

**TOURISM EXPENDITURE REVIEW COMMITTEE
MEETING MINUTES
May 14, 2007
Room 2E21, SCDOR
10 a.m.**

ATTENDANCE:

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

Staff in Attendance: Damita Jeter, TERC Staff.

Guests in Attendance: John Hoefler, TERC Counsel; Theresa Hatchell, Tri-County Chamber of Commerce, Anne Johnston, Town of St. George.

CALL TO ORDER /ADMINISTRATIVE TASKS/UPDATES:

- **Minutes Approval:** The Committee motioned to approve the minutes from the March 19, 2007 meeting.
- **Travel Vouchers:** The Committee remitted travel vouchers to Mrs. Jeter.
- **Legislative Updates:**
 1. **Cleanup Language:** Frans asked Mark Williams to report on any discussions he had with the Municipal Association of SC concerning the TERC cleanup language that TERC wished to insert on the BAT bill. Mark said that MASC would review whatever was drafted and reserved the right to object if needed. Mr. Siegling moved that TERC do whatever is necessary to move the cleanup language forward. Mr. Mustert said he would speak to SCDOR's Meredith Cleland about getting TERC's cleanup language in the BAT bill. The motion passed unanimously.
 2. **S. 524:** Mr. Hoefler reported this bill, which would allow state ataxes to be used for bonds for projects which LOCAL ataxes can be used, was in subcommittee and had not moved. Some discussion ensued regarding TERC contacting various industry organizations to state its opposition to this bill. TERC voted to put this information in its newsletter. Mark Williams and Kevin Yokim cast a dissenting vote. At that point, Chairman Mustert asked TERC to re-consider its stance. He stated that we are charged to oversee expenditures and he thought this went beyond our authority. Mark Williams said that he felt since TERC administration was funded through ataxes, it should avoid lobbying. John Curry said this effort was no different than trying to get TERC cleanup language through. After some discussion, the previous motion was tabled and Mr. Curry moved to send our opinion electronically to our databases. Susan Cruse, Susie Surkamer, Kevin Yokim, Mark Williams and Frans Mustert cast a dissenting vote. The motion did not pass. A motion by Frans Mustert to have Tom Sponseller or Damita Jeter as staff to draft an informative summary of S. 524 and send to our databases passed, with Mark Williams and Kevin Yokim casting a dissenting vote.

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:

- **Chester County:** The Historical Society wishes to use state atax funds to hire a part-time employee to operate the museum. Currently, it appears the museum is only open part-time. Before TERC states whether or not this would be an appropriate use of funds, it wanted to review such items as a marketing plan, budget, hours of operation, whether or not it would be used as a visitor center, etc.
- **Town of Edisto:** The Town wished to inquire whether or not it would be appropriate to use state atax funds to equip patrol vehicles with cameras. TERC passed a motion unanimously that this is not an appropriate use of funds, even if Edisto was located in a high concentration of tourism area. It will let the Town know that per a new law, it may use a percentage of local ataxes.
- **City of Cayce:** The City of Cayce wished to use state accommodations tax funds to purchase a golf cart to transport physically challenged people around the Cayce Riverwalk park. After careful consideration, TERC passed a motion that this would not be an appropriate use of funds. It will let the City know that it may use local funds. Mark Williams cast a dissenting vote.
- **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.
- **Oconee County:** Oconee County requested state atax funds to include ramps for the physically challenged and headsets for the hearing impaired at one of its local theaters. After careful review, TERC passed a motion that this would not be an appropriate use of funds and urged the County to find resources from elsewhere such as the local atax or the 5% fund. Mark Williams cast a dissenting vote.
- **City of Isle of Palms:** TERC had previously voted to withhold funds from the City regarding its use of state atax funds to pay bank charges. TERC voted to re-affirm its position and notify the state treasurer's office. Mark Williams and Kevin Yokim cast dissenting votes.

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

Reviewed by Susan Cruse/Lisa Martin

- **Oconee County:** Mrs. Cruse reviewed the County's additional information that was sent per TERC's request after the original accommodations tax reporting form lacked detail. After review of the information, Mrs. Cruse motioned to allow the County to use only 20% of state accommodations taxes for the Community theater parking lot and painting projects. The County had funded the projects using 100% accommodations taxes and according to its information, only 20% of its attendees are tourists. Therefore, Mrs. Cruse motioned that TERC withhold 80% of the funded amount for these two projects, which is \$18,320.00. The motion passed with Susie Surkamer, Kevin Yokim and Mark Williams casting dissenting votes. Mrs. Cruse motioned that TERC not allow the expenditure of Artist Fees of \$8,000.00 for the Walhalla Civic Auditorium. The motion passed with Susie Surkamer, Kevin Yokim and Mark Williams casting dissenting votes. Upon Chairman Mustert's recommendation, TERC reviewed its previous decisions and the following new motions were made by Mrs. Cruse:

- Oconee Community Theatre, Painting - \$8,400.00. TERC voted to withhold \$6,720.00. Based on the tourism impact, only 20% is fundable from state accommodations taxes.
- Oconee Community Theatre, Parking Lot - \$14,500.00. TERC voted to withhold \$11,600.00. Based on the tourism impact, only 20% is fundable from state accommodations taxes.
- Walhalla Civic Auditorium, Artists Fees - \$8,000.00. TERC voted to withhold \$7,200.00. Based on tourism impact, only 10% is fundable from state accommodations taxes.
- Blue Ridge Arts Council, HVAC Replacement - \$6,291.00. TERC voted to withhold \$5,787.72. Based on tourism impact, only 8% is fundable from state accommodations taxes.

The above motions were passed with Mark Williams, Kevin Yokim and Susie Surkamer casting dissenting votes.

TERC voted to allow the Walhalla Merchants Association's purchase of a stage for \$10,000.00. It will also question whether or not the following two expenditures were fundraising in nature:

- Seneca Chamber of Commerce, Poker Run and Shrine Day Parade - \$7,000.00
- Quality Coffee March of Dimes Team, ESPN Bass Masters Fishing Tournament Host Fee -\$2,000.00.

Reviewed by Kevin Yokim/Ed Riggs/Lanneau Siegling

- **Chester County:** TERC had previously questioned the tourism validity of the Valentine's Dinner Train expenditure of \$2,285.57. After additional information, however, TERC determined this expenditure was an acceptable use of funds per Section 6-4-10 and the County will be notified.
- **Spartanburg County:** TERC had reminded them that re-granting to the Arts Partnership is not an allowable process. All funds must be given the organization and used for the tourism purpose, not simply handed over to another organization. After additional correspondence, it appears as though the County has corrected its process so that its 06-07 reporting form will be corrected.

Reviewed by Mark Williams/John Curry

- **Town of Blythewood:** TERC received written correspondence from the Town confirming that its marketing plan is effective and that the local committee approves the marketing plan of the Town, which is where they expend all of their 65% monies.
- **City of Myrtle Beach:** TERC had previously voted to notify the City that the \$58,000 expenditure to the Planning Dept. was not an acceptable use of funds per Section 6-4-10. However, the City voted to refund the grant monies and not actually expend the funds. TERC voted to approve this process provided the City had never actually spent the funds, it simply approved the funds. After receiving affirmation of that, TERC voted to approve.
- **Town of Pawley's Island:** The Town submitted a corrected copy of its accommodations tax reporting form.
- **York County:** The County corrected coding discrepancies and re-submitted its form.
- **City of Orangeburg:** The City now has a compliant local accommodations tax committee, in that it has two members from the lodging sector.
- **City of N. Myrtle Beach:** TERC voted to carry this over to its August meeting.
- **Horry County:** TERC found the following expenditures to be an acceptable use of funds per Section 6-4-10: Aynor Chamber of Commerce - \$10,000.00; Long Bay Symphony - \$10,000.00; Little River Chamber of Commerce - \$90,599.00. It also approved a grant of \$55,000.00 for the County's Arts and Cultural Events E.D.'s salary. However, TERC stated in the future it thought this cost should be spread to the other municipalities in the County.

Reviewed by Rod Swaim/Susie Surkamer

- **City of Florence:** TERC had previously requested additional information of the \$4,500 expenditure for the International Basketball Tournament. It was unclear whether or not it was fundraising in nature. After review, TERC voted to approve this expenditure as it appears to be tourism driven.

- **Dillon County:** The County still has not responded regarding its local committee compliance. TERC will make another request.

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

- **Jasper County** – TERC will confirm that the expenditures for various festivals were used for advertising and promotion.
- **City of Hardeeville** – the City paid \$300 from state atax funds to a private individual to drive an ambulance during a local festival. TERC voted unanimously to withhold \$300 for this expenditure, which is noncompliant.

Reviewed by Rod Swaim/Susie Surkamer

- **Kiawah Island** – okay
- **Town of Santee** – although the reporting form was compliant, the Town Administrator had previously inquired of TERC whether or not the local committee could have more than its seven designated members. After conferring with its legal counsel, TERC concluded that no more than the seven mandated members as specified in Section 6-4-25 (A) could serve on the committee. It recommended should the Town seek further clarification; it should contact the Attorney General's office.
- **Town of St. George:** The Town has still not remitted its 30% committee members. TERC will once again request that it do so.

Other Business:

- **St. George:** TERC heard from Theresa Hatchell of the Tri-County Chamber of Commerce, which is the new 30% designee for the Town of St. George, and Anne Johnston, who was representing the former 30% Committee of the Town and is the new mayor of St. George. Both had stated they wanted a clean start with the 30% funds and there were some funds that could not be accounted for from the time the 30% committee disbanded and the Chamber took over. The Chamber was in receipt of approximately \$13,000.00 from the Town who asked them to spend it immediately. Mrs. Johnston still had funds from the former manager of the 30% monies, the Town's 30% committee. Before Mrs. Johnston released those funds to the Chamber, she wanted to verify if that was the correct process. And before Mrs. Hatchell began spending the funds for tourism marketing, she wanted to make TERC aware that for years, the Chamber was listed as the 30% designee on the Town's accommodations tax reporting form although the funds were going to the Town's 30% Committee. When questioned about this, the Town Administrator told TERC staff that it was a reporting error and the designee should have been the Town's 30% Committee.

TERC told Mrs. Hatchell that the Chamber needed to immediately spend the funds given to it by the Town for tourism marketing. TERC will inquire with its attorney as to whether or not Mrs. Johnston, as former chair of the Town's 30% Committee, needs to remit the funds remaining in the 30% Committee's account to the Town for distribution to the Chamber, or remit it immediately to the Chamber.

TERC will also inquire the following of the Town:

- When was the last year the Tri-County Chamber was the recipient of the 30% accommodations tax funding before the Town's 30% Committee was put into place?
 - An explanation as to why the Tri-County Chamber of Commerce has for several years been listed as the designee of the 30% funding on the Town's State Accommodations Tax Reporting Form, even though the Town had formed its own 30% Committee.
 - The time period in which the funds went to the 30% Committee.
 - Provide a list of members of the Town's 30% Committee.
- **50/50 Plan** – Frans then discussed with TERC a proposed plan to allow local governments to have 47.5 of tourism funds for any purpose. It would be exempt from the current tourism requirement, but local governments could still use the funds for tourism-related expenditures. Another 47.5 would go to a non profit organization with an established tourism program for the purpose of tourism marketing (similar to the current 30% funds.) TERC would oversee and review their program. The final 5% would go to the arts. Upon the chairman's request, TERC began discussion of this proposal. John Curry thought it would be a mistake. Lanneau Siegling stated that he would like to study ways to improve it before acting upon it. Susie Surkamer stated that more than 5% currently goes to the arts; therefore, she did not want to limit the amount given to the arts to 5%.

Other discussion ensued. TERC agreed that it would not be beneficial to the tourism community to make that change. They will look for ways to keep the current process intact, but improve it. Susie Surkamer said she would be glad to work with Frans and Tom Sponseller on studying ways to improve the current process.

The next meeting of TERC will be held August 6 at 10 a.m. at SCDOR.

There being no other business, the meeting adjourned.

Respectfully Submitted,
Damita S. Jeter
Damita S. Jeter, TERC Staff