

The A-Tax Update



Fourth Quarter, 2004

The Official Newsletter of the Tourism Expenditure Review Committee

Committee Members

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Recommendation of the
Hospitality Association of SC

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SC Association of Convention and
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Suzette Surkamer
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the S.C. Arts Commission

Vacant
SC Association of Counties

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Ex-Officio SCPRT

A-Tax Reporting Packages Due by October 15

Some time in the next week or so, applicable entities will be receiving the state accommodations tax reporting packages from the Tourism Expenditure Review Committee. If you receive the package, then state law mandates that you **MUST COMPLETE AND RETURN IT BY OCTOBER 15**. After receiving them, our procedure 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. In order to accomplish this task, the Committee is once again requesting additional information, such as budget, percentage of tourists, overall attendance, etc. This helps us gain a better understanding of how certain projects 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, and the reports are only as accurate as the information provided.**

There are some additions to the reporting form this year as well. The biggest of which you will notice is that TERC is asking this year for a list of your local accommodations tax advisory committee membership makeup both present and when the monies were funded.

To help with reporting, the forms may be e-mailed to you. The forms are also available on our website at www.atax.sc.gov. For more information, contact Damita Jeter, Staff Liaison, at jeterd@sctax.org or call 803-898-5400.

Florence County vs. TERC

In January, the Tourism Expenditure Review Committee voted to direct the State Treasurers Office to withhold funds in the amount of \$230,000 from future accommodations tax disbursements to Florence County based on Section 6-4-35 (B)(1)(a) of the S.C. Code of Laws concerning inappropriate expenditures. Florence County had approved expenditures in the amount of \$230,000 for the Sheriff's Department and did not seek approval of its local accommodations tax committee.

Florence County then took the case before the State Administrative Law Court and requested a contested case hearing. With the aid of its attorney, John Hofer, TERC filed a pleading and answered Florence County's petition regarding the case. In April, both parties submitted its stipulations as to the issues of fact and law which they agreed upon in May. Based on the documentation, in June the Administrative Law Court denied Florence County's request that the court declare TERC improperly directed the State Treasurer's Office to withhold \$230,000 from subsequent distributions of accommodations tax revenues. It also rejected the County's request that if funds are withheld, the amount is reduced.

A complete copy of this ruling is available for viewing at www.atax.sc.gov.

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PO Box 125, Columbia, SC
29214-0120
803.898.5400 (Phone)
803.898.5446 (Fax)
Jeterd@sctax.org
Damita Jeter, Staff Liaison

... The A-Tax Update, continued



TERC Continues to Add to WWW. ATAX. SC.GOV

The Tourism Expenditure Review Committee continues to add items to its website, www.atax.sc.gov. Visit the site and you will see updated minutes, newsletters, forms, legal information, etc. There is also a new addition under our FOIA section that tells the public when the next scheduled TERC meetings are to be held. If you would like to see an item added to the website, please email jeterd@sctax.org

More Questions and Answers

Below is a sampling of some items on our FAQ page of our website.

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).

Are Municipality and County Services Fundable?

Answer: 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 and these services can be attributed to tourism activity. 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 these 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.