

**TOURISM EXPENDITURE REVIEW COMMITTEE
MEETING MINUTES
December 7, 2004
Confederate Relic Room Conference Room
10 a.m.**

ATTENDANCE:

Committee Members in Attendance: Frans Mustert, Chairman, Lanneau Siegling, Vice Chairman, Susan Cruse, Mark Williams, Lee Prickett, Rod Swaim, Susie Surkamer, John Curry.

Staff in Attendance: Damita Jeter, TERC Staff.

Guests in Attendance: Tom Sponseller, Hospitality Association of SC

CALL TO ORDER /ADMINISTRATIVE TASKS/UPDATES:

- **Minutes:** The Committee motioned to approve the November 16, 2004 meeting minutes as submitted.
- **Travel Vouchers:** The Committee submitted their travel vouchers to Mrs. Jeter and she disbursed checks to applicable Committee members.
- **Myrtle Beach Withholding:** Mr. Hoefer updated the Committee via email to Mrs. Jeter on the Myrtle Beach notice of appeal filed with the ALJC. At the time, there had really been no new updates. Judge Marvin Kittrell has been assigned to the case. He is the same judge that heard the Florence County case. Mr. Hoefer will continue to update the Committee as this case develops.
- **Legislation:** The Committee discussed the draft legislation, which never went before the General Assembly due to SCDOR, the Municipal Association and others could never come to a general consensus regarding the draft legislation. The Committee agreed the best way to get it to the floor this year was to include it as “cleanup language” to the SCDOR BAT bill. Mr. Sponseller said that tourism groups have stated that they will oppose any legislative change this year due to so many groups trying to make changes. Mr. Mustert asked Mr. Sponseller to assist in drafting strictly “cleanup language.”
- **Leatherman’s Proposed Legislation:** Senator Leatherman has introduced S.B. 27, which in essence allows entities a “first time warning” whenever an expenditure is in noncompliance and allows them to refund their atax pot, instead of TERC withholding funds. The legislation would also allow all of the entities that the State Treasurer’s Office has withheld funds from fiscal year 02-03 to be grandfathered in. The State Treasurer would have to release the funds and the entities would be given the chance to refund their atax pots. TERC discussed the matter in detail. Some members said that if they had the chance to refund their atax pot, it would allow them time to rebudget, since by the time TERC reviews the expenditures for a fiscal year, many entities have already approved and awarded funds for the current fiscal year. However, the Committee did agree that it would place limits on TERC’s authority and might cause some abuses of the atax funding system. Mr. Mustert asked Mr. Sponseller to monitor this legislation at the statehouse and keep TERC apprised of its progress.

- **Past Due Reporting Forms:** Mrs. Jeter distributed a list of entities who have not yet reported. Since the Committee voted in November to withhold funds for those in noncompliance, she submitted letters written to the State Treasurer's Office on this matter.

REVIEWED BY SUSAN CRUSE:

- **Dorchester County:** A member of the local accommodations tax advisory committee for the County (Mr. Marty Wall of Woodlands Resort) sent TERC a request for an opinion, regarding the legitimacy of funding a local library with state atax funds. Mr. Wall stated that in the past, TERC had denied the expenditure, and therefore in the next fiscal year, the County did not fund it. However, the library once again applied for funding this year and was granted the funding. TERC decided to respond with a letter that stated that it examined everything on a year by year, case by case basis. At the time, it did not consider library funding in most cases to be legitimate, but if the library was tracking tourism data and could prove that it was a worthy atax recipient, then TERC would look at it independently. TERC would examine the case when the entity reports in September.

REVIEWED BY MARK WILLIAMS/JOHN CURRY:

- **York County:** TERC has been working with the County and encouraging their local committee compliance. In past meetings, it was decided TERC would wait to review the local committee until their form came in. In December, the County stated that they appointed a representative from the Comfort Inn and switched a couple of committee members around. TERC agreed that met compliance.

REVIEWED BY FRANS MUSTERT/LANNEAU SIEGLING:

- **Pickens County:** TERC has been working with Pickens County on several issues. First and foremost, their local committee was out of compliance, therefore, TERC determined that all of their FY 02-03 expenditures could not be legitimate until compliance was met, and therefore directed the State Treasurers Office to withhold all of their 65% funding (approximately \$60,000.00) and to withhold funds for their committee being in noncompliance . Mrs. Jeter had been corresponding with a Pickens County legislator regarding the matter and he stated that he would work with the County to make sure our requests were met. Pickens County sent correspondence that their committee was in compliance. TERC examined their expenditure report for FY 02-03 during its December meeting and decided to question one item and voted to direct the State Treasurer's Office to release funds. The one item in question was the Jefferson Davis camp. The Committee will decide at a later date if this expenditure is in compliance.

The Committee then reviewed the following entities FY 03-04 Accommodations Tax Reporting Forms. The following have been sent letters questioning various items such as their 65% expenditures, their 30% recipients, accurate coding, balancing issues and their local committee compliance.

- **Susan**– City of Simpsonville, City of Greenwood (held over)
- **Mark/John** – None
- **Frans/Lanneau** –Georgetown County, Chester County
- **Rod/Susie** – City of Cayce, Clarendon County, City of Dillon, Dorchester County, Town of Hilton Head Island, Town of Kiawah Island, Lexington County, Town of Summerville, City of Isle of Palms, Town of Mt. Pleasant, City of Folly Beach, Town of Summerton, Town of Santee

OTHER BUSINESS:

Gus Macker Tournament: Mr. Curry discussed with the Committee the legitimacy of the Gus Macker Tournament, a for profit basketball event held on Hilton Head Island, where sponsorships of the tournament profit the local Boys and Girls Clubs. The Town has asked whether or not accommodations taxes can be used for such an event in the promotion and operation of. After discussion, the Committee concluded that Mr. Hoefler should be contacted for his legal opinion.

The next TERC meeting will be held Monday, February 14 at 10 a.m., in Room 2E21 of the SCDOR. There being no other business, the Committee adjourned.

Respectfully Submitted,

Damita S. Jeter

Damita S. Jeter, TERC Staff