

**TOURISM EXPENDITURE REVIEW COMMITTEE
MEETING MINUTES
November 13, 2006
Room 2E21, SCDOR
10 a.m.**

ATTENDANCE:

Committee Members in Attendance: Frans Mustert, Chairman; Lanneau Siegling, Vice Chairman, Rod Swaim, John Curry, Toni Nance, Ed Riggs, Mark Williams, Kevin Yokim, Lisa Martin and Susie Surkamer.

Staff in Attendance: Damita Jeter, TERC Staff.

Guests in Attendance: Tom Sponseller, Hospitality Association of SC; Wesley Crosby and Laura McMickens, Town of Lexington

CALL TO ORDER /ADMINISTRATIVE TASKS/UPDATES:

- **Minutes Approval:** The Committee motioned to approve the minutes from the September 11 meeting.
- **Travel Vouchers and TERC Budget:** The Committee remitted travel vouchers to Mrs. Jeter. TERC reviewed its expenses for the fiscal year and reviewed a breakdown of attorney's fees. Mrs. Jeter was asked to obtain from Willoughby and Hoefer a breakdown of administrative and basic counseling costs vs. time spent in litigation for TERC.
- **Legislative Update:** Mr. Sponseller stated that because it is the beginning of a new legislative session, the General Assembly would be considering new legislation. He said that he did not see any legislation currently that would impact TERC. TERC passed a motion to request that Mr. Sponseller meet with the SC Association of Counties and the Municipal Association of SC to discuss cleanup language regarding the accommodations tax law. TERC hoped to reach an agreement with them. Mr. Sponseller will meet with them and report back to TERC.
- **TERC Appeal Regarding ALJD's Decision with City of Myrtle Beach:** Mr. Hoefer reported by phone that this case was still in the appeal process and nothing has changed.
- **Staff Input:** TERC voted to allow Mrs. Jeter, without TERC input in some cases, to continue communicating to local governments and providing guidance whether or not certain expenditures are proper.

QUESTIONS FROM LOCAL GOVERNMENTS:

- **Town of Hilton Head:** TERC had previously granted the Town an extension of funds beyond the two-year carry forward period for capital infrastructure improvements to Honey Horn Plantation. The Town requested another extension of disbursement of funds in the amount of \$175,000.00. They requested the funds be allowed to carry forward to FY ending June 30, 2007. TERC voted to approve this request, but will correspond with the Town that it needs to make sure that any interest generated from the funds need to roll forward and go to the Honey Horn project as well.

- **Town of Edisto Beach:** The Town requested TERC approve the use of funds to purchase transportation which would be used to move non ambulatory victims from the sandy beach areas to awaiting medical transportation units. After careful consideration, TERC voted to deny this request, stating that this is an expenditure that should be considered a “normal operating procedure” of a local government, and since Edisto Beach is not in a high concentration of tourism area, state accommodations tax funds cannot be used to fund additional municipal services such as these. However, TERC agreed that local accommodations tax funds, per a new law, could be used for such services. Mark Williams and Kevin Yokim cast dissenting votes.

RESPONSES FROM LOCAL GOVERNMENTS CONCERNING FY 04-05 FORMS:

Reviewed by Susan Cruse/Lisa Martin

- **Anderson County:** TERC had previously questioned local accommodations tax advisory committee members (Tillman and Moore). Upon receipt of additional information, TERC confirmed the committee was compliant.
- **City of Clemson:** TERC confirmed that the Clemson Child Development Center is a nonprofit organization.
- **City of Easley:** TERC had originally voted to withhold funds in the amount of \$3,300 for expenditure to the Foothills Playhouse, which was previously explained as “royalties.” However, Easley sent additional information stating the funds were used for advertising. TERC will request that the City clarify if the funds were used for royalties or for advertising. TERC voted to request proof of advertising or funds would be withheld.

Reviewed by Kevin Yokim/Ed Riggs/Lanneau Siegling

- **Chester County:** TERC had previously questioned local accommodations tax advisory committee membership, and although the County sent information confirming that its membership was correct, TERC reconfirmed its position to withhold funds in the amount of \$884.72 from future disbursements to the County. These funds were used to advertising to potential applicants. This is not a proper use of funds.

Reviewed by Mark Williams/John Curry

- **Horry County:** The County had previously requested an extension of the two year carry forward period for beach re-nourishment. TERC had requested proof that interest generated from the accommodations tax funds held for re-nourishment would be going back into the atax account and not the general fund. After proof was submitted, TERC approved the request with a deadline of May 2009. Rod Swaim abstained from voting.

Reviewed by Rod Swaim/Susie Surkamer

- **Town of Kiawah Island:** TERC had previously questioned Kiawah Island regarding funds in the amount of \$408,000.00 being given to the Sanctuary and Kiawah Island Resort for various events. In correspondence, the Town has proven that the events are tourism-related; however, it is unclear whether or not the Town is giving funds to the Resort for it to implement projects at the Town’s direction. TERC voted to request that Kiawah Island provide the

structure in which the funds are dispersed. If the Resort is simply the “contractor” for the Town, then the Town needs to be listed as the recipient organization. If not, there needs to be proof that the recipient (Kiawah Island Resort) has formed a nonprofit organization in which to disperse the funds properly.

- **Isle of Palms** – After previous review of the information the City provided concerning Half Rubber Tournament expenditure in the amount of \$2,538.87, it appeared the funds were used for “advertising, t-shirts and prizes.” TERC inquired about the percentage of advertising. After correspondence from the City, TERC voted to withhold \$247.54 as this amount was used for operation and not advertising. Mark Williams voted no to the withholding decision. Ed Riggs abstained from voting.

The Committee is in the process of reviewing FY 05-06 Accommodations Tax Reporting Forms. The following entities will be questioned about various items such as their 65% expenditures, their 30% recipients, accurate coding, balancing issues, and their local committee compliance. Those from which TERC voted to withhold funds will receive the chance to provide additional information in person at a TERC meeting or via written correspondence. TERC also will remind entities about its attorney’s legal opinion concerning sporting events and TERC will question the lack of interest income where none is reported:

Reviewed by Susan Cruse/Lisa Martin

- **City of Newberry:** TERC voted to direct the State Treasurer’s Office to withhold funds from future disbursements for the marketing study which is considered “normal municipal operation.”
- **City of Greenville:** TERC will question why the Palmetto Expo and the Artisphere expenditures were not recommended by the local advisory committee.
- **Oconee County and City of Seneca:** TERC voted to hold review over until its next meeting.

Reviewed by Ed Riggs/Kevin Yokim/Lanneau Siegling

- **City of Camden:** question lack of interest income
- **City of Cayce:** question lack of interest income; remind them about sporting event policy.
- **Clarendon County:** will change “Fox Hunters” internally to a “1” code.
- **City of Gaffney:** will change internally wrong codes. Will question the American Legion. Does not appear to be tourism related. Also, will remind them of sporting event policy.
- **Kershaw County:** Question interest income.
- **Lexington County:** Question the monument and memorial construction. Remind them of sporting event policy.
- **Pickens County:** Question interest income
- **Richland County:** need to question chick fil a basketball tournament (used to generate scholarships?), Walk to Cure diabetes (fundraiser?), will change coding of 2hot4ice internally.

- **Town of Springdale:** will change coding internally to 4 for landscaping.

Reviewed by Rod Swaim/Susie Surkamer

- **Florence County:** will question expenditures for Boys and Girls Club of the Pee Dee (is it primarily a fundraiser?) Also, will remind the County about its sports policy. Kevin Yokim abstained from voting.
- **City of Florence:** question the International Basketball Tournament. Why did local committee not recommend? Additionally, change coding of Florence Basketball tournament to “1.” TERC will make this change internally. Kevin Yokim abstained from voting.
- **Town of Hilton Head:** concerned with municipal operations. Need explanation of why committee only recommended \$500,000, but Town disbursed \$766,800.

Reviewed by Mark Williams/John Curry

- **Town of Duncan:** will question the tourism validity of the Upstate Soccer Alliance (restrooms are usually not allowable) and the Rebel Band Booster Club.
- **City of Hartsville:** Remind them of sports policy (concerning triathlon).
- **Horry County:** concerned with Aynor Chamber expenditure (why not approved by local committee?), Long Bay Symphony (why did committee only recommend \$2,000, but \$10,000 dispersed?), Little River Chamber of Commerce (coded as 1,4,7.. which percentage should be assigned to each category. Also, why did committee recommend \$20,000 less than was funded?). Horry County Arts and Cultural Events – e.d.’s salary can only be funded if he is 100% fully dedicate to tourism. Is \$55,000 his entire salary? If so, need to verify that he or she is 100% dedicated to tourists. Rod Swaim abstained from voting.
- **Laurens County** – need to verify that Beautification Commission, Artists Co-op and 4-H Horse Club should all be coded as “1”
- **City of Myrtle Beach** – withhold funds for Freewoods Foundation Pig Pen exhibit in the amount of \$10,000. Frans Mustert abstained from voting.
- **City of N. Myrtle Beach** – need better description of Dixie Chicken Fishing Tournament – is it a fundraiser? Will question Aquatic and Fitness Operations and Kids Fun Nights.
- **Orangeburg County** – need to question Buddy Pough broadcast. Additionally, will change coding internally for Willie Johnson to a “1.”
- **City of Rock Hill** – several expenditures have multiple coding numbers. Need to know the percentage assigned to each number for statistical purposes.
- **City of Surfside Beach** – TERC asked Mrs. Jeter to contact them via phone to inquire more about the South Strand Democrats application which was tabled.
- **City of Walterboro** – paid operating expenses out of atax funds. TERC voted to withhold funds in the amount of \$431.25. Mark Williams and Kevin Yokim cast dissenting votes against the withholding decision.

NEW BUSINESS:

Town of Lexington: TERC had previously voted to withhold funds in the amount of \$3,000 for the Town of Lexington's Concert in the Park Series. Although the funds were allocated to advertising, TERC believed the advertising was in local publications and not "out of market." After an appearance by Mr. Wesley Crosby and Ms. Laura McMickens, both of the Town of Lexington, during TERC's meeting, TERC understood that the Town was under the impression that it was advertising in "out of market areas." TERC voted to allow the expenditure, but cautioned the Town that it could be withheld in the future.

City of Simpsonville:

TERC had previously voted to withhold funds in the amount of \$2,500 from the City of Simpsonville for disbursement to the Simpsonville Little League to assist with operation of tournaments. After reviewing additional information from the City, TERC voted to overturn its original decision and approve the expenditure, based on the fact that it is sports tourism. However, TERC will remind the City that future requests would need to have out of market advertising as its primary focus.

Chairman Mustert discussed with TERC meeting every other month. The Committee agreed and Mrs. Jeter reminded the committee that communication via email, phone, etc. would be very important in order to move business along between meetings.

The next meeting of TERC will be held January 29 at 10 a.m. at SCDOR.

There being no other business, the meeting adjourned.

Respectfully Submitted,

Damita S. Jeter

Damita S. Jeter, TERC Staff