

**TOURISM EXPENDITURE REVIEW COMMITTEE
MEETING MINUTES
November 2, 2009
SC Department of Revenue
10 a.m.**

ATTENDANCE:

Committee Members in Attendance: Frans Mustert, Chairman; Lanneau Siegling, Edward Riggs, Susan Cruse, Kevin Yokim, Andy Cajka, John Munro, Mark Williams, Harriett Green and Toni Nance.

Staff in Attendance: Lauren Sponseller, TERC Staff.

Guests in Attendance: John Hoefer, TERC Counsel and Tom Sponseller, Hospitality Association of South Carolina.

CALL TO ORDER /ADMINISTRATIVE TASKS/UPDATES:

- 1. Call to Order:** The Meeting was called to order by Chairman Mustert.
- 2. Travel Vouchers:** The Committee remitted travel vouchers to Ms. Sponseller.
- 3. Minutes Approval:** Mr. Riggs motioned to approve the minutes from the September 30, 2009 meeting, Mr. Cajka seconded, and The Committee unanimously voted to approve the minutes.
- 4. Introduction of New TERC Member, Harriett Green:** Chairman Mustert introduced Ms. Green, who was appointed to the Committee at the recommendation of SC Arts Commission.
- 5. July and August Expenditures:** Chairman Mustert asked the Committee to review monthly expenditures, and asked for any questions. The Committee unanimously approved the expenditures as submitted.
- 6. Legislative Update:** Mr. Sponseller updated the Committee on the Travelocity case regarding hotels rooms being sold via internet without charging sales tax that is currently being heard in Georgia, and once a decision has been reached, Mr. Sponseller will give another update.

TERC voted to go into executive session to discuss confidential matters with its counsel, John Hoefer, Willoughby and Hoefer.

The Committee voted to come out of executive session.

Mr. Williams made a motion that TERC stay consistent with current situation as it stands, and continue litigation in its case against City of Myrtle Beach, as well as to request an explanation from the City on their current use of funds for FY 08-09. Mr. Munro seconded, and the motion passed unanimously.

Mr. Siegling made a motion that Chairman Mustert appoint a committee to review information with City of Myrtle Beach on the disbursement process that should be followed by all entities, according to the SC Code of Laws, with counsel's approval. Mr. Williams seconded, and the motion passed unanimously.

7. Miscellaneous Issues:

Mr. Siegling made a motion to go from the current mileage re-imbursement rate of 50.5 cents back to 44.5 cents, in order to save the Committee some money. The motion was not seconded, and therefore failed.

A hotelier from the Town of Bluffton, SC sent a letter of complaint to TERC stating that he was concerned about how the Town was spending their atax funds, and feels that the money is not being used to directly promote tourism to the area. After review, the Committee determined to send a letter to the Town to question how their money was spent, and how it affects tourism.

10. Review of FY 08-09 Reporting Forms-

Susan/Ed-

City of Aiken- Questioned the impact of tourism for Aiken Center for the Arts.

Aiken County- Requested coding breakout for Aiken County Visitors Center; no interest was reported.

Aiken County- Requested breakdown of coding for Aiken County Visitors Center.

City of Beaufort- Requested more information on funding for the Exchange Club of Beaufort- specifically, what were these funds used for. Coding questioned on the following: Penn Center and Main Street Beaufort (for downtown special events advertising/marketing). These should all be coded as a 1, not a 2.

Beaufort County- Coding questioned on the following: Coastal Discovery Museum, Daufuskie Island Foundation, Hilton Head Symphony Orchestra, Native Island Business & Community Affairs Association, Old Village Association Port Royal and Penn Center- These should all be coded as a 1. Hilton Head Concors d'Elegance- change to 2; no interest was reported.

Town of Bluffton- The advisory committee composition is non compliant- too many at-large members; need 1 more hospitality member; also requested more background information on all advisory committee members.

City of Easley- Form not balanced- numbers need to be re-examined; interest needs to be noted; requested coding breakout for Downtown Business Association, Foothills Playhouse, Easley Soccer Club and Big League World Series; the advisory committee composition is non compliant.

City of Greenville- Questioned Medalist Sports- while funds were being disbursed for a non-profit activity, they were paid to a for-profit group. TERC asks that these funds be channeled through a non-profit group. Requested more information on funding the following City of Greenville for Downtown Trolley, and Greater Greenville Scottish Games- specifically, what is the percentage of tourists that benefit from these programs, and back-up information is also requested.

Greenville County- Questioned Medalist Sports- while funds were being disbursed for a non-profit activity, they were paid to a for-profit group. TERC asks that these funds be channeled through a non-profit group. Requested more information on funding Greater Greenville Scottish Games- specifically, what is the percentage of tourists that benefit from this program, and back-up information is also requested. Mr. Riggs made a motion to withhold funds from the County for \$844.62 for the Mauldin Chamber of Commerce for Mauldin Fest due to lack of evidence of tourism. Mr. Siegling seconded, and the committee voted in favor; Mr. Williams and Ms. Green voted against the decision. Coding questioned on Children's Museum. Should this be coded as a 1, not a 2?

Greenwood County- Requested more information on disbursement to Little River Ministerial Wives- specifically, what is the percentage of tourists that benefit from this program, and back-up information is also requested.

Town of Hardeeville- Okay.

Town of Hilton Head Island- Requested more information on funding the Heritage Library Foundation- specifically, what is the percentage of tourists that benefit from this program, and back-

up information is also requested. Also questioned the relativity of the disbursement to The Hilton Head Symphony Orchestra, and how it positively impacts tourism.

Jasper County- Okay.

City of Newberry- Okay.

Newberry County- The advisory committee composition is non compliant. Requested more information on funding Newberry County Historical & Museum- specifically, what is the percentage of tourists that benefit from this program, and back-up information is also requested. No interest was reported.

Oconee County- Requested more information on funding SC Apple Festival- specifically, what is the percentage of tourists that benefit from this program, and back-up information is also requested. Also requested more information on advertising for SC Apple Festival- specifically, was there any out of state/market advertising, and back-up information is requested.

Pickens County- Vacancy on advisory committee needs to be filled. Requested more information on funding Carolina Chaos- specifically, what is the percentage of tourists that benefit from this program, and back-up information is also requested.

City of Seneca- Requested information on who received the Town's 30% Allocation. Balance carried forward is off- needs to be \$2,046.84.

Town of Simpsonville- Requested more information on funding the following: Freedom Weekend Aloft, and South Greenville Fair- specifically, what is the percentage of tourists that benefit from these programs, and back-up information is also requested.

Kevin/Lanneau-

Berkeley County- Vacancy on advisory committee needs to be filled.

City of Camden- Okay.

City of Cayce- Report not balanced- 30% (Line 5) off; which makes Line 10 off. Coding questioned on the Museum Aide. Should this be coded as a 7 instead of a 1?

Cherokee County- Questioned the relativity of the disbursement to The Veterans Appreciation Park, and how it positively impacts tourism.

Chester County- Coding questioned on the Historical Society Museum. Should this be coded as a 7 instead of a 4?

Clarendon County- Questioned the difference in disbursements that were recommended by the advisory committee and approved by local government, and what was actually disbursed to Clarendon County Government and Clarendon County Chamber of Commerce. Vacancy in lodging sector on advisory committee needs to be filled.

City of Columbia-Included their 30% expenditure amount in with 65% expenditure, which makes their Balance Carried Forward amount in the negative. Questioned disbursements to the following: Columbia Music Festival, Columbia Regional Sports Council and Hoop-olgy- specifically, what is the reason for disbursing funds to these groups, when none was requested by the organization, nor approved by the advisory committee? Also questioned the relativity of the disbursement to Columbia Music Festival Association for the Contemporary Art Gallery, and how it positively impacts tourism.

Town of Gaffney- Requested more information on funding Gaffney Little Theatre for building repairs- specifically, what is the percentage of tourists that benefit from this program, and back-up information is also requested.

City of Georgetown- Questioned the expenditure for trash receptacles for, as Georgetown is not in a high-concentration area.

Town of Lexington- Okay.

County of Lexington- Report not balanced; request that the County re-examine their numbers. Requested coding breakout for Columbia Metro Convention/Visitor Bureau. Requested more information on funding Midlands Golf Course Owners Association- specifically, what is the percentage of tourists that benefit from this program, and back-up information is also requested.

Richland County- Requested coding breakout for all expenditures with multiple codes listed.

City of Spartanburg- Requested more information on funding Spartanburg Regional History Museum for Math in Daily Life- specifically, what is the percentage of tourists that benefit from this program, and back-up information is also requested. Carry forward amount listed on FY 07-08 report not listed on FY 08-09 reporting form.

Spartanburg County- Vacancy on advisory committee needs to be filled.

Town of Springdale- TERC asked that 30% funds be channeled through a non-profit group. Questioned disbursements to the following: Professional Lawn Care, P&P Lawn Care and Lamar Advertising- specifically, what is the reason for disbursing funds to these groups, when none was requested by the organization, nor approved by the local advisory committee or town council?

City of West Columbia- Form is not balanced- 65% expenditures (Line 6) does not match (Line 9). No interest reported.

Mark/Andy/John-

Town of Blythewood- Mr. Cajka made a motion to withhold funds from the Town for their 30% disbursement of \$2,658 to the BHS Booster Club due to lack of evidence of advertising and promotion of tourism development. Mr. Munro seconded and the committee voted in favor; Mr. Williams voted against the decision. Requested more information on funding the following: Fairfield County Golf Tournament and wireless internet and webcam for Town of Blythewood- specifically, what is the percentage of tourists that benefit from these programs, and back-up information is also requested. Also requested a list of the Town's local advisory committee members.

City of Conway- Coding questioned on all programs that were *events*. These should all be coded as a 2, not a 1.

Darlington County- Requested coding breakout on expenditure to Greater Darlington Chamber of Commerce. Requested more information on funding Carolina Alliance for Fair Employment- specifically, what is the percentage of tourists that benefit from this program, and back-up information is also requested. No interest is reported.

City of Hartsville- Requested coding breakout on expenditure to Darlington County Tourism and Butler Heritage Foundation. Requested more information on funding Coker Farms- specifically, is this a non-profit group (501 C-3 number requested), as well as what is the percentage of tourists that benefit from this program, and back-up information is also requested.

Laurens County- Form is not balanced- 65% expenditures on "Side A" does not match "Side B". Also requested a list of the Town's local advisory committee members. Requested more information on funding the following: Joanna Textile Festival, Laurens County 4-H Horse Club, Ware Shoals Catfish Festival, Hospice Flight of the Dove and Laurens YMCA- specifically, what is the percentage of tourists that benefit from these programs, and back-up information is also requested. Coding questioned on the Rosemont brochures and advertising. Should this be coded as a 1 instead of a 2?

City of North Myrtle Beach- Requested coding breakout on expenditure to North Myrtle Beach Chamber of Commerce. Requested more information on funding the following: North Myrtle Beach Rescue Squad and North Myrtle Beach Chamber of Commerce for Travel Channel Promotion- specifically, what is the percentage of tourists that benefit from these programs, and back-up information is also requested.

City of Orangeburg- Okay.

Orangeburg County- Mr. Cajka made a motion to withhold funds from the County for \$11,828.52 for the Department of Public Facilities for the Highway 601 Industrial Park due to lack of evidence of promotion of tourism. Mr. Riggs seconded, and the committee unanimously approved. Also questioned the disbursement to Orangeburg County Young Farmer- specifically, the decision to fund this project was not approved by the local advisory committee, and an explanation is requested.

Town of Pawleys Island- "Total Accommodations Tax Revenue for Fiscal Year Ending" on line 1 differs from the amount reported to us by the SC State Treasurer's office as disbursed to the Town. Requested coding breakout for expenditure to Georgetown County Habitat for Humanity and Pawleys Island Festival for Music and Art. Also requested more information on the disbursement to Georgetown County Habitat for Humanity- specifically, what is the percentage of tourists that benefit

from this program, and back-up information is also requested. Requested non-profit status, as well as evidence of advertising and promotion of tourism development program for the Town's 30% recipient, Pawleys Island Enhancement & Beautification Foundation. Also questioned advisory committee member Wendell Carter, and his relation to the Town, as he resides outside of the Town.

Town of Rock Hill- Okay.

Town of Surfside Beach- Requested more information on the Town's use of 3/31/09 as their FY 08-09 ending date.

City of Walterboro- Vacancy on advisory committee needs to be filled. Requested more information on funding Downtown Kiosk- specifically, who received these funds, what is the percentage of tourists that benefit from this program, and back-up information is also requested.

York County- "Total Accommodations Tax Revenue for Fiscal Year Ending" on line 1 differs from the amount reported to us by the SC State Treasurer's office as disbursed to the County.

Rod/Harriett –

City of Charleston- Ms. Green requested that TERC ask their staff attorney, Mr. John Hoefer about the legality of a City Council member serving on advisory committee. Upon advice from counsel, this issue was not in violation of the A-tax statute or any other statute.

Town of Dillon- Ms. Green commented that many of the projects funded happened to have a committee member serving on the local advisory committee, and again questioned the members of the local committee benefiting from ataxes that were disbursed. Upon review, Mr. Hoefer stated that this issue was not in violation of the A-tax statute or any other statute.

Dorchester County- Ms. Green noted that a large majority of funds disbursed from the County went to Middleton Place. She requested that TERC ask Mr. Hoefer if a project or group that is receiving funds can also have a Chair serving on the local advisory committee. Upon review, Mr. Hoefer stated that this issue was not in violation of the A-tax statute or any other statute.

City of Florence- Okay.

Florence County- Vacancy on advisory committee needs to be filled. Also requested that County to re-examine advisory committee composition, and send background information on advisory committee members.

Town of Folly Beach- Requested more information on funding the Surfers Healing Team Charleston- specifically, how much goes to charity, and back-up information is also requested. Also requested more information on funding Charleston Surfrider Foundation- clarification on funding plastic cups: are these distributed once people arrive, and how this promotes or impacts tourism?

Town of Isle of Palms- Okay.

Town of Kiawah Island- Questioned the appropriateness of having 2 members from the same organization serve on the local advisory committee.

City of Lake City- Okay.

Town of Moncks Corner- Okay.

Town of Mount Pleasant- Requested more information on funding Blessing of the Fleet- specifically, what is the percentage of tourists that benefit from this program, and back-up information is also requested. Also requested more information on funding to Town of Mount Pleasant for the sponsorship coordinator's salary, and how this relates to and impacts tourism.

City of North Charleston- Okay.

Town of Seabrook- Requested more information on funding Melrose Pyrotechnics for fireworks- specifically, what event is this for, and back-up information is also requested.

Town of St. George- Report not balanced; 30% and 65% off, thus making their Balance Carried Forward off. Request that they re-evaluate and re-submit.

Town of Sullivan's Island- Okay.

Town of Summerville- Requested back-up information on all projects funded- specifically, please send name of projects and description, as well as any back-up information including percentage of tourists served. Vacancy on advisory committee needs to be filled. Also, questioned advisory committee member Cynthia Powell, and her relation to the cultural industry.

The Chairman asked that the Committee consider withholding funds from all entities that did not adhere to the October 1st filing deadline, and had still not filed by November 1, 2009. Ms. Cruse made a motion to withhold \$500.00 per month from future disbursements effective November 1, 2009, Mr. Riggs seconded, and the motion passed unanimously.

The next meeting of TERC will be held January 11, 2010 at 10 a.m. at SCDOR.

There being no other business, the meeting adjourned.

Respectfully Submitted,

Lauren Sponseller

Lauren Sponseller, TERC Staff