

**TOURISM EXPENDITURE REVIEW COMMITTEE
MEETING MINUTES
October 20, 2003
Room 2E21 of the SC Department of Revenue, 11 a.m.**

ATTENDANCE:

Committee Members in Attendance: Frans Mustert, Chairman; Susan Cruse, Toni Nance, David Warren, Rod Swaim and Mark Williams.

Staff in Attendance: Damita Jeter, TERC Staff;

Guests in Attendance: Gary Cannon, Municipal Association of SC; Tim Winslow, SC Association of Counties, Mike Alexander, Florence County Hospitality Association, Greg Parsons, Florence County A-tax Committee

CALL TO ORDER AND ADMINISTRATIVE TASKS:

- The Committee approved the September 15, 2003 minutes as submitted.
- The Committee submitted their travel vouchers to Mrs. Jeter.
- Mrs. Jeter submitted to the Committee a final list of “team members” for reviewing reporting forms. She asked the Committee members for their approval of the list as is. The Committee approved the list.
- Mrs. Jeter submitted a FOI policy that had previously been reviewed by the Committee. She told the Committee it was modeled after the State FOI policy. The Committee unanimously passed a motion for approval of the FOI policy.
- Chairman Mustert asked Mrs. Jerilynn Van Story to express her opinion on a situation in Georgetown County where the local accommodations tax Committee would like to make an exception to their guidelines. In Georgetown County, the County holds funds for up to two years. Applicants claim their funds on a reimbursement basis. However, there is one applicant that has not yet claimed his funds and the local a-tax chair of the County feels as though he might not claim the funds and the money could go to the designated tourism agency for pending projects. Mrs. Van Story cautioned against this, saying that it would not be wise to enforce the guidelines for everyone then make an exception. The County, in doing this, would be opening themselves up for legal action. Chairman Mustert said he would tell the County’s local accommodations tax chair that they could change their guidelines, with County Council’s approval, but any changes should affect every applicant evenly and not single out one. Chairman Mustert thanked Mrs. Van Story for her input.
- The Committee then discussed the status of a potential website. After Mrs. Jeter discussed the possibility of hosting a TERC website with the Department of Revenue, it was brought to the Committee’s attention that the Department no longer served as an educational resource for accommodations taxes. Mrs. Nance explored the possibility with the SCPRT of hosting the website and with various website designers. Feedback she received said the best possible location for a TERC website would be under myscgov.com, which is controlled by the SC Budget and Control Board. Mrs. Nance, Mr.

Williams and Mrs. Jeter were asked to be on a website committee, which will be meeting before the full Committee meets on November 17 to discuss the issue further.

- Chairman Mustert updated the Committee on the status of legal counsel. After several names were given to Mr. Mustert, he advised the Committee that he thought one of the best potential attorneys for them would be Mr. Hoefer, because of his familiarity with tax laws and his location in Columbia. He said Mr. Hoefer would be approximately \$250 an hour, but might be willing to work with them depending on the caseload given to him by the Committee. Chairman Mustert also asked the Committee consider the idea of having the attorney, whoever it may be, attend the TERC meetings. The Committee agreed that in order to familiarize himself with our issues, the attorney needed to be at most committee meetings, especially in the beginning.

REVIEW OF CERTAIN EXPENDITURES/QUESTIONS:

- **Town of Lexington:** The Committee reviewed this entity's reporting form and asked for further clarification on the Corley Street Park Restoration in the amount of \$3,000.00. After subsequent information was received, the Committee approved this expenditure. A letter will be drafted telling them such.
- **City of Greenwood:** The Committee reviewed information from the City of Greenwood regarding its request to use accommodations tax funds in the amount of \$28,500 to fund, in part, both an open-air pavilion and a tourism reception center. The Committee approved using accommodations tax funds for these projects. A letter will be drafted telling them such.
- **City of Beaufort:** The Committee recently reviewed a request from the City of Beaufort, regarding a \$40,000 appropriation over five 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. After a response from Beaufort, the Committee also asked the State Attorney General's office for its input as to the appropriateness of committing funds up front or whether it should be done on an annual basis. The Attorney General's opinion was received by the Committee, reviewed and discuss with the Attorney General's office. The consensus was the City of Beaufort could use accommodations tax funds in this manner and it was appropriate because a) the law only addresses bonded indebtedness when it comes to reimbursement and this issue did not deal with bonded indebtedness, therefore, there is nothing in the law to prevent it from happening. And, b) it was found that although the reimbursement would not be brought before the local accommodations tax committee annually, it had been disclosed that a multi-year reimbursement process was to take place. The representative from the state Attorney General's office told the Committee that in order to address reimbursements and other issues such as this, there needed to be a change in the law and clarifying language. A letter will be drafted telling them such.
- **Oconee County** – Oconee County requested the Committee review their process of handling disbursements to applicants and also made a request of how other local governments disburse funds. Specifically, the County would like to start implementing a

“50% grant” process where half of the funds are given before the project is completed, the other half is given whenever the project is completed and proof is sent. The Committee discussed various ways their individual local governments handled accommodations tax fund disbursements. It was decided there are many different avenues for this, and the local accommodations tax committee and the local government (town, city or county council) may change their guidelines to suit their schedules and needs, (Section 6-4-25 (B)) as long as it adheres to other sections of the law. An article discussing this question will be placed in the Committee’s newsletter, and the Committee will draft a letter to Oconee County telling them such.

- **Georgetown County** – The County had requested that the Committee review its guidelines and to make them aware whether or not they are within the realm of the law. After review of the guidelines, the Committee said the guidelines were within the realm of Section 6-4-25 B of the S.C. Code of Laws. A letter will be drafted telling them such.
- **City of Spartanburg** – The Committee reviewed subsequent information on a questionable expenditure of \$1,200 to the Spartanburg Terrace Tenants Association, Evening of Talent Expression. Although the information supplied by the City stated that this is primarily a local event, the event does attract tourists from other towns and states. The Committee passed a motion to “give the STTA the benefit of the doubt” that accommodations tax funds disbursed were directly proportional to the amount of tourists the event attracted. A letter will be drafted telling Spartanburg of the decision.
- **Georgetown County (Litchfield Beach Homeowners Association):** The Committee reviewed a request by Ed Carter, a representative of the Litchfield Beach Homeowners Association, for the Committee to remove its objection to a reimbursement by the County to the Homeowners Association for expenses associated with a footbridge. The Homeowners Association maintains that the land on which the footbridge partially rests is public and provided documents from the County attorney concurring. The Committee’s original letter to Mr. Carter stated it “had no reason to disagree with the County attorney over the matter...” However, the Committee indicated it had no reason to disagree that public funds could not be used for private property. The Committee passed a motion to reaffirm its opinion that as long as the land is private, it cannot be funded by accommodations taxes. When, and if, it is deeded to the County, the Committee may re-evaluate at that time its decision. A letter to Mr. Carter was drafted telling him the decision above.
- **Letter from Robert Logan, Horry County:** The Committee reviewed a letter from Mr. Robert Logan, similar to a letter sent by Mr. Joe Eritano, both from Horry County, over perceived wrong doings by a County councilman. In January, the Committee referred Mr. Eritano to the SC Ethics Commission to investigate the matter. The Committee stated they would also refer Mr. Logan to the Ethics Commission and send him a copy of the response sent to Mr. Eritano, who had an almost identical request.
- **City of Charleston:** The Committee reviewed a request by Rep. Chip Limehouse regarding a transportation issue in Charleston. The question was whether or not the transportation system in Charleston (CARTA) could accommodations tax funds to transport tourists. After the Committee reviewed information supplied to them, it seems as though the section of CARTA that transports tourists is self-supporting and running a surplus. Therefore, the Committee gleaned that any accommodations tax funds used would be used for the transportation of hospitality employees, which is not fundable by the law. Based on this information, the Committee voted to deny the request. A letter will

be drafted telling the Representative such, with a copy going to Burnie Maybank, SCDOR director and Phil Owens, Charleston Metro Chamber of Commerce director.

- **Town of Santee:** Mr. Mustert received a request from the Town's Fire District regarding the use of accommodations tax funds to purchase fire fighting equipment that would reach the third floor of a hotel in Santee. The current equipment does not do that. The Committee discussed the matter and passed a motion to draft a letter telling them that they do not meet the "high concentration" requirement where certain municipal services can be paid for from accommodations tax funds to the percentage that it relates to tourism. Therefore, the equipment cannot be funded through accommodations taxes.
- **Florence County:** The Committee heard from Mike Alexander of the Florence County Hospitality Association and Greg Parsons, chairman of the Florence County accommodations tax committee regarding mishandling of funds in Florence County. Earlier, the Committee had sought an opinion from the Attorney General's office regarding Florence County using accommodations tax funds for debt retirement of a civic center. Florence County had also raised taxes to pay for the center. The Attorney General's opinion, as with the City of Beaufort, stated that because the issue did not specifically deal with bonded indebtedness, it was allowable. The gentlemen appeared before the Committee asking for their assistance with the funds they were allowed to vote upon. They said they are only allowed to vote on a percentage of funds because money automatically goes to the Sheriff's Department. The Committee said, after reviewing their reporting form, they would be drafting Florence County a letter stating that all funds must go through the local committee for recommendation as well as identifying any questionable expenditures and balancing errors. They encouraged the gentlemen to continue with recording minutes and other proof that they were adhering to the law in their dealings with the County and told them that they would be corresponding with the County, and in turn, the local Committee soon. Mr. Parsons assured the TERC that they intended to vote on disbursement of the entire amount of funds this year, not just a percentage, and they would not be convinced otherwise, as might have happened in years past.

OTHER BUSINESS:

Newsletter:

The Committee reviewed several newsletter changes with Mrs. Jeter and asked that she make the changes then return to them before the final draft goes to the local governments.

Project Category Numbers:

Mrs. Nance asked Mrs. Jeter to mention the importance of completing the project category numbers correctly. This information is used for the statistical reports compiled by SCPRT, and the reports are only as accurate as the information provided. She also requested that the Committee review these project category numbers for accuracy. The Committee concurred. Mrs. Jeter will also mention the importance of this matter in the newsletter.

The next meeting scheduled of the TERC is scheduled for November 17, 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