

The A-Tax Update



First Quarter 2007

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

John Curry

Appointed by the Governor at the
Recommendation of the
SC Association of Convention and
Visitors Bureaus

Lisa Martin

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

Suzette Surkamer

Appointed by the Governor at the
Recommendation of the
S.C. Arts Commission

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

A-Tax Reporting Packages Due

By now, applicable local governments should have received 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 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 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.**

For more information, contact Damita Jeter, Staff Liaison, at jeterd@sctax.org or call 803-898-5400.

Make Plans Now to Attend the 2007

Governor's Conference on Travel and Tourism

Once again, the Tourism Expenditure Review Committee is proud to be a part of the upcoming Governor's Conference on Travel and Tourism.

The conference is the state's largest gathering of tourism industry leaders. Over the past 40 years, the conference has grown to an attendance of 500-600 participants who find the seminars, workshops and networking opportunities enjoyable, informative, and productive. An assembly of a wide variety of backgrounds, the majority of our participants include: representatives from destination management organizations, state/county entities, regional tourism associations, accommodations, attractions, advertising agencies, economic development companies and various media outlets.

The 2007 conference will be held February 5-7, 2006 at the Spartanburg Marriott in Renaissance Park in Spartanburg. TERC will be presenting "Accommodations Tax and Your Community" from 9 to 10:30 on Wednesday, February 7.

In order to obtain the most precise information possible, TERC is asking for any questions that attendees may want addressed to be submitted before the Conference. Should you have a question for TERC that has not been answered on our website or through our newsletter, please email jeterd@sctax.org or call 803-898-5400.

For more information and to register, go to the SCPRT website at www.scprrt.com. Click on Governor's Conference on the left.

... The A-Tax Update, continued



Answers to most often asked questions

Are fireworks considered an appropriate expenditure of accommodations taxes?

Answer: The promotion of fireworks through advertising in out of market areas is an allowable expenditure as is any advertising to attract tourism. The purchase of fireworks or funds expended to produce a fireworks display is not an allowable expenditure unless the event is a free standing event produced to attract tourism and not a part of an ongoing program. The exception would fall under Section 6-4-10 of the S.C. Code of Laws where it addresses the use of Accommodation tax funds for the benefit of civic or cultural events. TERC has found it appropriate to fund fireworks where it would have ties to such an event. i.e. July 4th , New Years Eve.

Is the operation of sporting events acceptable use of atax funds?

Answer: Concerning the funding of sporting and recreational events, TERC maintains that if the primary purpose of the event is to attract tourists and promote tourism to the general area and NOT to fund scholarships (even though subsequently some events that promote tourism may generate scholarships, but that was not the primary intent), and the funds are used strictly to promote and advertise in order to generate tourism, it is appropriate. The TERC will consider on a case by case basis the use of funds for sporting events OTHER THAN promotion and advertising.

Although TERC is not recommending that funds be withheld at this time, please remember for FY 06-07 that the advertising and promotion of sporting and recreational events would be a more appropriate expenditure.

Are historical markers or monuments fundable?

Answer: To answer this question, the Committee refers to Revenue Ruling 98-22, issued by the SC Department of Revenue, which states that it depends on the nature of the monument and the impact it will have on tourism. If it is a single statute dedicated to a local figure, it is unlikely that such a monument will have any impact on tourism. However, if the monument is in the nature of a large structure designed to honor a group or entity or recognize a specific historical location, then it may be permissible to use Tourism-related Funds for such monument. For example, a monument along the lines of the United States Holocaust Memorial Museum or the Vietnam Veterans Memorial may have a sufficient impact on tourism to warrant receiving Tourism-related Funds.

Is lighting and landscaping fundable?

Answer:TERC may approve the installation, maintenance and operation of lighting and landscaping where the committee believes that such project improves or enhances the possibility that tourists will visit any tourism attraction located in the vicinity of the intersection or provides access to the facility.

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."

TERC interprets this to mean that any interest generated by local accommodations taxes must be expended with the 65% funds.

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.

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