

**TOURISM EXPENDITURE REVIEW COMMITTEE
MEETING MINUTES
August 27, 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, Susan Cruse, Ed Riggs, Mark Williams, Kevin Yokim and Lisa Martin.

Staff in Attendance: Damita Jeter, TERC Staff.

Guests in Attendance: John Hoefler, TERC Counsel; Veronda Lewis and Ginger Pope, Oconee County.

CALL TO ORDER /ADMINISTRATIVE TASKS/UPDATES:

- **Minutes Approval:** The Committee motioned to approve the minutes from the May 14, 2007 meeting.
- **Travel Vouchers:** The Committee remitted travel vouchers to Mrs. Jeter.
- **TERC Budget:** Mrs. Jeter explained the TERC budget including a breakdown of attorney's fees.
- **Legislative Updates:** *Cleanup Language:* Frans will continue to work with Meredith Cleland at the SCDOR to see if TERC can insert its cleanup language in the BAT bill this legislative session.

QUESTIONS FROM LOCAL GOVERNMENTS:

- **Oconee County:** The County would be coming to present some additional information regarding TERC's decision to withhold more than \$31,000.00 for noncompliant expenditures. After reviewing some additional information sent by the County, Mrs. Cruse confirmed that the expenditures in question had little tourism impact. However, TERC would make its final decision after hearing from the County representatives.
- **Chester County Historical Society:** The Society wished to use accommodations tax funds to hire a person to operate the local museum. TERC will draft a letter stating that TERC would normally find expenditures such as these appropriate, provided the employee's salary is equivalent to the amount of time spent directly attracting and providing for tourists. For any amount of time the employee spent that was not dealing with tourists, their salary would have to come from other sources.

- **City of Hardeeville:** The City had requested to use funds to hire a full time employee to maintain the entrances along I-95 and Hwy. 17. After review, TERC found that although tourists do utilize those areas, they are also utilized by the local community; therefore, it is doubtful whether or not a full time employee is a justifiable expense. TERC stated that an employee could be paid on a percentage of tourism basis.
- **Town of Springdale:** The Town wished to use funds to landscape an area along a busy street and Interstate exchange. After reviewing the tourist attractions in the area, Mr. Curry motioned that it was not the best use of funds, and based on the location, it might be a better use of funds promoting the area. TERC passed the motion with Mark Williams, Kevin Yokim and Susan Cruse casting dissenting votes.

TERC voted to go into executive session to discuss confidential matters with its counsel, John Hoefler, Willoughby and Hoefler. After returning from executive session, Mr. Curry motioned to direct Mr. Hoefler to request the Administrative Law Court to hear the case of the City of Myrtle Beach v. Tourism Expenditure Review Committee in Richland County. Myrtle Beach had requested a change of venue to Myrtle Beach. TERC approved the motion unanimously with Mr. Mustert abstaining from voting.

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

Reviewed by Susan Cruse/Lisa Martin

- **Anderson County:** The County sent additional information regarding various expenditures. After review, TERC will ask the County to be more careful about its coding and change the coding internally.
- **Beaufort County:** TERC had voted to withhold \$3,000 in its May meeting for funds given to the Exchange Club of Beaufort for Ghost Tours. Upon initial review, it appeared these tours serviced the local community only. However, after additional information was presented, it was proven to be a tourism-related expenditure. Therefore, TERC voted to reverse its initial decision and not direct the State Treasurer's Office to withhold funds.
- **City of Beaufort:** TERC had voted to withhold \$1,177 in its May meeting for funds given to the Exchange Club of Beaufort for Ghost Tours. Upon initial review, it appeared these tours serviced the local community only. However, after additional information was presented, it was proven to be a tourism-related expenditure. Therefore, TERC voted to reverse its initial decision and not direct the State Treasurer's Office to withhold funds.
- **Greenville County:** It was proven that the following expenditures are tourism-related: Carolina Elite Soccer Academy- \$15,000.00 and Northwood Baseball Complex - \$37,500.00. Therefore, TERC voted to reverse its initial decision regarding withholding the above mentioned funds, totaling \$52,500. TERC will not vote to direct the State Treasurer's Office to withhold funds.
- **Town of Ridgeland:** TERC found the following expenditures to be compliant:

Gopher Hill Festival - \$5,500.00 and Jasper County Chamber of Commerce Coon Hunt - \$2,000.00

- **City of Easley:** TERC had previously voted to withhold \$5,416.32 for banners that the City had erected. However, after additional information, it was proven the banners were used to advertise the city to tourists, therefore, TERC voted to reverse its original decision and will not be directing the State Treasurers' Office to withhold funds.
- **Jasper County:** It was proven that funds for the Gopher Hill Festival and the Jasper Jamboree Coon Hunt were being spent on advertising, which is appropriate.
- **City of Hardeeville:** TERC voted to confirm its decision to withhold \$300 for the City's payment of atax funds to a private individual to drive an ambulance at a local festival.
- **City of Simpsonville:** The City reviewed additional information regarding expenditures it had questioned because of lack of detail. The expenditures were appropriate and TERC encouraged the City to include this type of detail in all of its reporting.

Reviewed by Kevin Yokim/Ed Riggs/Lanneau Siegling

- **Richland County:** The County will provide no more information regarding TERC's previous decision to withhold \$5,000 for noncompliant expenditures. Therefore, TERC will direct the State Treasurer's Office to withhold funds.

Reviewed by Mark Williams/John Curry

- **City of N. Myrtle Beach:** After careful review of additional information, TERC voted to withhold \$10,357 for funds used for "babysitting services." It appears that this is a service utilized by the local community and not tourists.

Reviewed by Rod Swaim/Susie Surkamer

- **Dillon County:** The County sent information clarifying its local committee, which appears to be in compliance.
- **St. George -** The Town still needs to clarify a member of its local committee (cultural seat) who appears to work at DSS. How is she affiliated with cultural activities? Additionally, the Town reports that a payment of \$4,600 for 30% funds has not cleared. TERC asked them to follow up on that matter and it will copy SCDOR on its letter.

OTHER BUSINESS:

- **Reappointments:** Mrs. Jeter had reported that Mark Williams is the only member that has been reappointed to the Committee thus far. Frans Mustert and John Curry sent in their packets so they should be re-appointed soon. Mrs. Cruse was also planning on sending in her packet as well for re-appointment.
- **Oconee County:** Veronda Lewis, the County's grants administrator and Ginger Pope, a member of the atax committee were present to provide the Committee with additional information regarding TERC's decision to withhold more than \$31,000 for expenditures

that appeared to benefit mainly the local community. The two also inquired about guidelines and a clearer definition of percentage of tourism basis. Mrs. Jeter told them that all the guidelines, revenue ruling, etc. had been posted on the internet and has been sent to them via mail for years. Mrs. Cruse reminded them of the application process, where the local advisory committee needs to simply review applications for atax funds once received by the local government. The Committee chairperson does not need to be the recipient of the applications. After their presentation and discussion by TERC, TERC members voted to re-affirm its decision to withhold funds. This is based on the percentage of tourism from their information. Mr. Kevin Yokim cast a dissenting vote.

- **Charleston County:** Sometimes, Charleston County does not report to TERC based on the fact that its rental units do not push it into the threshold of reporting. Mrs. Jeter will find out if they have to report for FY 06-07 and provide an explanation to TERC.
- **Myrtle Beach:** Mr. Mustert brought to the attention of the Committee that Myrtle Beach has plans to start using state accommodations tax funds to fund local government activities where tourists have put an additional strain on the local government for those services. After some discussion, most TERC members agreed that although it was not the intent of the law, it is a legal use of funds because Myrtle Beach is a tourism-driven area. However, TERC also agreed it is not an issue on which TERC should take a stance. Mr. Siegling motioned that Mr. Mustert, on behalf of TERC, write a letter to Myrtle Beach. The motion failed. Mr. Curry motioned that we urge the Hospitality Association of SC to get involved. The motion passed unanimously.

The next meeting of TERC will be held October 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