

**TOURISM EXPENDITURE REVIEW COMMITTEE  
MEETING MINUTES  
March 19, 2007  
Room 2E21, SCDOR  
10 a.m.**

**ATTENDANCE:**

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

**Staff in Attendance:** Damita Jeter, TERC Staff.

**Guests in Attendance:** John Hoefer, TERC Counsel; Tom Sponseller, Hospitality Association of SC

**CALL TO ORDER /ADMINISTRATIVE TASKS/UPDATES:**

- **Minutes Approval:** The Committee motioned to approve the minutes from the January 29, 2007 meeting.
- **Travel Vouchers and TERC Budget:** The Committee remitted travel vouchers to Mrs. Jeter. TERC reviewed a breakdown of its budget.
- **Ethics Form:** TERC completed the state-required Statement of Economic Interest Form, which Mrs. Jeter will remit to the State Ethics Commission.
- **Governor's Conference Feedback:** Chairman Mustert thanked everyone involved in this year's Governor's Conference and Mrs. Nance shared the feedback with TERC, which was very positive.
- **Legislative Updates:** Frans asked Mark Williams and Kevin Yokim to assist in communicating with the Association of Counties and the Municipal Association of SC regarding TERC's draft legislation. Concerns from the two organizations in the past included the \$900,000.00 "high concentration" language. Mr. Sponseller shared that a bill that has passed the House Budget Committee would exempt most S.C. Counties from Sunday Blue Laws. It would change the requirement from \$900,000.00 to \$900.00. Mark Williams and Kevin Yokim agreed to follow through with discussions of the TERC draft legislation and Tom Sponseller agreed to get with representatives from SCDOR to discuss attaching it to the BAT bill.

Executive Session: TERC voted to enter into executive session to discuss confidential matters with its counsel, John Hoefer, Willoughby and Hoefer. No votes were taken after returning from executive session.

## QUESTIONS FROM LOCAL GOVERNMENTS:

- **Town of Lexington:** TERC was asked by the Town whether or not a historical marker at the museum would be appropriate. The marker recognized one of the Town's citizens. Based on legislation and revenue ruling 98-22, TERC decided it was not appropriate in that it was not enough of a tourism benefit.
- **City of Newberry:** TERC had previously voted the amount of \$3,000 expended to the Newberry Community players for a strategic marketing study is something was not appropriate according to Section 6-4-10 of the S.C. Code of Laws. However, after an appearance by a representative from the City, Mr. Eric Budds, TERC asked for marketing items that were a result of the study. After reviewing items such as posters, flyers, ads, etc. that was a direct result of the study, TERC voted to overturn its original decision and approve the funds.
- **Oconee County Fam Trip:** The County wanted to know if accommodations tax would be an appropriate use of funds for a fam trip. The County currently has plans for such a trip in May and is contracting with a p.r. firm from Atlanta to market it. The plans are to use \$6,000.00 for lodging and food and to invite travel writers from across the country to the County and show them the various features of the County. TERC was concerned that the County was not using its local resources and agreed to discuss this with County representatives before offering an answer.
- **Oconee County historical home renovation:** The County wishes to use funds to renovate a historic home that will be used for tourist groups. They estimate that 20% of the visitors to the facility are tourists. They had requested \$4,000.00 from atax funds. TERC will ask them to verify that \$4,000.00 is 20% of their budget. If so, it should be an acceptable use of funds.

## 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 Easley:** TERC voted to re-affirm its original decision to direct the state treasurer's office to withhold funds in the amount of \$3,300.00 according to Section 6-4-20 (b) of the S.C. Code of Laws. Originally, the funds were reported as going to the Foothills Playhouse for royalties. Based on this, TERC voted to withhold funds. It requested the City to send additional information. The City sent information stating the funds were used for advertising. Because the original description was royalties, in its January meeting, TERC voted to ask for proof of advertising. An exact copy of previous information was sent. After discussion and further review, TERC noted the advertising appeared to be mainly local. Therefore, it voted to re-affirm its decision. Mark Williams cast a dissenting vote.

- **City of Greenville:** TERC approved the City's explanation regarding the Palmetto Expo Center and the Artisphere.

**Reviewed by Kevin Yokim/Ed Riggs/Lanneau Siegling**

- **Richland County:** TERC voted to direct the State Treasurer's office to withhold funds in the amount of \$5,000.00 for the Walk to Cure Diabetes. It appears to be primarily fundraising with tourists being secondary. Advertising appears to be aimed primarily at locals. Although the County stated that they would return funds to the atax account because of internal issues, TERC has no authority to determine whether or not that is an appropriate procedure because the funds were already expended. Mark Williams and Kevin Yokim cast dissenting votes. The Chick Fil A tournament of \$4,000, although not the best use of funds, is appropriate.
- **Kershaw County** – previously questioned interest income. Their explanation was acceptable.
- **City of Gaffney** – previously questioned American Legion. Upon review of explanation, the expenditure adheres to Section 6-4-10 of the S.C. Code of Laws.
- **City of Camden** – previously questioned interest income. Their explanation was acceptable.

**Reviewed by Mark Williams/John Curry**

- **City of Walterboro** – TERC had previously voted to direct the State Treasurer's Office to withhold funds in the amount of \$431.25 for an inappropriate expenditure where funds were used to pay for travel to the Governor's Conference. After explanation by the City, TERC voted to re-affirm its decision. The expenditure is not in compliance with Section 6-4-10 of the S.C. Code of Laws. In addition, TERC will remind the City that it may use the 5% (exempt portion) for purposes such as travel. Mark Williams and Kevin Yokim cast dissenting votes.
- **City of Rock Hill** – TERC will change several codes internally.
- **Orangeburg County** – TERC approved the expenditure it had previously questioned regarding the Buddy Pough show.
- **City of Myrtle Beach** – TERC previously voted to direct the State Treasurer's Office to withhold funds for Freewoods Foundation Pig Pen exhibit in the amount of \$10,000. However, after review of additional information, TERC found that although it might be not the best use of funds, the exhibit was in conjunction with a museum which does adhere with Section 6-4-10 of the S.C. Code of Laws. TERC voted to overturn its original decision and allow the expenditure. Susan Cruse and John Curry cast dissenting votes. Susie Surkamer, Frans Mustert and Ed Riggs abstained from voting.
- **Town of Duncan** - TERC previously questioned the validity of the Upstate Soccer Alliance and their use of \$14,310.00 to install restrooms.. this is usually not an allowable expense. Additionally, TERC questioned the Town's expenditure of \$3,180.00 to the Rebel Band Booster Club... this appeared to have more of a local focus than tourism-related. At its March meeting, TERC

voted to direct the State Treasurer's Office to withhold funds in the amount of \$17,490.00.

**Reviewed by Rod Swaim/Susie Surkamer**

- The Town's correspondence proved that the structure in which they disbursed some of their funds, by contracting through the Kiawah Island Resort was appropriate. The Resort was simply a contractor acting on behalf of the Town.

**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 Seneca:** okay
- **City of Aiken** – okay, but TERC will change codes internally.
- **City of Clemson** – okay, but TERC will change codes internally.
- **Greenville County** - TERC voted to inquire more information about several expenditures, including the American Legion Post, Fountain Inn Chamber's Aunt Het Festival, Fountain Inn Chamber's Horse Show, the Piedmont Woodcarvers Club and the Metropolitan Arts Council. TERC voted to direct the state treasurer's office to withhold funds in the amount of \$52,500 for expenditures to the Carolina Elite Soccer Academy and the Northwood Baseball Complex. Mark Williams cast a dissenting vote.
- **City of Greenwood** – okay
- **Town of Ridgeland** – will request more information on the Annual Coon Hunt and the Gopher Hill Festival
- **City of Simpsonville** – will request more information on specifically how funds were used (i.e. advertising, operation, etc.)
- **Anderson County** – TERC will request this entity resubmit its form with additional information.
- **City of Beaufort** – TERC voted to direct the State Treasurer's Office to withhold funds in the amount of \$1,177 for Ghost Tours. This expenditure appears to be fundraising and primarily a local event.
- **Beaufort County** – TERC voted to direct the State Treasurer's Office to withhold funds in the amount of \$3,000.00 for Ghost Tours. This expenditure appears to be fundraising and primarily a local event. Additionally, TERC will change the coding internally to "1s" when advertising is mentioned in the description.
- **City of Easley** – TERC voted to direct the State Treasurer's office to withhold \$5,416.32 for welcome banners. This is something that is not a direct tourism benefit. Mark Williams Cast a dissenting vote.

- **City of Greer** – okay
- **Newberry County** – okay
- TERC voted to hold the following forms over for review in May: Jasper County

**Reviewed by Ed Riggs/Kevin Yokim/Lanneau Siegling**

- **Town of Lexington** - okay

**New Business:** Mrs. Jeter reminded the Committee of her two-week state mandated break in service, which is scheduled for March 26-April 9.

The next meeting of TERC will be held May 14 at 10 a.m. at SCDOR.

There being no other business, the meeting adjourned.

Respectfully Submitted,

*Damita S. Jeter*

**Damita S. Jeter, TERC Staff**