

# The A-Tax Update



Fourth Quarter, 2003

*The Official Newsletter of the Tourism Expenditure Review Committee*

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

Vacant  
SC Association of Counties

## Reporting Forms Due November 1

By now, all applicable entities should have received their accommodations tax reporting packages from the Tourism Expenditure Review Committee. As you can see in the information, the reporting forms are not due back until **November 1**. After receiving them, our policy is to review them for accuracy and then the Committee reviews them to verify all expenditures were appropriate in that they adhere to Section 6-4-10 of the S.C. Code of Laws and attract, provide for and promote tourism. This year we are requesting additional information (budget, percentage of tourists, overall attendance, etc.) simply to help us gain a better understanding of how certain projects (which are not always descriptive in the old reporting form) attract and promote tourists to the area. We understand that many municipalities and counties do not currently keep this data. In that case, we ask that you provide as much information as possible, especially a description of the project. Please note that the new forms also contain seven "project category numbers." **We ask for your help in submitting these "project numbers" as accurately as possible. This data is used by the S.C. Department of Parks, Recreation and Tourism to compile statistical reports. However, their reports are as accurate as the information provided.**

To help with reporting, the forms may be e-mailed to you. For more information, contact Damita Jeter, Staff Liaison, at [jeterd@sctax.org](mailto:jeterd@sctax.org) or call 803-898-5400.

## How Do Local Governments Disburse Funds and the Importance of Local Guidelines

From time to time, the Committee will receive questions about how other counties and municipalities disburse funds from accommodations taxes. Different local governments do different things. Some disperse funds on a reimbursement process after the project or event is completed. Some disperse funds as a "matching grant" and some disperse on a 50/50 basis, where after the project or event is completed, the applicant will receive the other half. Section 6-4-25 (B) of the S.C. Code of Laws says "a municipality or county and its advisory committee shall adopt guidelines to fit the needs and time schedules of the area. The guidelines must include the requirements for applications for funds from the special fund used for tourism-related expenditures. A recipient's application must be reviewed by an advisory committee before it receives funds from a county or municipality. "

Therefore, whatever disbursement process works best for your local government and is contained in your local guidelines is what should be observed. However, there are other parts of the law that need to be taken into consideration, such as time limits. The local government has two years to retain the funds, but once received, the applicant must expend the funds within a year. The Committee would encourage all municipalities and counties to adopt local guidelines that fit your "needs and time schedules" and are within the realm of the state law.

## What Expenditures Qualify as Advertising?

Under Code Section 6-4-10 (4)(b)(1), monies in the 65 % tourism-related fund can be used for **advertising and promotion** of tourism to increase tourism in the county or municipality. Expenditures that would qualify under this category would include monies spent on magazine, newspaper, radio or television advertising in an attempt to promote the county or municipality to tourists. Qualifying expenditures also include revenues spent to promote the county or municipality to entities that specialize in tourism such as bus tour companies and travel agencies. Examples of qualifying expenditures under this category include advertising in magazines such as *Southern Living*. (Revenue Ruling 98-22)

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

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## ... 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, Damita Jeter, 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.

### *How Can I Receive Education on A-Taxes?*

Under former Section 6-4-30 of the S.C. Code of Laws, the SC Department of Revenue served as a resource to answer questions of and assist advisory committees and local governments in the implementation of accommodations taxes, and arranged continuing education programs or workshops for local government officials and advisory committee members. However, that section of the law was repealed this past legislative session and signed by the Governor in June. The Tourism Expenditure Review Committee is in the process of partnering with associations, such as the S.C. Association of Counties and the Municipal Association of S.C., as well as other state agencies, such as the S.C. Department of Parks, Recreation and Tourism in providing this service and answering questions of accommodations taxes. **The Tourism Expenditure Review Committee is currently on the agenda for February 3 during the Governor's Conference on Tourism in Hilton Head. For more information about that event, contact SCPRT at 803-734-1700.**

We are also researching having a website, where we will list questions and answers, our newsletters and our reporting forms. However, one of our main ways at this moment of providing education is through this quarterly newsletter. Should you ever have a question for the Committee or would like to have a question published in the newsletter, please contact our staff liaison, Damita Jeter, by emailing [jeterd@sctax.org](mailto:jeterd@sctax.org) or by calling 803-898-5400.

### *Are Municipality and County Services Fundable?*

Under Code Section 6-4-10 (4)(b)(4), monies in the 65% Tourism-related Fund can be used for services normally provided by the municipality or county **only if these local governments have a high concentration of tourism**. Revenue Ruling 98-22 states that a county or municipality has a high level of tourism when it collects over \$900,000 in accommodations tax revenue and is exempt from Sunday "blue laws." Currently, the only counties that meet this criteria are Beaufort, Charleston, Georgetown, Greenville, Horry, and Richland. Examples of qualifying expenditures under this category would include salaries for extra police force during the peak tourist season, monies spent to hire extra garbage service around tourist facilities during the tourist season or to provide other services that are required by high concentration of tourism. If your local government is not located within the "high concentration" counties you may spend accommodations tax money for such services only for **specific events** (extra police force at a music festival, for example) and the expenditures must be based on the **estimated percentage of costs directly attributable to tourists**.

### *A-Tax Guidelines and Tips:*

Question: How do I know if a project or event qualifies as a tourism-related expenditure?

Answer: The committee looks to distinguish between events or activities designed for and attended primarily by those in the local community, from events that are designed for and attended primarily by non-residents who come from outside the local community. In looking to make a determination regarding the purpose or intent of an activity or event, the Committee looks to substantiate the promotional activities undertaken to bring non-residents into the area to attend the funded activity. The promotional efforts are a key indicator of the extent to which the purpose of the funded activity is to attract non-residents. As the statute identifies such promotional activities to be an approved use of funds, the Committee encourages counties and municipalities to consider this factor in granting funds. (Read more in our Tourism Policy, available in your reporting package).

**Coming in Future Newsletters: "Meet the Committee," "More Q&A" and more!**