

**TOURISM EXPENDITURE REVIEW COMMITTEE
MEETING MINUTES
March 15, 2004
Room 2E21 of the SC Department of Revenue, 10:30 a.m.**

ATTENDANCE:

Committee Members in Attendance: Frans Mustert, Chairman; John Curry, Susan Cruse, Toni Nance, Rod Swaim and Mark Williams

Staff in Attendance: Damita Jeter, TERC Staff;

Guests in Attendance: John Hoefler, Willoughby and Hoefler, Tom Sponseller, Hospitality Association of S.C. and Michael Watts, The Country Chronicle of Blythewood.

CALL TO ORDER /ADMINISTRATIVE TASKS/UPDATES:

- **Minutes:** The Committee motioned to approve the February 9, 2004 meeting minutes as submitted.
- **Travel Vouchers:** The Committee submitted their travel vouchers to Mrs. Jeter.
- **Ethics Forms:** The Statement of Economic Interest is due on April 15, Mrs. Jeter said. She distributed the forms, and most members completed and remitted back to Mrs. Jeter. She mailed those members who were absent their forms and requested they complete them and return at the next meeting.
- **Website Update:** Mrs. Jeter showed the Committee the new website www.atax.sc.gov. The Committee suggested that meeting dates also be published on the website, and the Committee continue to provide suggestions for the FAQs section.
- **Legislative Changes:** The Committee discussed the proposed draft legislation with John Hoefler, TERC's legal counsel. The most recent edition of the proposed legislation was a result of a conference call with TERC's legislative subcommittee, comprised of John Curry, Frans Mustert, Lanneau Siegling and Susie Surkamer. Tom Sponseller, John Hoefler and Damita Jeter also participated. After discussing the legislation with the Committee, Mr. Hoefler was asked to finalize changes. The Committee motioned to approve the legislation after changes were made, with a nay from Mr. Mark Williams, who said he did not approve of the legislative initiative in general. Mr. Hoefler said he would submit the legislation to Mr. Sponseller, who would in turn, submit to SCDOR.
- **TERC Expenses Update:** Mrs. Jeter included in the packet TERC's expenses for the quarter. She said she would continue to include this for informational purposes.
- **Florence County Update:** Mr. Hoefler updated the Committee on the recent action taken by Florence County. The County did file an appeal with the Administrative Law Judge Division regarding the Committee's request to the State Treasurer's Office to withhold \$230,000.00 for inappropriate expenditures. The Committee, in turn, prepared and submitted a transmittal of record. Florence County in turn submitted their evidence in the petition. The Committee then would have to provide an answer.

At this point the Tourism Expenditure Review Committee voted to enter into executive session in order to discuss privileged information between attorney and client.

After its executive session concluded, the Committee voted to direct its counsel to answer the petition.

- **Newsletter.** Mrs. Jeter distributed copies of the draft newsletter. She said that she would like to get TERC's input in the content. After corrections/additions were made, she would send the final version out to the Committee.
- **Meeting Dates:** The Committee set future, tentative meeting dates as April 19, 2004, May 17, 2004 and August 16, 2004.
- **Orangeburg County.** TERC voted in its last meeting to allow Orangeburg County to March 15 to correct their Committee compliance or TERC would request the State Treasurer's office to withhold funds. Mrs. Jeter informed the Committee that as of the meeting date, no response has been received. The Committee voted to reaffirm its position and request the State Treasurer's Office to withhold funds for noncompliance.

REVIEW OF CORRESPONDENCE/QUESTIONS

- **Boys and Girls Club of the Lowcountry:** Mrs. Jeter informed the Committee that she had received a phone call from an Ombudsman at the Governor's Office on behalf of the organization receiving accommodations tax funds from Hilton Head Island. Originally, there was some confusion about the legitimacy of funds. However, Mr. Curry reported the matter has been cleared up, and Mrs. Jeter will inform the Governor's Office.
- **Moncks Corner:** The Town requested an extension of funds to pair with an extension already approved by the Committee in order to finance its Train Depot/Visitors Center. The Committee approved, provided by the funds be expended by the November 2004 filing deadline. A letter will be drafted telling them.
- **Jasper County:** The Committee questioned why the County had no interest on its carry over funds. The County explained that they use a fund system to account for the funds on its general ledger, instead of a separate bank account. If interest is less than \$20.00, no interest is allocated to that fund. The Committee found this to be acceptable. A letter will be drafted telling them.
- **Spartanburg County:** The Committee had originally questioned the county's negative balance, committee make up and requested it resubmit its form with more information so that the Committee could determine compliance with the 65% expenditures. After reviewing information sent by the County, the Committee determined compliance. A letter will be drafted telling them such.

REVIEWED BY SUSAN CRUSE/DAVID WARREN:

- **City of Aiken:** The Committee will write them a letter addressing imbalances as well as discrepancies in their carry forward funds reported from FY 01-02. Additionally, the Committee questions several expenditures and the compliance of their local committee.
- **City of Beaufort:** The Committee will write them a letter asking them to divide their expenditures into appropriate categories for statistical reporting.
- **City of Clemson:** The Committee addressed several imbalances as well as questionable expenditures. A letter will be drafted telling them such.
- **Oconee County:** The County had several questionable expenditures that the Committee would be questioning via letter.
- **City of Greenwood:** The Committee will draft a letter to the City questioning some imbalances as well as discrepancies between the City's detail report and actual reporting form.
- **Greenwood County:** The Committee will draft a letter questioning Greenwood Alumnae Chapter of the Delta Sigma Theta Sorority - \$600.00 for a tourist packet for their state-wide meeting in Greenwood.
- **Town of Kiawah Island:** The Committee will draft a letter questioning Kiawah Island Parkway Repairs - \$25,000.00 approved by council. The Committee will also ask the Town to remit its local accommodations tax advisory committee membership.
- **Beaufort County:** The Committee is questioning Beaufort County Water Festival - \$5,000.00 and Daufuskie Sea Island Foundation - \$5,000.00. The Committee is concerned with these not being approved by the local committee. Also, the Committee requested that the County split expenditure into separate categories.

REVIEWED BY MARK WILLIAMS/JOHN CURRY:

- **City of Columbia:** The Committee questioned a discrepancy between last year's reported carry forward amount and the amount that was reported this year.
- **City of Myrtle Beach:** The Committee voted to question the following expenditures, specifically why they were not approved by the local committee: International Heritage Festival - \$2,000.00, Myrtle Beach Fall Rally - \$10,000.00, Myrtle Beach Fireworks/Beach Bang - \$20,000.00. TERC also questioned the non profit status of the three questionable expenditures and whether or not they primarily benefit locals. Mr. Frans Mustert abstained from voting.
- **City of North Myrtle Beach:** After reviewing its form, the Committee decided the City needed to re-submit the form with more detail. Currently, it was impossible to determine how the reported expenditures related to tourism. Additionally, the Committee questioned several discrepancies and imbalances between last year's reporting form and the FY 02-03 form. Finally, the Committee questioned the makeup of the City's local accommodations tax advisory committee.
- **City of Rock Hill** – approved.
- **Horry County** – The Committee discussed an issue that has been brought up several times by a concerned citizen in Horry County regarding the nonprofit status of the Grand Strand Boat Show. The Committee voted to draft a letter questioning the status of the boat show. Additionally, the Committee questioned the Shore Drive Community Association and

requested a list of local accommodations tax advisory committee members. Mr. Rod Swaim abstained from voting.

- **Orangeburg County:** approved.
- **Town of Duncan** – approved.
- **Town of Pawley’s Island** – The Committee will draft a letter questioning imbalances and discrepancies between FY 01-02 report and the FY 02-03 report.
- **Town of Springdale** – The Committee determined that the current report does not provide sufficient information to judge the appropriateness of expenditures. The Committee asked the Town to resubmit its report and answer the following: Amount Requested, Amount Recommended by Local Accommodations Tax Committee (if one is in place), Amount Approved by Local Government
- **York County:** TERC questioned the compliance of local committee members, specifically Gwen Finley and how she relates to hospitality/lodging.
- **City of Orangeburg:** approved.
- **Laurens County:** The Committee asked the County to resubmit its form and correct balancing issues. Additionally, the Committee asked how Mr. John Sullivan of Sullivan’s Catering fit into the lodging sector of the hospitality industry as reported.
- **Town of Walterboro:** The Committee questioned how the funds were spent as tourism-related expenditures for the Walterboro Cyclorama.
- **City of Sumter/Sumter County:** Both of these entities filtered all of their expenditures through the Sumter CVB. However, because of the lack of reporting whether or not the CVB applied and went through the Committee process, the TERC questioned their expenditures.
- **City of Clinton:** This city did not expend its 30% funds to a recipient. The Committee voted to request they submit their funds within 30 days then follow up with TERC via letter.
- **City of Conway:** The Committee questioned the City’s 30% recipient – Main Street USA.
- **Town of Blythewood:** Mrs. Jeter said this town has come to the Committee several times for guidance on how to expend these funds. She said they had recently had a shift in their administration and needed additional guidance. The Committee has allowed them to carry forward funds for several years (various project kept changing). They also did not expend their 30% funds because they were confused between the 30% funds and the 65% funds. However, after a meeting with the new mayor and getting several issues clarified, the Committee reached the following decisions: The Tourism Expenditure Review Committee voted to allow the Town an additional 60 days to expend the 30% funds to the proper organization. The Committee will also allow the Town an additional 60 days to fill the vacancies on its local accommodations tax committee. TERC also voted to approve the Town’s request regarding an extension of the 65% funds and grant the extension. However, funds must be expended before reports are filed in November 2004. In return, the Tourism Expenditure Review Committee requests a formal letter in writing describing the conference/welcome center, a proposed budget for the center and your long-range plan to turn it into a tourist facility, as defined in Section 6-4-10 of the S.C. Code of Laws.

The next meeting scheduled of the TERC is scheduled for April 19, 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