

TOURISM EXPENDITURE REVIEW COMMITTEE
MEETING MINUTES
November 22, 2010
SC Department of Revenue
Conference Room 2D21
10 a.m.

ATTENDANCE:

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

Guests in Attendance: John Hoefler, TERC Counsel.

Staff in Attendance: Lauren Sponseller, TERC Staff.

CALL TO ORDER /ADMINISTRATIVE TASKS/UPDATES:

- 1. Call to Order:** The Meeting was called to order by Chairman Mustert.
- 2. Minutes Approval:** Mr. Riggs motioned to approve the minutes from the September 12, 2010 meeting, Ms. Green seconded, and the committee unanimously voted to approve the minutes.
- 3. Legislative Update:** Chairman Mustert updated the Committee on the Tax Re-Alignment Committee (TRAC), and will continue to work on this issue with TRAC's Committee Chairman, Bernie Maybank.
- 4. Review of FY 09-10 Reports-**
Susan/Ed/Andy
City of Aiken- Form not balanced- numbers need to be re-examined; requested coding for expenditure to Greater Aiken Chamber of Commerce for "Aiken's Makin".
Aiken County- Form not balanced- 30% disbursement needs to be re-examined; no interest was reported; requested coding breakdown for expenditure to Aiken County Tourism & Visitors Center. TERC wishes to warn the County that 30% funds should go to CVB, and advertising and printing costs be funded with 65% funds.
City of Anderson- "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 City. Coding questioned on the following projects: Anderson University Senior Follies, Anderson County Arts Center, Anderson County Meals on Wheels- Mardi Gras in the Electric City, Main St. Program of Anderson- Downtown Block Party, Greater Anderson Musical Arts Consortorium, and Main St. Program of Anderson- Antique Car Show. Should these be coded as a 1 instead of a 2?
Anderson County- Requested more information on Belton Interfaith Ministerial Association for the Upstate Chili Cook-Off- specifically, how were funds used to advertise for this event? Requested that the County re-examine their advisory committee, and make sure that all representatives fit the criteria to reside on the committee.
City of Beaufort- Coding questioned on the following projects: Penn Center, Main Street Beaufort, USA, Beaufort Film Society and Historic Beaufort Foundation. Should these be coded as a 1 instead of a 2? TERC also noted that the vacancy on the City's advisory committee needs to be filled.
Town of Bluffton- ok
Town of Easley- Requested coding breakout on expenditure for Easley Chamber of Commerce, Big League World Series and Foothills Playhouse; no interest was reported.

City of Greenville- Requested more information on City of Greenville for Downtown Trolley- specifically, TERC would like to know what percentage of users are tourists? TERC also requests that the City provide TERC with a copy of minutes from the advisory committee meeting making recommendations to City Council.

Greenville County- Mr. Riggs made the motion to withhold funds from the County for Freedom Weekend Aloft in the amount of \$31,731.65 due to the fact that the amount funded was not approved by the County's advisory committee. TERC sent the County a letter (dated 3/15/10) stating that funds may only be disbursed to this project for advertising and promotion. Ms. Cruse seconded the motion, and the motion was passed. Mr. Yokim opposed the motion. A letter was received from the County's local advisory committee stating that the following projects were earmarked by County Council: Greenville County Recreation Baseball Complex and Community Foundation. TERC requested more information on the advisory committees' annual process for reviewing these projects. TERC also would like back-up information on all projects funded by the committee.

City of Greenwood- TERC noted that vacancy on advisory committee needs to be filled.

Greenwood County- Requested more information on Greenwood Chamber of Commerce Festival of Flowers, Greenwood Arts Council Juried Art Show, Uptown Greenwood Festival of Discovery, Grand Harbor Relay, SCCMA Managers Meeting, Lander University Performing Arts Event and Greenwood Community Theatre Event- specifically, how were funds used to advertise for these events, and what was the total budget for each event? No interest was reported; coding questioned on the disbursement to Historic 96, Visitors Center. Should these be coded as a 3 or 7? Also, questioned advisory committee member Nancy Novak, and her relation to the hospitality industry, as well as Charles Harts, and his cultural affiliation.

City of Hardeeville- TERC requests a copy of the City's current advisory committee list.

Town of Hilton Head- Requested more information on Hilton Head Symphony Orchestra- specifically, TERC would like to know what percentage of attendees are tourists, and back-up information is also requested. Also requested more information on the following: Art League of Hilton Head, Main Street Youth Theater, Native Island Business & Community Affairs Association, SC Repertory Company, Heritage Library Foundation, Hilton Head Choral Society, Main Street Youth Theater and Heritage Library Foundation- specifically, how were funds used to advertise for these events and to attract for tourism? TERC also requests that the Town provide TERC with a copy of minutes from the advisory committee meeting making recommendations to Town Council.

Mr. Riggs made a motion that "funding for advertising and promotion of arts" is defined as advertising in and out of market- preferably out of market, and not on operations in accordance with Section 6-4-10 (b) (2) of the SC Code of Laws. "Funding of operations for arts" may be funded up to the percentage of tourists served. Ms. Cruse seconded and the motion passed. Ms. Green opposed the motion.

Ms. Cruse made a motion that TERC require all municipalities to include detail reports for all events funded with future reports. Ms. Green seconded, and the motion passed. Mr. Yokim opposed the motion.

Mr. Cajka made the following motion: "For festivals and events", TERC will approve all out of market advertising expenditures. For all other expenditures related to operations, TERC will approve funding based on the percentage of tourists served in accordance with Section 6-4-10 (b) (1).. Ms. Cruse seconded, and the motion passed. Mr. Yokim and Ms. Green opposed the motion.

Mr. Cajka also made the following motion: "For construction, maintenance and operation of facilities" that have express purpose for tourism-related impact, funds may be disbursed for these projects in accordance with Section 6-4-10 (b) (3). Mr. Riggs seconded, and the motion unanimously passed.

Jasper County- ok

City of Newberry- No interest was reported.

County of Newberry- “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. TERC also noted that the County’s local advisory committee did not meet to discuss disbursement of funds, and would like to know the County’s reason for this.

Oconee County- ok

Pickens County- Requested more information on the County’s 30% recipient, Tour Pickens County- specifically, TERC who is this group, and do they have an ongoing non-profit program to promote and advertise for tourism for the County? Requested more information on the disbursement to Soapstone Church for the Slave Graveyard, Pre-Integration School- specifically, TERC would like to know how these funds were used?

Town of Ridgeland- ok

City of Seneca- Form not balanced- numbers need to be re-examined.

City of Simpsonville- Line 5 (30%) \$13,020.74 does not match the amount listed under their 30% description on 30% Advertising and Promotion Special Fund \$17,937.00. TERC also requested more information on the following disbursements: Simpsonville Chamber of Commerce Labor Day Family Fun Fest, Freedom Weekend Aloft, and Simpsonville Business Association Music Hour at the Clock Tower- specifically, TERC would like to know what percentage of attendees are tourists, and back-up information is also requested for each event.

Kevin/Lanneau-

Berkeley County- ok

City of Camden-ok

City of Cayce- Requested more information on disbursement to Cayce Historical Museum for acquisitions and improvements- specifically, TERC would like to know what this money was used for, as well as the what percentage of attendees are tourists, and back-up information is also requested.

Cherokee 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. TERC also requested more information on Cherokee County Veterans Appreciation Park- specifically, the Committee would like to see a business plan outlining how atax funds are being/will be used.

Chester 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.

Clarendon County- TERC would like more information on the County’s reason for not disbursing any funds to Clarendon County Government for the creation and maintenance of Weldon Auditorium’s website, when both the advisory committee and county council approved of the project. TERC noted that vacancy on advisory committee needs to be filled as stated in the letter from the County.

City of Columbia- Requested more information on disbursement to Columbia Metropolitan Convention and Visitors Bureau and Capital City Lake Murray Country Regional Tourism- specifically, TERC would like to know how funds were used, and back-up information is also requested.

Town of Gaffney- “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. TERC also requested more information on disbursement to the following: Gaffney Little Theatre and Limestone College Athletics Department- specifically, TERC would like to know what this money was used for, as well as the what percentage of attendees are tourists, and back-up information is also requested.

City of Georgetown- TERC stated that the City needs to make sure that they are aware of the two-year spending rule, in accordance with the SC Code of Laws- Section 6-4-10 (4) (c).

Georgetown County- ok

Kershaw County- TERC noted that the County's 30% funds were given to the County's Chamber of Commerce and Visitors Center, but these funds can not be used for *operations* of either of these entities. TERC also requests a copy of the City's current advisory committee list.

Town of Lexington- Requested more information on disbursement to Lexington County Beautification Foundation for Tourism Enhancements- specifically, TERC would like to know how funds were used, and back-up information is also requested.

Lexington County- TERC requested coding breakdown for expenditure to Columbia Metro CVB. TERC also requested more information on the disbursement to Irmo/Chapin Recreation Commission- specifically, TERC would like to know how funds were used, and back-up information is also requested.

Richland County- TERC requested more information on disbursement to Columbia Music Festival Association for operation and maintenance of the facility- specifically, TERC would like to know how funds were used, and back-up information is also requested.

City of Spartanburg- Form not balanced- numbers need to be re-examined. TERC also requested more information on disbursement to Spartanburg Memorial Auditorium for Corey Smith concert- specifically, TERC would like to know how funds were used, and back-up information is also requested.

Spartanburg County- TERC requested that the County re-examine their advisory committee, and make sure that all representatives fit the criteria to reside on the committee. TERC also questioned coding on the disbursement to the Confederate Classic Street Rod Association. Should these be coded as a 2 instead of a 3? TERC also noted that vacancy on advisory committee needs to be filled. Requested more information on disbursement to Spartanburg County Parks and Recreation for athletic tournaments and special events- specifically, TERC would like to know how funds were used, and back-up information is also requested.

Town of Springdale- TERC requested coding breakdown for expenditure to the following: West Metro Chamber of Commerce, Columbia Metro CVB and Lexington County Recreation Commission.

Town of West Columbia- ok

5. Miscellaneous Issues:

Mr. Siegling made a motion to withhold funds from all municipalities that have not filed or asked for extensions through TERC's staff liaison. The following entities will receive letters regarding this: Beaufort County.

The Committee made a motion to go into Executive Session, and asked that Ms. Sponseller be excused for discussion of contractual employment.

The Committee voted to come out of executive session.

Mr. Siegling made the motion that The Chairman conduct a review of Ms. Sponseller's work, and upon successful review, grant Ms. Sponseller with an increase in pay by 10% of her currently amount paid. Mr. Riggs seconded, and the committee unanimously approved the motion.

The Committee reviewed a question from Hilton Head Island staff attorney, Brian Hulbert, who asked for TERC's opinion:

“The Town receives more than \$50,000 in ATAX dollars. Within the corporate area of the Town there is a county airport. The airport is for private and commercial usage. It is reported by the airport that 84 percent of all commercial flights are tourists/visitors. There are approximately 140,000 passengers per year. The airport currently receives operational funding from commercial airlines, rental car agencies, FBO, hangar rentals, parking, Beaufort County general fund, and other miscellaneous sources.

They now seek ATAX funds from the Town to help defray costs associated with providing required fire protection and law enforcement services, completing much needed facility improvements, and enhancing their advertising/marketing efforts.

Our question concerns whether a municipality can grant funds to another government entity for any reason, to include for services and costs listed above.”

After careful review, TERC is of the opinion that Section 6-4-10 (4) (b) of the SC State Code of Laws would most accurately answer your question:

“The funds must not be used as an additional source of revenue to provide services normally provided by the county or municipality”.

Therefore, TERC feels that this is not an appropriate use of funds.

All TERC members were in favor of this decision, Mr. Yokim opposed the decision.

The next meeting of TERC will be held on January 4, 2011 at 10 a.m. at SCDOR.

There being no other business, the meeting adjourned.

Respectfully Submitted,

Lauren Sponseller

Lauren Sponseller, TERC Staff