

**TOURISM EXPENDITURE REVIEW COMMITTEE  
MEETING MINUTES  
November 17, 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, Toni Nance, Rod Swaim, Suzy Surkamer and Mark Williams.

**Staff in Attendance:** Damita Jeter, TERC Staff;

**Guests in Attendance:** Bree Amerson, Municipal Association of SC; John Hoefler, Willoughby and Hoefler, Tom Sponseller, Hospitality Association of SC.

**CALL TO ORDER AND ADMINISTRATIVE TASKS:**

- **Introductions:** Chairman Mustert introduced the guest in the room – Bree Amerson, representing the Municipal Association of SC. He also introduced and welcomed Suzy Surkamer, the director of the S.C. Arts Commission, who is the newest TERC Committee member.
- **Minutes:** The Committee approved the October 20, 2003 minutes as submitted.
- **Travel Vouchers:** The Committee submitted their travel vouchers to Mrs. Jeter.
- **Legal Counsel:** Chairman Mustert discussed possibly obtaining legal counsel from Mr. John Hoefler of Willoughby and Hoefler. Chairman Mustert shared with the Committee the letter of engagement from Mr. Hoefler. Chairman Mustert met with Mr. Hoefler recently and told the Committee he recommended acceptance of his engagement letter. Mr. Hoefler has experience dealing with taxes and municipalities and was recommended by Burnie Maybank as possible legal counsel for the Committee. Vice Chairman Siegling is also familiar with the attorney's firm and his partner, and said it would be advantageous to secure his expertise. Chairman Mustert suggested that Mr. Hoefler attend the committee meetings, especially when he begins as legal counsel, to familiarize himself with the Committee procedures and past dealings. Mr. Curry suggested that we hold legal matters until after a certain time, such as 1 p.m. Chairman Mustert said he would confer with Mrs. Jeter prior to meetings regarding agenda items and any possible discussion that might warrant legal counsel to attend.
- **Website:** Mrs. Nance, as chair of the Website Committee, briefed TERC on a meeting prior to the full Committee meeting. Mark Williams, Damita Jeter, Toni Nance and Bill Grant and Shirley McCandless of the State CIO's office discussed a possible website which would be designed and maintained by that office. Possible URL could be TERC.gov. Mrs. Nance said the website committee would draft a "mockup" of the site as well as content and send to Ms. McCandless for a quote. After the quote is received, the Website Committee will forward the proposal as well as the "mockup" to the full Committee for final input.
- **Governor's Conference:** Chairman Mustert and Mrs. Nance led the discussion on TERC's role in the Governor's Conference, which will be held in February in Hilton

Head. Chairman Mustert said we would keep the same “panel discussion” format as we had in prior years. He also said he would like questions to be prefiled. He asked Mrs. Nance to serve as moderator and introduce Tom Sponseller who would give a brief overview of accommodations taxes. She could then introduce Chairman Mustert and the rest of the Committee who would be fielding questions. The Committee also discussed setup procedures and other aspects of the meeting. Mrs. Jeter will be putting together a “summary” of our setup and agenda specifics to distribute to SCPRT, the Committee and Tom Sponseller. TERC’s portion of the agenda will take place on February 3 from 11 a.m. to 12:15 p.m. at the Westin in Hilton Head.

- **Legislative Changes:** The Committee discussed what legislative changes needed to take place and what they would be proposing, such as clarifying the “high concentration” verbiage that addresses municipal services, changing bonded indebtedness to include provisions on future debt, clarifying reporting procedures, etc. Mr. Sponseller also discussed a proposal from the Municipal Association of S.C. that Gary Cannon had mentioned at a prior meeting. The intention is to bring in certain areas (i.e. Edisto Beach) into the “high concentration” areas. Mr. Sponseller said he would communicate with Mr. Cannon regarding any changes he might have. Mrs. Jeter will communicate with Mr. Hoefler regarding the Committee’s proposed changes. Mr. Hoefler will draft the changes and then the Committee will go through the process (through SCDOR and the Hospitality Association) of getting proposed legislation pre-filed.

## REVIEW OF CORRESPONDENCE/QUESTIONS

- **City of North Myrtle Beach:** The City requested accommodations tax funds be used for The Saint Patrick’s Day Parade for both advertising and promotion and operational expenses, based on the fact that the City is in high concentration and it holds the parade during a popular tourist period. The Committee agreed this would be a worthwhile expenditure, but reminded them to run this expenditure, as well as all, by their local accommodations tax committee first. A letter will be drafted telling them such.
- **Town of Duncan :** The Committee gave the Town preliminary approval for SCALE park at a previous meeting, provided that the organization provide the Committee with a long range plan, endorsement from the CVB and overall proof that the project could eventually be tourism related. After receiving this supplemental information, the Committee voted that the project be deemed a worthwhile expenditure. A letter will be drafted telling them such.
- **Horry County/Request from Robert Logan:** The Committee has received correspondence and similar correspondence from a couple of individuals in Horry County (Robert Logan being one of them) concerning an issue of a county councilman participated in a vote that awarded \$15,000 to an event that might benefit him personally. It was also discussed that the event (a boat show) might not have been a non profit at the time funds were requested and approved. The Committee wrote a letter to these individuals saying they would refer this issue to the State Ethics Commission. Mr. Logan responded saying that since he is inquiring about the use of accommodations tax funds, he believes the Committee should address the issue and not the State Ethics Commission. After much discussion, the Committee voted to correspond with Mr. Logan and tell him that they would be addressing this issue when the Committee officially reviews the County’s reporting form, which should be either during the January or February

meetings. Furthermore, the Committee would copy Mr. Logan on any correspondence that the Committee sends to Horry County on this issue. Mr. Rod Swaim did not participate in the vote.

- **Moncks Corner:** This entity requested an extension of funds in the amount of \$6,647.69 to be carried beyond the two year spending limit. They said in correspondence that these funds would be used in conjunction with their prior, approved request for an extension of approximately \$4,900 that would help fund a Visitors Center. The Committee voted to approve the funds after the Town remits to the Committee such items as a long range plan, budget, etc. A letter will be drafted telling them such.

### REVIEW OF FY 02-03 EXPENDITURES:

#### REVIEWED BY SUSAN CRUSE/DAVID WARREN:

- **Aiken County:** Mrs. Cruse indicated in her review that all projects on the form were approved. However, the supplemental form that they sent did not balance, but since this is not a requirement, the projects are approved. However, the Committee would like to request an explanation of the imbalances. A letter will be drafted asking for this information.
- **City of Hardeeville:** The City's form is not balanced, which the Committee will address in its letter to them. Also, the Committee would like to question the expenditure of "Display Flags," for \$9,375. The explanation is American Flags in front of businesses. The Committee will request who is the recipient of funds and more detailed information on this questionable expenditure. The expenditure coding also seems inappropriate. The Committee make up needs to be addressed – 1) they need to remit the new form, and 2) they need to possibly switch a couple of members around in order to be in compliance. All of this will be addressed in the letter to the City.
- **Newberry County:** The 30% reported funding is out of balance. Some of the agencies that received the 30% could have been in the 65%. The Newberry College July 4 event needs more explanation regarding the police protection. Since they are not high concentration, police should not be paid from the 65%. The Newberry College lighting project needs more explanation (it is coded as #3) as to how this is a tourism-related facility and how does it attract, provide and promote tourism? Also needing questioning is the 4S Sign and Supply that is coded as "destination." Are these welcome signs into the County? If so, would the County have funded them anyway. Finally, the Newberry Museum Association for Civic/Cultural Facility expenditure of \$5,000 needs to be questioned, specifically, what did the money go towards? All of the aforementioned questions will be put into a letter asking them to explain.
- **Oconee County:** Mrs. Cruse asked that this County's report be carried over so that she may review supplemental information. However, she said that the County needed to sign the form and designate their chair. Mrs. Jeter will, before the next meeting, ask them to send in an amended form that is signed and designate their chair.
- **City of Greenville:** The City completed the reporting form on an adaptation of the official form. However, they added an additional column, and now their report is hard to understand. The Committee will ask the City to clarify this information. Also, there are a couple of members of their local committee that need to be switched around in order for them to become compliant. Mrs. Jeter will address a letter asking them to do the above.

## REVIEWED BY TONI NANCE/LANNEAU SIEGLING:

- **Florence County:** The Committee discussed this form in detail due to the attention that has been brought to the County's expenditures in the past. The Committee also discussed the fact that the City reported different statistics than the County. There were also some balancing issues on the addendum report. After much discussion, the Committee decided to:
  - 1) withhold funds for the \$230,000 expenditure of the Sheriff's Department due to the County not being in high concentration and it has been brought to the Committee's attention that the local committee is not allowed to vote on this. The local Committee must be able to vote, per the law.
  - 2) The Committee decided to question the following expenditures and ask for more detail as to how it attracts, provides for and promotes tourism. Also is it primarily tourist related and justify that fact in overall attendance, percentage of tourism, budget, etc:
    - a) Highway 52 Frontage Road Association – street lighting in the amount of \$5,000.
    - b) South Carolina Dance Theater in the amount of \$250.
    - c) Florence Regional Arts Council (specifically, why it does not match the detail report.)
    - d) Florence Little Theatre in the amount of \$500.
  - 3) The Committee decided to ask the County (and in turn, the City) why there are discrepancies in the reporting statistics of the following: Pee Dee Visions Foundations, May Fly Air Show and the Pee Dee International Festival. They need to provide more information on where they got their overall attendance, percentage of tourist information.
- **Jasper County:** The Committee wants to ask why \$0 interest was earned on a carry forward amount of \$6,000. A letter will be drafted asking them. Also, internally the Committee decided to split up some of their reported expenditures and assign the appropriate category numbers to them. After this report is reviewed, it will be moved to the team of Susan Cruse/ David Warren for consistency between counties and municipalities.
- **Spartanburg County:** Because of the number of expenditures and the lack of detailed information, the Committee decided to ask this County to complete the detail addendum form, which would help provide us with more information. They also wanted to know how you could carry forward a negative balance. The Committee decided to ask them to use the form that is provided by the Committee and add in the amount approved by the local committee, which is currently missing. The Committee also questioned the makeup of the local committee. It does not seem to be in compliance. Mrs. Jeter will draft a letter asking them such.
- **City of Florence:** The Committee decided to internally change one of their project category numbers to reflect more accuracy. Also, The Committee decided to ask the City (and in turn, the County) why there are discrepancies in the reporting statistics of the following: Pee Dee Visions Foundations, May Fly Air Show and the Pee Dee

International Festival. They need to provide more information on where they got their overall attendance, percentage of tourist information.

**REVIEWED BY MARK WILLIAMS/JOHN CURRY:**

- **City of Hartsville** –approved.
- **Richland County:** Expenditures were approved, but need to question how one local Committee member (Cherly Had) relates to hospitality.
- **Town of Ridgeland** – approved.
- **Town of Surfside Beach** – approved.
- **Darlington County** – The expenditures were approved, but the Committee questioned why no funds were given back to the general fund. This needs to be done, then the 65% needs to be re- appropriated. Also, the Committee is questioning why the County is carrying forward a negative balance for FY 02-03 and also for FY 01-02.

**REVIEWED BY ROD SWAIM/SUSIE SURKAMER:**

- **City of Camden:** (After this point, this entity will be reviewed by the team of Toni Nance and Lanneau Siegling). Both the FY 01-02 and the FY 02-03 reports were approved.
- **City of Cayce:** After review, the Committee decided to question the Brookland-Cayce Foundation’s World War II memorial for \$1,000, specifically, how this project promotes, attracts and provides for tourists.
- **Clarendon County:** The County’s report is out of balanced, which needs to be questioned. Also, there is no amount in the “recommended by advisory committee” column. All of the project categories should be 4s instead of 1s, so Mrs. Jeter will make the change internally. Finally, the overall makeup of the Committee needs to be questioned for compliance.
- **Dorchester County:** no funds were expended this year, which the county can do per the law. However, the funds must be spent within two years.
- **Lexington County:** All expenditures were approved.
- **Town of Edisto Beach:** This entity will be carried forward and Mrs. Jeter will review again for balance, specifically their carry forward amounts.
- **Town of Lexington:** The Committee decided to question the Town of Lexington’s Concerts in the Park, FunFest of Lexington and Taste of Lexington. Specifically, the Committee wants to know how these projects attract, provide and promote tourism. Also, the Committee will request them to provide such data as overall budget, percentage of tourism, overall attendance, etc.
- **Town of Port Royal:** no funds were expended this year, which the town can do per the law. However, the funds must be spent within two years.
- **Town of St. George:** The Committee will request more information on the Klauber Building Committee renovation expenditure of \$3,000 and the Town’s expenditure of lights at I-95 for \$9,932.66, specifically why the local committee did not approve this expenditure.

**OTHER BUSINESS:**

**Town of Hilton Head:** Mr. Curry brought to the Committee's attention a matter in the Town of Hilton Head Island where the Town Council approved a \$50,000 accommodations tax grant to the Hilton Head Island Community and Youth Theater. The local committee had previously reviewed a request from the Theater for an a-tax grant of \$20,000 and the town awarded that amount. However, the Theater asked for more funds because of cost increases and council, without the local a-tax advisory committee's input awarded the funds. Mr. Curry asked for guidance from the TERC. The Committee passed a motion that a letter be drafted asking the Town to re-submit the request to the local advisory committee for proper review, per the law or funds could be withheld. Mr. Curry abstained from voting.

**Letters to City of Myrtle Beach and the S.C. Municipal Association:** Mr. Siegling inquired about input from the City of Myrtle Beach and the S.C. Municipal Association regarding the May 5 meeting, where they told the Committee they thought some of their requests for additional information from local governments were too aggressive. At that time, both the City of Myrtle Beach and the Municipal Association told the Committee they would be glad to submit in writing any suggestions they might have for the Committee. The Committee has yet to receive them, so the Committee will draft letters to the two requesting their comments as soon as possible.

**The next meeting scheduled of the TERC is scheduled for January 5, 2004 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**