

**TOURISM EXPENDITURE REVIEW COMMITTEE
MEETING MINUTES
November 7, 2005
Training Room, SCDOR
10 a.m.**

ATTENDANCE:

Committee Members in Attendance: Frans Mustert, Chairman, Lanneau Siegling, Vice Chairman, Rod Swaim, John Curry, Susan Cruse, Susie Surkamer, Kevin Yokim, Toni Nance.

Staff in Attendance: Damita Jeter, TERC Staff.

Counsel in Attendance: John Hoefler, Willoughby and Hoefler

Guests in Attendance: Paul Jarvis, SC Treasurer's Office; Tom Sponseller.

CALL TO ORDER /ADMINISTRATIVE TASKS/UPDATES:

- **Minutes Approval:** The Committee motioned to approve the September 12, 2005 meeting minutes with the following changes: John Hoefler will be listed as "counsel" instead of "guest" and the line "will partner with the Charleston CVB, maximizing its tourism advertising impact," was added to the discussion with Folly Beach. Mr. Yokim abstained from voting.
- **Welcome of New Member.** Kevin Yokim was introduced and welcomed as a new TERC member.
- **Discussion of State Treasurer's Policy Regarding Withheld Funds.** Paul Jarvis of the State Treasurer's Office was invited to discuss with TERC the Treasurer's position regarding withheld funds. TERC was under the impression that funds being withheld were being re-distributed to all eligible counties and municipalities per Section 6-4-35 (B1c), however, Mr. Jarvis said this language was ambiguous and the treasurer's office did not have a clear interpretation. Therefore, his office has not been redistributing the funds. He said he could not write a check for less than \$1.00, and until recently, there was not enough in the withheld funds to write checks for that amount. Additionally, because of the pending legislation regarding the \$230,000.00 withheld from Florence County, his office would not be distributing that amount until it was clear that the case was resolved. He said it would help if the language was not so ambiguous, and he wanted to receive communication from TERC regarding funds to be withheld after the entity has not chosen to contest the case in court. He stated additionally that this was a complicated procedure due to how the funds are collected and distributed. It is not part of the state accommodations tax, and because of several complicated formulas, it is "an accounting nightmare." TERC stated in a prior letter to the Treasurer's office that it would ask Mr. Jarvis and staff to seek a clarification from the attorney general. Additionally, TERC passed a motion that the Committee maintain its stance on the proper distribution of funds and work with the State Treasurer's office to implement a mechanism in which funds will be distributed properly, or if not, TERC will begin recording in its minutes,

and since TERC is charged with the proper implementation of the atax statute, TERC will review its option with counsel.

TERC voted to go into executive session to discuss confidential matters with its attorney. No votes were taken while in executive session.

- **TERC Legislation:** Frans Mustert and Tom Sponseller will be schedule a meeting with Burnie Maybank to inquire attaching the cleanup language to the BAT bill for the upcoming session.
- **Myrtle Beach withholding-** John Hoefer reported to TERC the latest on the contested case hearing between TERC and Myrtle Beach. Mr. Hoefer stated that no decision had been reached, but he anticipated a decision soon...
- **Senate Bill 0027:** The House of Representatives has yet to vote on the Governor's veto of this legislation. It will decide in January whether or not to override the veto or sustain it. Now is the time for all interested parties to contact their legislators.
- **Committee Appointments:** Susan Cruse stated she would contact Bennish Brown regarding a representative from the SC Travel and Tourism Coalition. Mr. Swaim was asked to contact Rep. Harrell's office regarding remaining on TERC, and Mrs. Jeter reported that the Governor's Office was still working on appointing an at-large committee member.
- **Governor's Conference –** The Committee discussed the Governor's Conference on Travel and Tourism, held at the Sanctuary on Kiawah Island, February 6-9. Chairman Mustert asked Toni Nance if TERC's presentation could be moved. The time allotted TERC is 10:45 a.m. on Wednesday, February 9, which is being advertised as an "optional day." Additionally, Mrs. Nance stated that if TERC members would like to attend any other part of the conference, other than the TERC presentation, they would need to register. Also, if TERC members wish to stay at the Sanctuary, they will need to call the hotel directly.
- **Discussion of Fireworks:** Based on TERC's fireworks policy that state accommodations tax funds can be used for fireworks only if the fireworks display has ties to a civic or cultural event (July 4th, New Years Eve, etc.), TERC voted to direct the State Treasurer's Office to withhold \$25,000.00 from the City of Myrtle Beach regarding its usage of fireworks. It has not been proven that this fireworks display has a definite tie to a civic or cultural event. TERC voted to allow the Town of Hilton Head to use accommodations tax funds for its fireworks display. According to the information presented, the fireworks in Hilton Head have a definite tie to a civic event.

The following are explanations given to the Committee by the entities listed below. The Committee had previously questioned items after reviewing the entities' FY 03-04 Accommodations Tax Report.

REVIEWED BY SUSAN CRUSE:

- **Oconee County –** TERC had asked for correspondence regarding several expenditures. After many months of partial answers, TERC received information from the County. However, from the

information presented, TERC did not have enough information to determine if the expenditures for Walhalla Partners for Progress - \$20,000.00 and the Westminster Recreation Department - \$9,000.00 – were appropriate, therefore, TERC voted to direct the State Treasurer’s Office to withhold funds in the amount of \$29,000.00

- **Greenwood County** – the County explained the recipient of its 30% funds – the Museum and Historical Society – TERC determined this was an appropriate recipient for the funds.
- **Beaufort County and City of Easley** – both of these TERC had previously questioned regarding various expenditures and neither has responded to date. TERC voted to send a letter via registered mail that the entities must respond within 15 days of receipt of the letter, or TERC would direct the State Treasurer’s Office to withhold funds.
- **Jasper County** – The County requested TERC’s opinion regarding maintenance of the Blue Heron Nature Trail and maintaining the mowing beyond the 35-foot point in the tourist area of Point South. TERC determined it was an appropriate use of funds regarding Point South, but not the Blue Heron Nature Trail.

Other Business:

- Mrs. Jeter was requested to make changes to the distribution of reporting forms, to make it more equitable among all the committee members.
- The Committee passed a motion that periodically the Committee receives a copy of administrative expenses.
- The Committee requested that the atax expenditure report online be changed from a pdf file to word file, so it may be completed online.

The next meeting of TERC will be held December 12 at 10 a.m. at SCDOR.

There being no other business, the meeting adjourned.

Respectfully Submitted,

Damita S. Jeter

Damita S. Jeter, TERC Staff