

Damita S. Jeter, TERC Staff