

**TOURISM EXPENDITURE REVIEW COMMITTEE
MEETING MINUTES
January 29, 2007
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 and Susie Surkamer.

Staff in Attendance: Damita Jeter, TERC Staff.

Guests in Attendance: John Hoefer, TERC Counsel; Eric Budds, City of Newberry

CALL TO ORDER /ADMINISTRATIVE TASKS/UPDATES:

- **Minutes Approval:** The Committee motioned to approve the minutes from the November 13, 2006 meeting.
- **Governor Conference Prep:** TERC discussed its material that would be presented at the Governor's Conference during the panel discussion on February 7. Ed Riggs, Frans Mustert, Toni Nance, Kevin Yokim and Damita Jeter will be participating.
- **Travel Vouchers and TERC Budget:** The Committee remitted travel vouchers to Mrs. Jeter. TERC reviewed a breakdown of Mr. Hoefer's charges for litigation and administration.

Executive Session: TERC voted to enter into executive session to discuss confidential matters with its counsel, John Hoefer, Willoughby and Hoefer. After returning from executive session, the following decisions were made.

- **City of Georgetown:** TERC will write a letter to the City and two of its concerned citizens who believe the City is using state atax funds to pay for police protection in the business district. The letter from the City stated funds came from local accommodations tax.
- **Myrtle Beach's Request to Return Funds:** TERC had previously voted to withhold funds in the amount of \$58,000.00 from the City based on an atax grant that was used to fund studies and the acquisition of land. TERC determined this was an inappropriate expenditure. Myrtle Beach stated it had rescinded the grant of atax funds, and are requesting that TERC not withhold funds. TERC will request the City verify that the funds were never actually expended.
- **Legislative Update:** TERC had previously passed a motion to request that Mr. Tom Sponseller of the Hospitality Association of SC meet with the SC Association of Counties and the Municipal Association of SC to discuss cleanup language regarding the accommodations tax law. Mr. Hoefer said that he would be happy to revisit the language

previously drafted. Mrs. Jeter will email a copy of the draft language to TERC. Mr. Siegling requested that TERC's legislation stay on the agenda until action has been taken.

- **TERC Appeal Regarding ALJD's Decision with City of Myrtle Beach:** Mr. Hoefler reported that this case was still in the appeal process and nothing has changed.

QUESTIONS FROM LOCAL GOVERNMENTS:

- **Greater Richburg Association:** TERC discussed a request from the Greater Richburg Association to approve a lighting project that had been partially funded by private sources. According to the Association, the Greater Richburg area generates the majority of tourists for Chester County and they are looking at funding a major entrance area. Based on its new lighting policy, TERC discussed this expenditure would be appropriate.

RESPONSES FROM LOCAL GOVERNMENTS CONCERNING QUESTIONS TERC HAD OF ITS FY 05-06 STATE ACCOMMODATIONS TAX REPORTING FORMS:

Reviewed by Susan Cruse/Lisa Martin

- **City of Newberry:** Appearing in Person

Reviewed by Kevin Yokim/Ed Riggs/Lanneau Siegling

- **City of Cayce:** TERC approved the City's atax funds being in a non interest bearing account because of the excessive fees the City is being charged due to the fact it does not generate enough state atax funds waive its bank charges.
- **Lexington County:** Although TERC did not think it was appropriate, because of the effort the County took to document some tourism impact, it approved the County's use atax monies to fund a WW II monument.
- **Pickens County:** TERC approved the County's plan to being allocating interest to its atax account.

Reviewed by Mark Williams/John Curry

- **Laurens County:** TERC confirmed that several expenditures are now coded correctly on the state atax reporting form.
- **City of N. Myrtle Beach** – TERC approved the compliance of the Dixie Fishing Tournament, but still has questions about the tourism impact of Aquatic and Fitness Operations marketing video and the Kids Fun Night Camps. It will address this in a letter.

Reviewed by Rod Swaim/Susie Surkamer

- **City of Florence:** TERC had previously questioned the City's expenditure for the International Basketball Tournament. Although the City states that spectators came from several states, TERC will question a further breakdown and more tourism information.
- **Florence County** – Additional information provided showed that the expenditure for the Boys and Girls Club of the Pee Dee was in an effort to advertise a sporting event to tourists, so TERC approved.

- **Town of Hilton Head** – TERC had previously questioned why the Town expended more funds than the local committee recommended for municipal operations. Upon information provided by the Town, it appears the Town funded its municipal operations budget based on tourism impact, therefore, TERC approved.

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

- **Oconee County:** TERC will draft a letter requesting it re-submit its form with more detailed information on several expenditures.
- TERC voted to hold the following forms over for review in March: City of Seneca (held over from November), City of Aiken, Clemson, Greenville County, Greenwood, Jasper County, Ridgeland, Simpsonville

Reviewed by Ed Riggs/Kevin Yokim/Lanneau Siegling

- **Berkeley County:** okay
- **City of Columbia:** okay
- **Clarendon County:** will change “Fox Hunters” internally to a “1” code.
- **Chester County:** will question the Valentines Dinner Train and will tell them that in the future, the Greater Richburg Association picnic in the park needs to have a stronger tourism impact to warrant the amount of funding it is receiving.
- **City of Georgetown:** will verify coding.
- **Georgetown County-** okay
- **City of Spartanburg** - okay
- **Spartanburg County:** They again re-granted. Will remind them of TERC’s re-granting policy and ask them to refrain from this in the future. Additionally, TERC will question the County’s local committee.

Reviewed by Mark Williams/John Curry

- **Town of Blythewood:** Will verify the effectiveness of the marketing plan and whether or not the local committee approves the marketing plan of the Town, which is where they expend all of their 65% monies.
- **City of Orangeburg:** Will request the City submit a current copy of its local accommodations tax committee members. It appears that the City is missing someone from the lodging sector.
- **City of Conway** - okay

- **Town of Pawley's Island** – needs to complete lines 7, 8 and 9 of its form and re-submit to TERC.
- **York County** – will change coding internally to “1s” and confirm with the County.

Reviewed by Rod Swaim/Susie Surkamer

- **City of Charleston:** okay
- **City of Dillon:** okay
- **Dillon County** – will question the compliance of the local committee.
- **Town of Edisto** – okay
- **City of Folly Beach** - okay
- **City of Isle of Palms:** TERC voted to withhold funds in the amount of \$109.35 for bank charges.
- **Town of Seabrook Island** – it appears the recipient of all of its 65% funding is various vendors the Town uses for entrance improvements. TERC will tell the Town it needs to be listed as the nonprofit recipient.
- **Town of Sullivans Island** - okay

Appearance by Eric Budds, City of Newberry:

Mr. Budds appeared before TERC to provide additional information to an expenditure that TERC had previously voted was noncompliant to Section 6-4-10 of the S.C. Code of Laws. The amount of \$3,000 expended to the Newberry Community players for a strategic marketing study is something TERC deemed inappropriate.

Mr. Budds stated that the local committee is very careful in its recommendations. Additionally, he stated that the state statute does not mention a marketing study as being excluded, and there is little guidance in the statute. The Arts Commission gave a matching grant for the study and the theater said it was a helpful study in identifying its target audience.

TERC stated it is always looking for tangible items in marketing – i.e. – flyers, ads, etc.

Mr. Mark Williams made a motion to reconsider TERC's position regarding this study. After some discussion the motion was tabled and TERC entered into executive session to discuss confidential matters with its attorney.

After returning from executive session, Mr. Williams amended his original motion to ask the Committee to re-evaluate its position on studies, specifically the study by the City of Newberry. The vote will be deferred to a later date after TERC has had a chance to review the study that will be sent to them by the City of Newberry.

New Business: Mr. Siegling asked Mrs. Jeter to research a way that someone can log onto its website and register for TERC updates.

The next meeting of TERC will be held March 19 at 10 a.m. at SCDOR.

There being no other business, the meeting adjourned.

Respectfully Submitted,

Damita S. Jeter

Damita S. Jeter, TERC Staff