

**TOURISM EXPENDITURE REVIEW COMMITTEE  
MEETING MINUTES  
January 5, 2004  
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, David Warren, Toni Nance, Rod Swaim, Susie Surkamer and Mark Williams.

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

**Guests in Attendance:** Tom Sponseller, Hospitality Association of SC, John Hoefler, Willoughby and Hoefler, Charlie Blake, Florence County Attorney, Kevin Yokim, Florence County Director of Finance and Revenue, and Mike Illes, Sheriff's Department.

**CALL TO ORDER AND ADMINISTRATIVE TASKS:**

- **Minutes:** The Committee approved the November 17, 2003 minutes as submitted.
- **Travel Vouchers:** The Committee submitted their travel vouchers to Mrs. Jeter.
- **Website Update:** Mrs. Nance, as chair of the Website Committee, updated the Committee on a proposal recently given to TERC from the CIOs office. Although the bottom line looks good (around \$750), she had asked the CIOs office to submit another proposal, and answer some additional questions such as if the cost of a domain name is included with the site, who would be hosting the site, and if it would be more economical for staff to make the updates or not. Mrs. Nance said she also asked that on the new proposal her name be removed as the final signature and replaced with Frans Mustert. The Committee briefly discussed having Mrs. Jeter make the changes to the site and decided a decision would be made regarding that issue pending the quoted amount for the CIOs office making the changes.  
The Committee approved a motion that Chairman Mustert be allowed to sign a contract without further approval from the Committee pending the contract was for \$1,000.00 or less.
- **Legislative Changes:** Chairman Mustert reminded the Committee that he and Mrs. Jeter had met with Mr. Hoefler and drafted potential legislative changes. The Committee received a copy of the proposed legislation before the January meeting. Mr. Hoefler went through the potential legislation by section:
  - Concerning language to change the high concentration threshold from \$900,000 to one million six hundred eighteen thousand dollars (amount based on current CPI - \$900,000 was adopted in 1984), the Committee suggested inserting language which said they could adjust annually. It was also suggested that every year when the packets were sent, the Committee send the actual new number that qualifies a county or municipality as high concentration.
  - Discussion ensued about striking the word "local" when it concerns the high concentration threshold to avoid confusion over state vs. local accommodations taxes.

- Mr. Sponseller brought to the Committee's attention a matter in which he had discussed with representatives of the S.C. Municipal Association regarding their concerns about certain coastal areas, which attract mainly tourists, being excluded from the high concentration provisions. Mr. Sponseller suggested the Committee consider adding "east of the intercoastal waterway" to their proposed legislation. Several Committee members also discussed indexing the \$900,000 based on the current year's CPI, but starting at the \$900,000 point and not going back to 1984 for indexing purposes.
- The Committee discussed the interpretation of high concentration falling within the "county area," meaning municipalities located within counties of high concentration were still eligible. Some Committee members thought this was the wrong interpretation, in that it should be either the County or municipality.
- After much discussion, a motion was proposed by Mr. Curry to use the current CPI to adjust the \$900,000.00, have it apply to both counties and municipalities within those counties and exempt those communities east of the intercoastal waterway.
- After some discussion and a request from Mr. Siegling for a point paper to be drafted on the matter and an opportunity to discuss the above motion with CVBs, and interested parties such as the S.C. Municipal Association, the motion was tabled.
- A new motion was proposed that high concentration be considered \$900,000 with a stipulation that it will be annually adjusted according to the CPI. Municipalities within a "high concentration" county will also be considered high concentration, and municipalities east of the intercoastal waterway may use accommodations tax funds for municipal services. The motion received a second. The motion received a motion to table, which was denied. The original motion was amended to exclude "areas east of the intercoastal waterway." The amended motion passed with one no, from Mr. Mark Williams.
- Mr. Curry and other committee members began discussing the language regarding high concentration services being on a percentage basis. The Committee postponed this discussion to go into executive session regarding another matter.

## **REVIEW OF CORRESPONDENCE/QUESTIONS**

The Tourism Expenditure Review Committee voted to go into executive session to discuss confidential information with its attorney, Mr. John Hoefler.

- **Florence County:** Charlie Blake, Florence County Attorney, Kevin Yokim, Florence County Director of Finance and Revenue, and Mike Illes, Sheriff's Department were on hand to present additional supporting information regarding a decision made by the Committee to deem funding to the Florence County Sheriff's Department inappropriate.

Mr. Blake started his presentation by telling the Committee he did not want to change their minds, but the section of the law that referred to high concentration was very ambiguous. He read aloud the AG's opinion which concluded the ambiguity and suggested a legislative change for clarification purposes.

Mr. Illes from the Sheriff's Department explained that the accommodations tax funds were used for the impact that tourists put on the department. They have five deputies devoted to interstate traffic and the overnight traveler. Florence County has a lot of tourism because of I-95, he said. They also attract tourists because of shopping, NASCAR and the civic center among other things, he said.

Mr. Yokim said the decision to grant \$230,000 to the Sheriff's Department was based on previous history. The Sheriff's Department in the past did not apply, they were simply the recipient of the funds originally rendered to the Florence Civic Center. The County was told by the previous accommodations tax committee that an application from these two entities was unnecessary. The system now is to give the Civic Center a portion of the 3% local accommodations taxes and the two percent state (which was previously granted to the Civic Center) goes to law enforcement. The three percent local cannot go to law enforcement, which is why they switched it initially.

After some discussion, the group from Florence County said that although a precedent had been set about not going through the proper application process, they would now have everyone go through the proper review and application process. They said they were making efforts to repair their relationship with the local committee and are starting by coordinating the budget calendars for both. Mr. Curry asked if they had to return the money, could they possibly make up for the shortfall by using the \$300,000 surplus.

Chairman Mustert thanked the group and told them the Committee would have a decision by next month's meeting and would make them aware of it. After the group left the conference the committee decided to take up discussion on the matter at that time rather than waiting until the February meeting. The group was invited to return to the conference room at which time the committee started the discussion. Mr. Curry said that he believed Florence County was in violation of the law as the Committee interprets it, in that it is not in a high concentration of tourism area. Therefore, a motion was made to reaffirm the original vote of certifying noncompliance with the State Treasurer's Office. The motion was passed with one member abstaining from voting – Susie Surkamer, who said as a new committee member she would like more time to digest the accommodations tax laws and its effects. Mr. Mark Williams said although he was sympathetic to the needs of the county, he agreed with the Committee and reaffirmed his vote.

### **LEGISLATIVE CHANGES, CONTINUED...**

The Committee continued to discuss proposed legislative changes, specifically the requirements for a county or municipality to be considered high concentration of tourism. In the draft legislation, it was proposed that "subitems c through g shall only apply to a county or municipality that has a 'high concentration of tourism activity.'" Those items included construction, maintenance and operation of facilities for civic and cultural activities..., the criminal justice system..., public facilities such as restrooms, dressing rooms, parks and parking lots..., tourist shuttle transportation, and control and repair of waterfront erosion. The Committee wanted these to be based upon a percentage of tourism activity. However, Mr. Curry said all tourism-related expenditures (even those that apply to non-high concentration areas) should be based upon a percentage of tourism activity. Some committee members agreed with this

statement and others disagreed. Chairman Mustert and Mr. Hofer asked the full Committee to go through the draft legislation and send Damita an email with any comments.

The Committee decided to carryover any existing agenda items to February's meeting.

**The next meeting scheduled of the TERC is scheduled for February 9, 2004 at 10:30 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**