

TOURISM EXPENDITURE REVIEW COMMITTEE
MEETING MINUTES
September 12, 2005
Red Room, SC State Museum
10 a.m.

ATTENDANCE:

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

Staff in Attendance: Damita Jeter, TERC Staff.

Counsel in Attendance: John Hoefler, Willoughby and Hoefler

Guests in Attendance: Lisa Martin, Parkway Development Corp.; Helen Hill, Charleston CVB; Toni Connor, Charles McManus, Ben Peeples, Vernon Knox, City of Folly Beach; William McBee Smith, Spartanburg County Attorney, Bea Smith, USC Upstate, Jeff Caton, Spartanburg County PRT, Bill Mayrose, Spartanburg County Atax Committee.

CALL TO ORDER /ADMINISTRATIVE TASKS/UPDATES:

- **Minutes Approval:** The Committee motioned to approve the June 13, 2005 meeting minutes as submitted.
- **THE COMMITTEE THEN WENT INTO EXECUTIVE SESSION TO DISCUSS ISSUES BETWEEN TERC AND ITS LEGAL COUNSEL. NO VOTES WERE TAKEN AND NO DECISIONS MADE.**
- **City of Folly Beach Discussion:** A group from the City of Folly Beach was present along with Helen Hill of the Charleston CVB to discuss an ongoing issue of the City of Folly Beach and its desire to divert its 30% monies to the Folly Beach Tourism and Visitors Promotion Committee. TERC has previously questioned the nonprofit status of the Folly Beach Tourism Committee and its ability to effectively market the area under Section 6-4-10 (3). Mayor Vernon Knox of Folly Beach said that the City decided to divert the funds because it felt as though it could effectively market itself and understood the unique needs of the area. He stated that the City had taken the nonprofit status seriously and went a step further by obtaining a 501 c 3 status, although originally it had expended funds without a nonprofit status. He stated that the City did not wish to split from the Charleston CVB, just go in a different direction. The Tourism Committee would get no other funding other than the 30% monies and have discussed partnering some with the Charleston CVB. Helen Hill of the Charleston CVB thought that the changes could be positive and the CVB would work with Folly Beach on various projects. TERC questioned how the City of Folly Beach could track the success of its marketing efforts. The City will use various marketing standards, several of which will be the increase in accommodations tax revenue, the success of the 800 number, hits on the website, etc. TERC thanked the group for attending and told them they would have a decision soon, stating that although Folly Beach originally was not within the realm of the law by

expending funds without a nonprofit status, it had rectified the situation and will partner with the Charleston CVB, maximizing its tourism advertising impact.

- **Spartanburg County:** A group from Spartanburg County came to explain the USC Upstate Sports Complex and the use of state accommodations tax funding to help with the construction. TERC had previously questioned the use of state accommodations tax funds for construction of a facility in a non high concentration of tourism area, especially a facility that will primarily be used for athletic events. Additionally, from the information presented previously, it was not clear of the correlation between the funding and the tourism impact. It was learned from the representatives from Spartanburg County that the facility is used for cultural and civic events and that USC Upstate was responsible for tracking tourism data for the facility and had tracked more than 17,000 tourists for around 80 athletic events. Additionally, the funding would be complete this year and the County stated it would be re-examining using the funding for a cultural center. Finally, the County presented information from local hoteliers that stated “heads in beds” increased during events held at the USC Upstate Sports Complex. TERC thanked the group and told them a decision would be forthcoming.
- **Decision on Folly Beach:** After some discussion regarding Folly Beach, TERC voted to allow the City to continue using the Folly Beach Tourism and Visitors Promotion Committee as the recipient of its 30% funding. Although TERC is of the general belief that diverting funds from an established nonprofit agency weakens tourism promotion in general, it appears as though Folly Beach will be partnering with the Charleston CVB. Additionally, Folly Beach does have its nonprofit status. However, TERC will examine the effectiveness of the marketing if needed to determine its compliance with Section 6-4-10 (3).
- **Decision on Spartanburg County:** After some discussion, TERC voted to no longer question the \$50,000 expenditure for USC Upstate. However, TERC maintains that the construction of an athletic facility is not an acceptable use of funds under Section 6-4-10 (4), but given that the County has expended these funds in the past and has demonstrated that it is using the facility to market civic and cultural events, TERC will not find the expenditure noncompliant.
- **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 Hoefler reported to TERC the latest on the contested case hearing between TERC and Myrtle Beach. Mr. Hoefler stated that it was ultimately in the hands of the judge at this point and a decision should be rendered soon.
- **Senate Bill 0027:** The Governor vetoed the Bill and the veto was overridden by the Senate. The House will take up the veto consideration again in January 2006. TERC members were encouraged to contact their legislators regarding the bill and let them know the importance of TERC keeping its same oversight authority. TERC will ask Tom Sponseller for an action plan.
- **Committee Appointments:** Mrs. Jeter informed the Committee that she was communicating with the Governor’s Office and various associations regarding committee vacancies. After researching, Rod Swaim may remain on the committee until he is re-appointed or a successor is named.
- **Discussion of Fireworks:** Based on advice from legal counsel and a need to clear up the ambiguities on fireworks, TERC voted to adopt the following policy: **Fireworks expenditures may only be funded to the extent that they attract and provide for tourism and**

are a tourism-related expenditure according to Section 6-4-10 of the S.C. Code of Laws. This would include expenditures to advertise an event to tourists or an event that has ties to civic or cultural activities (such as a July 4th, New Years Eve) fireworks display.

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:

- **City of Clemson** – Correspondence was sent to TERC regarding an expenditure of \$500 for the Anglican Church “roots and branches” event. Originally TERC was unable to conclude how these funds were used for tourism. However, the letter stated it was for out of market advertising. TERC approved.
- **Oconee County** – TERC had asked for correspondence regarding several expenditures. After many months of no correspondence, it received some answers from the County’s local atax committee chair. TERC believes it is the responsibility of the County, not the local committee to answer these questions and voted that the County would need to answer for itself within 30 days or it would withhold funds.

REVIEWED BY LANNEAU SIEGLING:

- **Pickens County** – The County vetoed a decision by the local accommodations tax committee to not allow the use of atax funds to erect a sculpture at a historical school. The County approved the funding and TERC questioned it. Although TERC did not agree originally with the County, the County presented information that the statue would eventually be used as an overall tourism promotion of the area. TERC approved it with one nay from Susan Cruse.

REVIEWED BY SUSIE SURKAMER/ROD SWAIM:

- **Dorchester County** – The County did not provide any additional information to questionable expenditures, therefore, TERC voted to withhold funds.
- **City of Dillon** – The City presented information that atax funds were being used for the Dillon Theater and J.W. Dillon House for maintenance and operation in order to use them for tourists’ attractions. Based on that information, TERC voted to approve.

The next meeting of TERC will be held November 7 at 10 a.m. at SCDOR.

There being no other business, the meeting adjourned.

Respectfully Submitted,

Damita S. Jeter

Damita S. Jeter, TERC Staff