

# The A-Tax Update

Third Quarter 2009

*The Official Newsletter of the Tourism Expenditure Review Committee*



## Committee Members

### **Frans N. Mustert, Chairman**

Appointed by the Governor at Recommendation of the Hospitality Association of SC

### **Lanneau H. Siegling, Vice Chairman**

President Pro Tempore Appointee

### **Susan Cruse**

Appointed by the Governor at the Recommendation of the SC Association of Tourism Regions

### **Andy Cajka**

Appointed by the Governor at the Recommendation of the SC Travel and Tourism Coalition

### **Rod Swaim**

Speaker of the House Appointee

### **Mark Williams**

Appointed by the Governor at the Recommendation of the Municipal Association of SC

### **John Munro**

Appointed by the Governor at the Recommendation of the S.C. Association of CVBs

### **Kevin Yokim**

Appointed by the Governor at the Recommendation of the SC Association of Counties

### **Ed Riggs**

Governor's At-Large Appointee

### **Toni Nance**

Ex-Officio SCPRT

### **Lauren Sponseller**

TERC Staff Liaison

## Committee Welcomes New Members

In the past few months, TERC has welcomed new members **Andy Cajka** who is appointed by the Governor at the recommendation of the SC Travel and Tourism Coalition and **John Munro** who was appointed at the recommendation of the SC Association of CVBs to the Committee. Mr. Cajka and Mr. Munro will assist Committee members in reviewing accommodations tax expenditures for adherence to the Statute relating to ataxes, and to serve and correspond with various local governments on state accommodations tax issues.

## Answers to most often asked questions

### **What if I am applying for funding for an event that I cannot show proof/evidence of actual tourists (ie. brochure printing for advertising)?**

**Answer:** It has come to our attention that many of the applicants who are applying for atax funds cannot supply entities with finite proof of attendees for some of their events. TERC recommends that these numbers be based on the number of tourists served. TERC suggests the following ways to help track results:

- Add a coupon or incentive to the flyer to track visitors.
- Use a conversion study - where a sampling of those who responded to advertisements are contacted to see if they actually visited, and then calculated to show what percentage of inquiries turn into visitors). This is how PRT tracks its success in advertising, and TERC feels that this is an acceptable method of tracking data.

### **Is website construction a fundable expense?**

**Answer:** TERC would approve this project since the funds would strictly be used to create an avenue to promote and advertise for tourism, and due to the fact that the internet is the most current way to receive information.

### **Are welcome signs a fundable project?**

**Answer:** Welcome signs are not acceptable accommodations tax expenditures, and should not be funded from accommodations taxes. However, welcome signs, when part of an overall tourism promotion program and displayed in an effort to attract tourists from outside the market, may be funded. An example of an appropriate expenditure would be a billboard displayed in an "out of market" advertising area that promotes travel to the tourist destination.

### **What is the "Two-Year Rule"?**

**Answer:** Allocations to special funds must be spent by the municipality or county within two years of receipt. However, the time limit may be extended upon the recommendation of the county or municipality and approval of TERC. An extension must include provisions that funds be committed for a specific project or program.

## Interest Income

TERC has received several reports this year where interest income is not reported or is reported as "0." TERC would like to remind local governments that Section 6-4-10 (4)(a) states "The remaining balance **plus earned interest** received by a municipality or county must be allocated to a special fund and used for tourism-related expenditures. This section does not prohibit a municipality or county from using accommodations tax general fund revenues for tourism-related expenditures."

# ...The A-Tax Update, continued



## Appeal Procedures

From time to time, the Committee will deem certain expenditures unacceptable based on the law and the information provided. However, there is a way to appeal this. Should you wish to appeal the decision by requesting a hearing in front of the Committee, contact the staff liaison, Lauren Sponseller, at 803-898-5400 for appeal procedures. As a general guideline, the Committee asks that all appeals are made in writing within 30 days of the county or municipality being notified of the Committee's decision. Should a county or municipality still have an issue with the decision made by TERC, an appeal can be made to with the Administrative Law Judge Division.

## FY 08-09 Reports due October 1, 2009

Please note: TERC were due on **Oct. 1, 2009**, according to Section 6-4-25 of SC Code of Laws.

## 2010 Governor's Conference on Travel and Tourism

The 2010 conference will be held February 1-3, 2010 at the **Myrtle Beach Marriott Resort & Spa at Grande Dunes**.

Go to SCPRT's website at [www.scprrt.com](http://www.scprrt.com) for more information. More information on TERC's workshop to follow!

The A-Tax Update is published quarterly on an as needed basis by the Tourism Expenditure Review Committee, located in the SC Department of Revenue Building.

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