

TOWN OF SEABROOK ISLAND

Accommodations Tax Advisory Committee Meeting
July 30, 2021 – 10:00 AM

Virtual Meeting (Via Zoom)
[Watch Live Stream \(YouTube\)](#)



AGENDA

CALL TO ORDER

ELECTION OF CHAIR & VICE-CHAIR

APPOINTMENT OF SECRETARY

APPROVAL OF MINUTES

- Regular Meeting: August 27, 2021

ITEMS FOR INFORMATION/DISCUSSION

- Introduction of New Town Clerk/Treasurer
- Review of Final ATAX Awards for FY 2021
- Overview of Projected Revenues for FY 2022
- Overview of Funding Requests for FY 2022
- Review of Funding Guidelines & Project Eligibility

OTHER BUSINESS

- Next Meeting: August 19, 2021 @ 10:00 AM

ADJOURN

ACCOMMODATIONS TAX ADVISORY COMMITTEE MINUTES

August 27, 2020

The Accommodations Tax Advisory Committee meeting of August 27, 2020 was conducted as a video conference and was simultaneously made available to the public via YouTube live stream, all in keeping with practices adopted to address the ongoing coronavirus pandemic.

The meeting called to order at 1:00 p.m. by the Committee Chair, Sue Ingram. A quorum of the members attended the meeting. Other Committee members attending were – Randall Buck, Joe Pontuti, Ron Schildge, Stuart Spisak and Patsy Zanetti. Councilman Barry Goldstein also participated in the meeting.

Chair Sue Ingram turned the meeting over to the Town Administrator. Town Administrator Cronin introduced Barry Goldstein, who has been assigned the role of Town Council liaison to the Accommodations Tax Advisory Committee.

The Town Administrator stated that he has begun working on the 2021 draft budget and he showed the 2021 State Accommodations Tax Fund Summary on the screen. He first recapped how the gross amount of State Accommodations was divided, with the first \$25,000 (in the Town's third quarter) and 5% of each check going into the Town's General Fund. The balance is divided into 30% that is to go to a tourism/advertising type entity, in our case, the Charleston Area Convention & Visitor's Bureau (CACVB), and 65% is used by the Town for tourism related expenditures. For the other three quarters of the year, the State Accommodations Tax is divided up with 5% going to the Town, 30% to the CACVB and 65% that the Town uses for tourism related expenditures. The Accommodation's Tax Advisory Committee gives Town Council recommendations on how the 65% amount should be spent.

Due to the pandemic, the Town amended their 2020 budget and the projected amount for this year was reduced from a total of \$143,000 to \$76,400. For 2021, we are estimating that the Town will receive a total of \$120,000 in State Accommodations Tax and the amount available for the Advisory Committee's recommendations is projected to be \$61,750. The total of all the requests received by the Town is \$128,750. The Town Administrator noted that Town Council held a budget workshop on August 18 and their recommendation was for the Advisory Committee to base their recommendations on anticipated revenue of \$61,750.

Town Administrator Cronin explained that Charleston County has notified the Town that they would not be disbursing any County Accommodations Tax in the last half of 2020 nor the first half of 2021. It is uncertain when the County will resume distributions. Since the Town has been using County Accommodations Tax for Beach Patrol, the Town will have to budget more coming from State Accommodation's Tax and their General Fund in 2021 and will have to

continue to do so. At the Budget Workshop, Council stressed that Town Council's highest priority was to maintain the current level of Beach Patrol.

Chair Sue Ingram asked representatives for the organizations requesting Accommodations Tax funds for 2021 to begin their presentations.

- **Bohicket Merchant's Association** – Tim Stearns, representing the Bohicket Merchant's Association, stated that he would like to withdraw their request for \$15,000 considering the Town's budget and the limited amount of State Accommodations Tax funds available for 2021.
- **Bohicket Marina & Marketplace** – Beau Anderson and Kaitlyn Harris, from Bohicket Marketplace & Marina, presented a request for \$15,000 for the Bohicket Invitational Billfish Tournament. The date for the tournament will May 5th through 8th, 2021 and would be the first event in the South Carolina Governor's Cup Billfish Series. The Marina expects to host approximately 50 fishing boats coming from up and down the east coast.
- **Alan Fleming Tournament Committee/Club at Seabrook Island** – Debbie Pickens, who is chair for the 2021 Alan Fleming Senior Clay Court Tournament, presented a request for a contribution of \$15,000. The Alan Fleming Tournament Committee cancelled the 2020 event since there was no safe way to proceed with the tournament and most of the players would not commit until late September. The budget for the 2021 event is \$74,063, compared to a budget of \$62,625 in 2020. The increase is primarily due to safety precautions that will be taken to hold the tournament safely.
- **Turtle Patrol Tourist Information** – Bill Nelson, Treasurer of the Turtle Patrol, requested a contribution of up to \$2,000 to purchase t-shirts for the members of the Turtle Patrol. Mr. Nelson stated that a key part of the Turtle Patrol's mission is to inform the public to gain their support in protecting the Loggerhead turtles. The t-shirts, worn by members of the group, makes them easily identifiable so that visitors to Seabrook Island can ask questions or observe members in nest support activities. He remarked that some visitors even ask when the Loggerhead turtles nest so that they can visit Seabrook Island during that time.

The Town Administrator presented the following applications from the Town:

- **Town of Seabrook Island Beach Patrol Services** – The Town is asking for \$60,000 to go toward Beach Patrol in 2021. The Town feels that the beach is the primary driver for bringing visitors to Seabrook Island. Members of the Beach Patrol are not only trained and certified lifeguards but assist with law enforcement issues, assist with injured wildlife, enforce ordinances relating to any type beach rules, etc. The Beach Patrol are in place from April 1 through September 30 and the Town currently spends about \$138,000 on the Beach Patrol contract. Total cost for Beach Patrol for 2021 is estimated

to be \$145,000 with \$60,000 coming from State Accommodations Tax, \$5,000 from the balance left in County Accommodation's Tax and \$80,000 from the General Fund.

- **Town of Seabrook Island Fourth of July Celebration** – Town Administrator Cronin stated that the Town currently partners with the Seabrook Island Club to host this event with the intended goal of bringing visitors to Seabrook Island during this period. It is usually a popular and well attended event. The Town pays for the fireworks (\$16,500), services of policemen and firemen and shares the cost for shuttles, to and from the event, with the Seabrook Island Club. The Town paid a deposit of \$8,250 for the 2020 fireworks, which were cancelled because of the pandemic, and this deposit will be carried over to 2021 and the Town will just be required to pay the balance for the fireworks in 2021. The amount being requested from State Accommodations Tax is \$11,750. The event is planned for July 3, 2021, with a rain date of July 5, 2021.
- **Town of Seabrook Island Dolphin Education Program** – This application is for the continuation of the Dolphin Education Program and the request is for \$10,000. This program began several years ago, at the request of the Federal Government, because of an incident where individuals were harassing the dolphins while the dolphins were strand feeding at Cap'n Sams Inlet. This is a unique behavior and Seabrook Island is one of the few places where this behavior can be seen. Tourists come to the island for the sole purpose of seeing the dolphins strand feed. The Town Administrator stated that a film crew, who are filing a documentary on unique and unusual things about wildlife, will be visiting Seabrook Island and Kiawah Island in the next couple of weeks to film dolphins strand feeding as part of their southeastern episode. Since this documentary will be broadcast to a world-wide audience, it will likely produce more interest in seeing this behavior.

The presenters were excused so that the Committee could determine their recommendations for Town Council.

- **Alan Fleming Tournament Committee/Club at Seabrook Island** – Request \$15,000
Ron Schiledge made a motion to approve \$12,500 toward the 2021 Alan Fleming Tournament. Patsy Zanetti seconded the motion and the vote to approve was unanimous.
- **Turtle Patrol Tourist Information** – Request \$2,000
Stuart Spisak made a motion to approve \$2,000 for Turtle Patrol t-shirts. Patsy Zanetti seconded the motion. Joe Pontuti suggested that, since this was the first year the Turtle Patrol had applied for money and there was less money, perhaps the amount recommended should be less. Ron Schiledge added that they did have other sources for obtaining funds and Bill Nelson, who made the presentation, said the group would appreciate whatever the Town was willing to give them. Stuart Spisak amended his motion to approve \$1,000 to the Turtle Patrol. Patsy Zanetti seconded the motion. The motion carried with one person voting against the motion.

- **Bohicket Marine & Market Place- Billfish Tournament** – Request \$15,000
There was discussion about the amount to be recommended, with Joe Pontuti suggesting \$5,000 and Patsy Zanetti suggesting \$10,000. Randall Buck made a motion to approve \$7,500. Stuart Spisak seconded the motion. The motion carried with one person voting against.
- **Town of Seabrook Island Dolphin Education Program** – Request \$10,000
Randall Buck made a motion to approve \$10,000 for the Dolphin Education Program. Stuart Spisak seconded the motion and the vote to approve was unanimous.
- **Town of Seabrook Island Fourth of July Celebration** – Request \$11,500
Randall Buck made a motion to approve \$4,000 in hopes of getting the Seabrook Island Property Owners Association and the Seabrook Island Club to help with the cost due to the Town’s budget constraints for 2021. Stuart Spisak seconded the motion and the vote to approve was unanimous.
- **Town of Seabrook Island Beach Patrol Services** – Request \$60,000
Stuart Spisak moved to approve \$26,750 for Beach Patrol Services. Patsy Zanetti seconded the motion and the vote to approve was unanimous.

Sue Ingram, Chair of the Committee, stated that the Town Administrator would let her know when a meeting should be held in 2021 so that he has the Committee’s recommendations before the budget is finalized. Town Administrator Cronin noted that, in 2021, the process would start about two months earlier because of the Town election being held in November.

There being no further business, the meeting was adjourned at 2:41 p.m.

Respectfully submitted,
Faye Allbritton, Town Clerk

**Accommodations Tax Appropriations
FY 2021**

Description	Requested	Recommended	Approved	Notes
Bohicket Marina & Market - 2021 Billfish Tournament	\$ 15,000.00	\$ 7,500.00	\$ 10,000.00	Support for 2021 Billfish Tournament
Bohicket Marina Merchants Association - Marketing	\$ 15,000.00	\$ -	\$ -	Support for Ongoing Marketing for Bohicket Marina (WITHDRAWN)
Seabrook Island Club - Alan Fleming Tennis Tournament	\$ 15,000.00	\$ 12,500.00	\$ 15,000.00	Support for Alan Fleming Tennis Tournament
Seabrook Island Turtle Patrol	\$ 2,000.00	\$ 1,000.00	\$ 2,000.00	Support for Seabrook Island Turtle Patrol
Town of Seabrook Island - Beach Patrol	\$ 120,000.00	\$ 26,750.00	\$ 120,000.00	Est. Contract Price \$145K: \$20K GF / \$120K State ATAX / \$5K County ATAX
Town of Seabrook Island - Gateway Sign	\$ 20,000.00	\$ -	\$ 20,000.00	Replace Gateway Sign at Betsy Kerrison & Seabrook Island Road
Town of Seabrook Island - Dolphin Education Program	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	Lowcountry Marine Mammal Network (Contract)
Town of Seabrook Island - Fourth of July Celebration	\$ 11,750.00	\$ 4,000.00	\$ 11,750.00	July 4th fireworks, CCSO, SJFD and shuttles (\$8,250 credit carried over from FY20)
TOTAL	\$ 208,750.00	\$ 61,750.00	\$ 188,750.00	

**Accommodations Tax Revenue Projections
FY 2022**

Description	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Budget	FY 2021 Actual (YTD)	FY 2021 Budget
1st Quarter	\$ 15,915.65	\$ 18,792.83	\$ 24,312.42	\$ -	\$ 45,353.59	\$ -
2nd Quarter	\$ 55,280.64	\$ 68,464.79	\$ 50,964.15	\$ -	\$ 158,662.89	\$ -
3rd Quarter	\$ 93,387.13	\$ 93,272.40	\$ 133,526.00	\$ -	\$ -	\$ -
4th Quarter	\$ 25,360.79	\$ 24,500.03	\$ 58,302.53	\$ -	\$ -	\$ -
Other	\$ 4,326.76	\$ 6,732.13	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 194,270.97	\$ 211,762.18	\$ 267,105.10	\$ 180,000.00	\$ 204,016.48	\$ 300,000.00

Description	FY 2018	FY 2019	FY 2020	FY 2021	FY 2021	FY 2021
Total Revenue	\$ 194,270.97	\$ 211,762.18	\$ 267,105.10	\$ 180,000.00	\$ 204,016.48	\$ 300,000.00
First \$25,000 (General Fund)	\$ (25,000.00)	\$ (25,000.00)	\$ (25,000.00)	\$ (25,000.00)	\$ (25,000.00)	\$ (25,000.00)
Balance of ATAX Funds	\$ 169,270.97	\$ 186,762.18	\$ 242,105.10	\$ 155,000.00	\$ 179,016.48	\$ 275,000.00
5% of Balance (General Fund)	\$ 8,463.55	\$ 9,338.11	\$ 12,105.26	\$ 7,750.00	\$ 8,950.82	\$ 13,750.00
30% of Balance (Promotion-CVB)	\$ 50,781.29	\$ 56,028.65	\$ 72,631.53	\$ 46,500.00	\$ 53,704.94	\$ 82,500.00
65% of Balance (Tourism-Related Expenditures)	\$ 110,026.13	\$ 121,395.42	\$ 157,368.32	\$ 100,750.00	\$ 116,360.71	\$ 178,750.00

**Accommodations Tax Requests
FY 2022**

Description	Requested	Recommended	Approved
Seabrook Island Club - Alan Fleming Tennis Tournament	\$ 15,000.00	\$ -	\$ -
Town of Seabrook Island - Beach Patrol	\$ 125,000.00	\$ -	\$ -
Town of Seabrook Island - Dolphin Education Program	\$ 10,000.00	\$ -	\$ -
Town of Seabrook Island - Fourth of July Celebration	\$ 20,000.00	\$ -	\$ -
Town of Seabrook Island - Gateway & Wayfinder Signage	\$ 30,000.00	\$ -	\$ -
TOTAL	\$ 200,000.00	\$ -	\$ -



Town of Seabrook Island

2001 Seabrook Island Road
Seabrook Island, SC 29455
townofseabrookisland.org

State ATAX Advisory Committee

Contact Us: (843) 768-9121
fallbritton@townofseabrookisland.org

FY 2022 Application for State Accommodations Tax Funds Letter of Introduction

The Town of Seabrook Island State Accommodations Tax Advisory Committee will meet on August 19, 2021, at 10:00 a.m. to consider funding applications for Fiscal Year (FY) 2022. Due to the ongoing COVID-19 pandemic, the meeting will be conducted virtually via Zoom. **To be considered for funding, a completed application must be received by the Town Clerk by 12:00 p.m. on Wednesday, July 28, 2021, and you or another responsible person from your organization must participate in the virtual meeting on August 19, 2021, at 10:00 a.m.** An invitation to join the meeting via Zoom will be sent to the email address included on your application form at least 24 hours prior to the meeting. During the meeting, applicants will be provided an opportunity to present their funding requests (no more than five minutes per request) and to answer questions from committee members.

Pursuant to South Carolina law, counties and municipalities are required to use the proceeds of the State Accommodations Tax to promote tourism and provide for tourists primarily within the geographical areas of the county or municipality from which the taxes are collected. **The expenditure of State Accommodations Tax funds must be used to attract or provide for tourists;** expenditures cannot be used for items normally provided by the county or municipality unless the county or municipality has a high concentration of tourism activity. **Eligible types of "tourism-related expenditures" include:**

- (1) Advertising and promotion of tourism so as to develop and increase tourist attendance through the generation of publicity;
- (2) Promotion of the arts and cultural events;
- (3) Construction, maintenance, and operation of facilities for civic and cultural activities including construction and maintenance of access and other nearby roads and utilities for the facilities;
- (4) The criminal justice system, law enforcement, fire protection, solid waste collection, and health facilities when required to serve tourists and tourist facilities. This is based on the estimated percentage of costs directly attributed to tourists;
- (5) Public facilities such as restrooms, dressing rooms, parks, and parking lots;
- (6) Tourist shuttle transportation;
- (7) Control and repair of waterfront erosion, including beach renourishment; and
- (8) Operating visitor information centers.

For detailed information regarding the expenditure of State Accommodations Tax funds, please refer to the South Carolina Department of Revenue's official advisory opinion contained in "SC Revenue Ruling #98-22" at <https://atax.sc.gov/sites/default/files/Documents/Past%20Policies/Laws%20and%20Procedures/rr9822.pdf>.

Recommendations made by the State Accommodations Tax Advisory Committee must be approved by the Seabrook Island Town Council before funds may be committed to the applicant or dispersed by the Town.

Please return applications by the deadline to: Town of Seabrook Island, Attn: Town Clerk
2001 Seabrook Island Road
Seabrook Island, SC 29455

For more information, please contact Faye Allbritton, Town Clerk, by phone at (843) 768-9121 or by email at fallbritton@townofseabrookisland.org.



Town of Seabrook Island

2001 Seabrook Island Road
 Seabrook Island, SC 29455
townofseabrookisland.org

State ATAX Funding Application **FY 2022**

Contact Us: (843) 768-9121
fallbritton@townofseabrookisland.org

APPLICATIONS MUST BE RECEIVED BY 12:00 PM ON WED. JULY 28, 2021
****LATE APPLICATIONS WILL NOT BE CONSIDERED****

1 ORGANIZATION INFORMATION					
Organization Name					
Contact Person	Name			Title	
	Phone #			Email	
Mailing Address	Street				
	City		State		Zip
Website Address					
Year Established					
Organization Type	<input type="checkbox"/> Government Unit (City, County, School)		<input type="checkbox"/> For-Profit Business or Organization		
	<input type="checkbox"/> Tax-Exempt Charitable Organization		<input type="checkbox"/> Other Tax-Exempt Organization		
	<input type="checkbox"/> Church or Religious Organization		<input type="checkbox"/> Unincorporated Association or Group		
	<input type="checkbox"/> Other (Please Specify): _____				
Federal Employee ID #					
If this organization registered with the South Carolina Secretary of State's Office as a Not-Profit Organization?					
<input type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes, please attach a copy of your organization's registration certificate</i>					
If this organization federally exempt under IRS Code 501(c) 3, 4, 5k, 6, 7 or 10?					
<input type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes, please attach a copy of your organization's IRS Tax Exempt Determination Letter</i>					
In the space below, please provide a brief description of your organization's history and mission.					

Please attach a list of your organization's Governing Body (eg. Board of Directors), Chief Officers and Key Staff.

2 PROJECT OVERVIEW		
Project Name		
Project Date(s)		
Amount Requested		
Tourism-Related Expenditure Category <i>(Check all that apply)</i>	<input type="checkbox"/> Advertising & Promotion	<input type="checkbox"/> Public Facilities
	<input type="checkbox"/> Promotion of Arts & Cultural Events	<input type="checkbox"/> Transportation & Shuttles
	<input type="checkbox"/> Civic & Cultural Facilities	<input type="checkbox"/> Waterfront Erosion & Renourishment
	<input type="checkbox"/> Public Services	<input type="checkbox"/> Visitor Information Centers

Please provide a brief description of the project, including its purpose, goals and objectives.

How will your project promote tourism and/or enhance the tourist trade in the Town of Seabrook Island?

Who is your target audience?

How will you advertise this project to visitors?
(Check all that apply)

- | | |
|--|--|
| <input type="checkbox"/> Television | <input type="checkbox"/> Radio |
| <input type="checkbox"/> Newspaper | <input type="checkbox"/> Website |
| <input type="checkbox"/> Magazine | <input type="checkbox"/> Brochures |
| <input type="checkbox"/> Billboards | <input type="checkbox"/> Mailers (Out of County) |
| <input type="checkbox"/> Visitor's Guide | <input type="checkbox"/> Other: _____ |

3 PROJECT IMPACT

Estimated Attendance	Total Attendance	
	Total # of Tourists/Visitors	

What is the estimated financial impact of this project?
(How many tourist dollars will be spent in the community?)

What methodology did you use to estimate total attendance, visitor attendance and financial impact?

4 FINANCIAL INFORMATION

What is your organization’s annual operating budget?			
What is the estimated budget for this project?			
What are the estimated revenues for this project? ▼		What are the estimated expenditures for this project? ▼	
<i>Source</i>	<i>Amount</i>	<i>Source</i>	<i>Amount</i>
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$

Please provide a detailed explanation of how your organization will use ATAX funds from the Town.

5 OTHER INFORMATION

Do you wish to provide any additional comments or information about your project or organization?

6 CERTIFICATION

- (A) I certify that I am authorized to apply for funding and to commit the organization to the terms specified herein.
- (B) I certify that all information contained herein is true and accurate to the best of my knowledge.
- (C) I understand that providing false or fraudulent information may result in the imposition of penalties including, but not limited to, repayment of State Accommodations Tax funds, and any other remedies allowed by law.
- (D) If the Town provides funds, I agree to provide to the Town, within sixty (60) days of the event/activity completion, a full written account of the income and expenditures associated with the project, together with an assessment of the value of the expenditure in promoting tourism.
- (E) If the Town provides funds, I agree to allow a representative of the Town and/or its appointed representative to examine the financial records of my organization insofar as they pertain to this project.
- (F) I hereby declare that this organization carries liability insurance in the amount of \$ _____ and hereby agrees to include the Town of Seabrook Island as a named insured for purposes of this project.
- (G) This organization assumes full legal responsibility for any suit or action at law or equity, and any or all claims arising from this project, and do hereby indemnify and hold harmless the Town of Seabrook Island and its Accommodations Tax Committee from any liability in any action at law or equity associated with its support for this project.

Applicant Signature		Date	
Applicant Title			
Organization Name			

SC REVENUE RULING #98-22

SUBJECT: Use of Accommodations Tax Funds

EFFECTIVE DATE: Applies to all fiscal years beginning after December 1, 1998.

SUPERSEDES: All previous documents and any oral directives in conflict herewith.

REFERENCES: S. C. Code Ann. Chapter 4, Title 6 (Supp. 1997)
S.C. Code Ann. 53-1-150 (Supp. 1997)

AUTHORITY: S. C. Code Ann. Section 6-4-30 (Supp. 1997)
SC Revenue Procedure #97-8

SCOPE: A Revenue Ruling is the Department of Revenue's official **advisory opinion** of how laws administered by the Department are to be applied to a specific issue or a specific set of facts, and is provided as guidance for all persons or a particular group. It is valid and remains in effect until superseded or modified by a change in the statute or regulations or a subsequent court decision, Revenue Ruling or Revenue Procedure.

LAW:

Allocation of Accommodation Tax Funds

Chapter 4 of Title 6 of the South Carolina Code of Laws (“Code”) provides a procedure for handling accommodations tax revenues collected by taxpayers within a county or municipality. If a county or municipality is located in a “County Area” that collects over \$50,000 in Accommodations Tax (“Accommodations Tax Funds”), each county or municipality in that County Area will be required to allocate and spend all Accommodations Tax Funds that they collect in the manner required by the statute. A “County Area” is defined as a county and the municipalities located within the geographic

boundaries of the county. See Code Section 6-4-5(1).

For example, if County A has within its boundaries Municipalities X, Y, and Z and County A collects \$25,000 in Accommodations Tax Funds, Municipality X collects \$10,000, Municipality Y collects \$20,000 and Municipality Z collects \$5,000, the county and each of the municipalities will be required to allocate and spend their Accommodations Tax Funds as required by the statute.

Under Code Section 6-4-10, the first \$25,000 of all Accommodations Tax Funds collected by a county or municipality is allocated to the general fund of the county or municipality. Whatever is left after allocating the original \$25,000 is the balance. Five percent of the balance is allocated to the general fund of the county or municipality and 30% of the balance is allocated to a special fund which must be used for the advertising and promotion of tourism (“Promotion Fund”). The monies in the Promotion Fund must be administered by one or more non-profit organizations that have an existing, ongoing tourism promotion program, or if the organization does not currently have a program, it must show that it can develop an effective program. Any Accommodations Tax Funds remaining after allocation to the Promotion Fund, plus any interest earned on the “balance” (*i.e.*, 65% of the balance) must be allocated to a special fund that must be used for “tourism-related expenditures” (“Tourism-related Fund”).

For example, assume that a county collects \$125,000 in Accommodations Tax Funds.

Step 1 - The first \$25,000 of Accommodations Tax Funds is allocated to the general fund of the county or municipality. This leaves a balance of \$100,000. (This \$100,000 will be referred to as the “balance” throughout this example.)

Step 2 - Five percent of the balance ($\$100,000 \times .05 = \$5,000$) is also allocated to the general fund of the county or municipality.

Step 3 - Thirty percent of the balance ($\$100,000 \times .30 = \$30,000$) is allocated to the Promotion Fund.

Step 4 - Any remaining money left after subtracting the \$25,000 allocated to the general fund, the five percent of the balance that is allocated to the general fund and the thirty percent of the balance allocated to the Promotion Fund, goes into the Tourism-related Fund and must be used for tourism-related expenditures. Any interest that has accrued on the Accommodations Tax Funds prior to the amounts being divided as described in steps (1) through (4) above, is also allocated to the Tourism-related Fund.

Requirements for Tourism-related Expenditures

As stated above, any money in the Tourism-related Fund must be spent on tourism-related expenditures. Section 6-4-10(4)(b)-(d) states:

(b)The funds received by a county or municipality which has a high concentration of tourism activity may be used to provide additional county and municipal services, including, but not limited to, law enforcement, traffic control, public facilities, and highway and street maintenance, as well as the continual promotion of tourism. The funds must not be used as a additional source of revenue to provide services normally provided by the county or municipality but to promote tourism and enlarge its economic benefits through advertising, promotion, and providing those facilities and services which enhance the ability of the county to attract and provide for tourists.

“Tourism-related expenditures” include:

1. advertising and promotion of tourism so as to develop and increase tourist attendance through the generation of publicity;
2. promotion of the arts and cultural events;
3. construction, maintenance, and operation of facilities for civic and cultural activities including construction and maintenance of access and the nearby roads and utilities for the facilities;
4. the criminal justice system, law enforcement, fire protection, solid waste collection, and health facilities when required to serve tourists and tourist facilities. This is based on the estimated percentage of costs directly attributed to tourists;
5. public facilities such as restrooms, dressing rooms, parks, and parking lots;
6. tourist shuttle transportation;
7. control and repair of waterfront erosion;
8. operating visitor information centers.

(c) Allocations to the special fund must be spent by the municipality or county within two years of receipt. If the allocations are not spent within two years, the municipality or county is subject to the provisions of Section 6-4-30(6). However, the time limit may be extended upon the recommendation of the county or municipality and approval of the South Carolina Accommodations Tax Oversight Committee in Section 6-4-30. An extension must include provisions that funds be committed for a specific project or program.

(d) In the expenditure of these funds, counties and municipalities are required to promote tourism and make tourism-related expenditures primarily in geographical areas of the county or municipality in which the proceeds of the tax are collected where it is practical.

Under the statute, in order to qualify as a “tourism-related expenditure” an expenditure must meet the following two tests:

- (1) The expenditure must be used to attract or provide for tourists.**
- (2) The expenditure cannot be used for an item that would normally be provided by the county or municipality.**

Additionally, if a county or municipality wishes to use Tourism-related Funds to provide additional county or municipal services, including, but not limited to, law enforcement, traffic control, public facilities and highway and street maintenance, the expenditure must also meet the following three requirements:

- (a) the expenditure must be for items that would normally not be provided by the county (i.e., if the item would be required even if the county or municipality had no tourist activity, then Tourism-related Funds may not be used to pay for the expenditure);**
- (b) the county or municipality must have a high concentration of tourism activity; and**
- (c) the amount of the expenditure must be based on the estimated percentage of costs attributable to tourists.**

Counties and municipalities that do not have a high concentration of tourism activity, may not use Tourism-related Funds to fund additional county or municipal services.

Filing with the Department of Revenue

Counties or municipalities that receive over \$25,000 in Accommodations Tax Funds in County Areas collecting more than \$50,000 are subject to additional requirements regarding their Accommodations Tax Funds. First, they must appoint a seven member advisory committee to make recommendations on how Tourism-related Funds should be used. Secondly, they are required to file certain information with the Accommodations Tax Oversight Committee. Code Section 6-4-25 provides that every year, municipalities and counties that receive over \$25,000 in Accommodations Tax Funds must submit information concerning how they spent Accommodations Tax Funds that were collected in the county or municipality to the Accommodations Tax Oversight Committee. During the 1997 Legislative Session, the duties of the Accommodations Tax Oversight Committee were transferred to the South Carolina Department of Revenue. Pursuant to Code Section 6-4-30, the Department of Revenue serves as a resource to answer questions of local advisory committees and local governments concerning the implementation of the accommodations tax. The Department of Revenue has recently received a number of requests questioning what are considered appropriate expenditures of Accommodations Tax Funds and more particularly, money accumulating in the Tourism-related Fund.

QUESTIONS AND ANSWERS:

QUESTION 1: Must the amounts allocated to the general fund of the county or municipality be used for tourism-related expenditures?

ANSWER: No. Code Section 6-4-10 specifically provides that Accommodations Tax Funds allocated to the general fund are specifically exempted from the requirements of Chapter 4 of Title 6, including any requirements as to how those funds must be spent.

QUESTION 2: Does the county or municipality's advisory committee oversee the expenditure of revenues in the Promotion Fund?

ANSWER: No. The monies in the Promotion Fund are overseen by the non-profit organization or organizations chosen by the county to administer the Promotion Fund. However, if there is no non-profit organization to whom the county or municipality can grant its Promotion Fund, the county or municipality must create an organization using the same membership standard as those used for appointing members to the advisory committee. Additionally, the non-profit organization that is chosen to oversee the Promotion Fund is required to submit a budget and an accounting to the county or municipality on an annual basis for approval. Nothing, of course, prevents the county or

municipal council from consulting with other organizations, including the Accommodations Advisory Committee, concerning proposed expenditures from the Promotion Fund.

Question 3: What is the definition of “tourism” or “tourist”?

ANSWER: Under Code Section 6-4-5, “travel” and “tourism” means the action and activities of people taking trips outside their home communities for any purpose, except daily commuting to and from work. Thus, under this definition, a “tourist” would be a person who is taking trips outside his or her home community for any purpose other than daily commuting to and from work.

QUESTION 4: When will a county or municipality be considered to have a “high concentration of tourism activity”?

ANSWER: Chapter 4 of Title 6 does not provide any guidance as to when a county or municipality will be deemed to have a high concentration of tourism activity. However, Code Section 53-1-150, which exempts certain counties from the Sunday “blue laws”, appears to be relevant to this inquiry. Code Section 53-1-150(A) reads as follows:

“The General Assembly finds that certain areas of the State would benefit greatly from a complete exemption from Chapter 1 of Title 53 [the Sunday “blue laws”]. This benefit would be a result of an expanded tax base thereby reducing the burden placed on property owners through the property tax. Allowing the operation of establishments on Sunday in these areas also would reduce the property tax burden through additional accommodations tax revenue which allows these areas to provide necessary governmental service from these revenues”[emphasis added].

Code Section 53-1-150(B) reads, in part:

“The provisions of Chapter 1 of Title 53 do not apply to any county area, as defined in Section 6-4-5(1), which collects more than nine hundred thousand dollars in one fiscal year in revenues from the accommodations tax provided for in Section 12-36-2630(3) and imposed in Section 12-36-920(A)...”

These two provisions read together conclude that “county areas” collecting over \$900,000 would benefit from additional accommodations tax revenues which would allow these areas to provide necessary governmental service from these revenues. Under Code Section 6-4-10, only counties or municipalities with a high concentration of tourism activity are allowed to use Accommodations Tax Funds for providing county or municipal

services. Accordingly, the Department concludes that counties and municipalities in county areas collecting over \$900,000 in accommodations tax revenues are considered to have a high concentration of tourism activity.

QUESTION 5: Can the Department provide some guidance on the different categories of tourism-related expenditures?

ANSWER: For purposes of determining what qualifies under the different categories of tourism-related expenditures, the Department has adopted the following descriptions of qualifying expenditures in each of the categories listed in the statute.

1. Advertising and Promotion of Tourism

Under Code Section 6-4-10(4)(b)(1), monies in the 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*.

2. Arts and Cultural Events

Under Code Section 6-4-10(4)(b)(2), monies in the Tourism-related Fund can be used for the promotion of the arts and cultural events. Expenditures that can qualify under this category include money used for advertising or promotion of a particular festival (examples of such festivals might be the Spoleto Festival, the Lexington Peach Festival, or the Salley Chitlin Strut) or, money used for advertising and promoting arts and cultural events held in the county or municipality in an effort to attract tourists. Examples of events qualifying under this category include symphony orchestras, art shows, theater productions, home and garden or touring shows.

3. Facilities for Civic and Cultural Events

Under Code Section 6-4-10(4)(b)(3), monies in the Tourism-related Fund can be used for the construction, maintenance and operation of facilities for cultural and civic activities including construction and maintenance of access and other nearby roads and utilities for the facilities. Eligible expenditures under this category can include the costs incurred in building a civic center, a museum, or a coliseum. Tourism-related monies can also be

used to fund the continued operation of such facilities including management fees or to pay the salaries of those who work at the facility, as well as the cost of repairs and necessary additions to such facilities. Please note, the facility must enhance the ability of the county or municipality to attract and provide for tourists and cannot provide a purely local function or benefit.

4. Municipality and County Services

Under Code Section 6-4-10(4)(b)(4), monies in the Tourism-related Fund can be used for the criminal justice system, law enforcement, fire protection, solid waste collection, and health facilities when required to serve tourists and tourist facilities. The amount that may be expended on this category must be based on the estimated percentage of costs directly attributable to tourists. Tourism-related funds cannot be used for these purposes by counties or municipalities that do not have high concentration of tourism activity. Examples of qualifying expenditures under this category would include salaries for extra police 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 because of the high concentration of tourism.

When considering the percentage of costs that are attributable to tourism, the Department of Revenue will consider the number of permanent residents for the county or municipality as compared to the number of tourists that visit the locality, taking into consideration the average length of stay for such tourists.

5. Public Facilities

Under Code Section 6-4-10(4)(b)(5), monies in the Tourism-related Fund may be used for public facilities such as restrooms, dressing rooms, parks and parking lots. These public facilities must enhance the ability of the county to attract and provide for tourists. Tourism-related funds cannot be used for these purposes by counties or municipalities that do not have high concentration of tourism activity. Example of a qualifying expenditures under this category might include dressing rooms and restrooms at a public beach, a public park that would be frequented by tourists or a public parking lot adjacent to a major tourist attraction.

6. Tourist Transportation

Under Code Section 6-4-10(4)(b)(6), monies in the Tourism-related Fund may be used for tourist shuttle transportation. Qualifying expenditures in this category will include any monies spent to provide public transportation to tourists, such as shuttle buses or trolleys.

For example, shuttles to transport persons from the airports to hotels or from the hotels to tourists attractions would qualify, as well as transportation from conventions or tourist attractions to other tourist facilities.

7. Waterfront Erosion

Under Code Section 6-4-10(4)(b)(7), monies in the Tourism-related Fund may be used for control and repair of waterfront erosion. Repairs for waterfront erosion are a municipal or county service. Thus, in order to use Tourism-related Funds for this purpose, a county or municipality must have a high concentration of tourism. Expenditures qualifying under this category include monies spent for beach renourishment projects, and other ocean front repairs in those areas frequented by tourists.

8. Visitors Centers

Under Code Section 6-4-10(4)(b)(8), monies in the Tourism-related Fund may be used for operating visitors centers. Expenditures that will qualify under this category are any monies spent to operate and maintain centers whose primary purpose is to provide information, brochures, and other services to tourists.

QUESTION 6: Are the eight categories listed in the statute, all inclusive, or might there be other items that could qualify as tourism-related expenditures?

ANSWER: The use of the term “includes” in the statute leads to the conclusion that the listed items are not all inclusive, therefore, there are other items that may qualify as tourism-related expenditures. Under the statute, in order to qualify as a tourism-related expenditure an expenditure must meet the following two tests: (1) The expenditure must be used to attract or provide for tourists. (2) The expenditure cannot be used for an item that would normally need to be provided by the county or municipality. Additionally, if a county or municipality wishes to use Tourism-related Funds to provide additional county or municipal services, including, but not limited to, law enforcement, traffic control, public facilities and highway and street maintenance, the expenditure must: (a) be for items that would normally not be provided by the county; (b) the county or municipality must have a high concentration of tourism activity; and (c) the amount of the expenditure must be based on the estimated percentage of costs attributable to tourists.

Some items that might qualify as tourism-related expenditures which are not listed in the statute include, the development of a public garden designed to attract tourists, a major exhibition which is designed to attract tourists, or the acquisition of a historical landmark designed to attract tourists.

QUESTION 7: Is there a formula that would dictate what percentage of Tourism-related Funds should be spent on the different categories of tourism-related expenditures?

ANSWER: The statute does not require that the Tourism-related Fund be divided in any particular way. Provided that the expenditure meets the requirements of the law as described in the discussion, a county or municipality can use all of its Tourism-related Funds on a single category of eligible expenditures.

QUESTION 8: Is there a formula for determining whether a specific expenditure benefits tourism and tourists?

ANSWER: No. Under the statute, there is no specific formula that determines whether a particular expenditure benefits tourists.

QUESTION 9: What will the Department consider important in determining whether an expenditure for an event or a facility enhances the ability of the county or municipality to attract or provide for tourists?

ANSWER: If the expenditure is incurred in connection with an event, the Department will look at all the facts and circumstances including where and how the event will be advertised, the number of tourists that an event has attracted in the past, the nature of the event, where the event will occur, and the purpose of the event to determine if the event is designed to attract tourists. If the expenditure is incurred for a facility, the Department will look at all the facts and circumstances including the nature of the facility, where the facility is located and the purpose of the facility to determine if the facility is designed to attract and serve tourists.

QUESTION 10: Can Accommodations Tax Funds be used to promote events staged by colleges, senior centers or local choirs?

ANSWER: Whether Accommodations Tax Funds can be used to promote such an event depends on what, if any, effect such a show would have on tourism. If the show is strictly a local event attended **primarily** by those in the community, Accommodations Tax Funds could not be spent on the show. However, if the show was advertised and was intended to attract tourists from outside the community, then Accommodations Tax Funds could be used to advertise the show.

QUESTION 11: Can Tourism-related Funds be used for acquisitions by local museums?

ANSWER: Possibly, provided that the acquisition can be shown to enhance the ability of the county or municipality to attract tourists. Tourism-related Funds must be used to promote tourism and enlarge its economic benefits through advertising, promotion, and providing those facilities and services which enhance the ability of the county or municipality to attract and provide for tourists, thus the expenditure of Tourism-related Funds must be guided by this principle. Whether the museum acquisition is designed to enhance the ability of the county and municipality to attract tourists is a question of fact to be determined from all the facts and circumstances.

QUESTION 12: Can Tourism-related Funds be used to support local art or music programs, such as Jazz in the Schools, that improve the cultural climate of the county or municipality?

ANSWER: No. While such arts programs are educational and promote culture, they do not enhance the ability of the county or municipality to attract and provide for tourists. These types of programs primarily benefit the local population by exposing them to new experiences, however, tourists rarely participate or experience the benefits of these programs.

QUESTION 13: Is it proper to use Tourism-related Funds for promotion of conventions or meetings?

ANSWER: Yes, provided that the convention or meeting is designed to attract tourists to the community and the expenditure is found to serve a public purpose. Note, that the Department of Revenue will consider all the facts and circumstances in determining whether the expenditure qualifies as a tourism-related expenditure included whether such meeting is designed to attract tourists to the county or is primarily a local event.

QUESTION 14: In a small town with a large amount of Tourism-related Funds and a high concentration of tourism activity, is there a limit on how many police cars, fire trucks, and related equipment can be purchased over a five or ten year period of time?

ANSWER: The first question that must be answered is whether Tourism-related Funds may be used for tangible property such as police cars and fire trucks. The statute states that “funds received by a county or municipality which has a high concentration of tourism activity may be used to provide additional county and municipal services, including, but not limited to, law enforcement, traffic control, public facilities, and highway and street maintenance as well as the continual promotion of tourism”. While the use of the term “services” in a statute generally connotes “the performance of activities benefiting another”, this is not the exclusive use of the term. The American

Heritage Dictionary (2nd College Ed. 1985) includes among the definition of “services” the following definition: “a facility providing the public with the use of something such as water or transportation”. The statute specifically contemplates the application of this definition of services in the statute by using the term “public facilities” in listing those items of county or municipal services which may be paid for with tourism-related funds. Thus, the Department concludes that county and municipal services, for purposes of this statute, may include using tourism-related funds to pay for tangible property of the county or municipality when such property is necessary to serve tourists.

However, not all expenditures for police car, fire trucks, public facilities, etc. may be paid for from Tourism-related funds. ***Tourism-related Funds may only be used to provide additional county and municipality services, such as fire and police protection, in areas with a high concentration of tourism activity and such expenditures may not pay for services that would normally be provided by a county or municipality. Thus, to the extent that a county or municipality would have been required, or planned to buy, a police car or fire truck irrespective of the number of tourists that visit the municipality or county, Tourism-related Funds could not be used to fund that purchase.*** In order to use Tourism-related Funds to provide for fire trucks or police cars, the county or municipality must show that: (1) it has a high concentration of tourism and (2) the trucks and cars are only needed because of the additional tourist activity. Even though there is no set numerical limit on the number of police cars or fire trucks that may be purchased using Tourism-related funds, the county or municipality must be guided by the principles stated above.

Additionally, to the extent that Tourism-related Funds will be used to provide additional services, such as extra police or additional firemen or garbage collectors, there is an additional requirement. The costs spent on wages and salaries for such personnel must be based on the estimated percentage of costs attributable to tourists.

For example, assume that the City of North Myrtle Beach wishes to use some of their Tourism-related Funds on their police department. Tourism-related Funds could not be used to fund the police chief’s salary, since this is a county expense that would be need to be funded whether North Myrtle Beach had any tourists or not. However, the money could be used to hire additional police because of the high concentration of tourism in North Myrtle Beach. The amount that can be spent on additional police must be based on the estimated percentage of costs attributable to tourists.

QUESTION 15: May a county or municipality which does not have a high concentration of tourism activity, use Tourism-related Funds for fire and police protection?

ANSWER: No. See discussion in question 14.

QUESTION 16: Can Tourism-related Funds be used for local transportation for senior citizens' programs, or programs related to drug abuse, AIDS awareness or similar items for residents?

ANSWER: No. While such programs do benefit the local community, they do not fit into any of the categories of tourism-related expenditures and they do not attract or promote tourism within the county or municipality. However, to the extent that a particular program is primarily designed to serve tourists, the program would be eligible as a tourism-related expenditure. For example, senior citizens transportation for elderly tourists may be able to qualify as a tourism-related expenditure.

QUESTION 17: Is it appropriate to use Tourism-related Funds to fund monuments?

ANSWER: It will depend 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, 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.

QUESTION 18: Can Tourism-related Funds be used to pick up garbage and debris?

ANSWER: Garbage removal is a county or municipal service that is ordinarily funded by the county or municipality. In order to use Tourism-related Funds for garbage and yard debris removal, the county or municipality must show that: (1) it has a high concentration of tourism; (2) the trash removal and clean-up services are only needed because of the additional tourist activity (they are not a normal service provided by the county or municipality) and (3) the amount that they spend on such costs are based on the estimated percentage of costs directly attributable to tourists. For example, Tourism-related Funds may be able to be used to pick up trash at a public beach in Myrtle Beach, however, those same funds could not be used to pick up garbage and trash from yards in a small private subdivision in Myrtle Beach.

QUESTION 19: Can Accommodations Tax Funds be used to fund local government salaries?

ANSWER: As a general rule, no unless the county or municipality can show that the

employee's position is necessary to attract or provide for tourists. Additionally, since these employees are providing a county or municipal service, the salary or wage must: (a) be for services that would normally not be provided by the county; (b) the county or municipality must have a high concentration of tourism activity; and (c) the amount of Tourism-related Funds spent on the salary or wages must be based on the estimated percentage of costs attributable to tourists. To the extent that only a portion of the employee's salary or wages meets the requirements listed above, only that portion of the salary or wages that would satisfy these requirements may be paid for out of Tourism-related Funds. If a staff person's entire time is not devoted to the promotion of tourism or the furnishing of services to tourists, the Department would expect the employee and the county or municipality to determine the amount of time the employee devotes to tourism and to treat an appropriate amount of the employee's salary as a tourism-related expenditure.

For example, Tourism-related Funds could not be used to pay for the mayor's salary even if a portion of his time is spent on tourism matters, since this is a position that would need to be filled, whether or not the municipality had any tourism activity at all.

QUESTION 20: Is it appropriate to use Accommodations Tax Funds to fund billboards or advertising relating to anniversaries or other non-tourist related promotions for schools, colleges, universities, or towns and municipalities?

ANSWER: As a general rule, no. However, if the billboard was designed to advertise the area and attract tourists to the county or municipality, then Accommodations Tax Funds could be used. For example, a billboard that reads "Come see Charleston and celebrate our 350th Anniversary" listing events to be held celebrating the anniversary, would qualify for the use of Accommodations Tax Funds, however, a billboard recognizing the anniversary of a private high school would not.

QUESTION 21: Can Tourism-related Funds be used to pay the expenses (such as trash removal and police protection) of local markets?

ANSWER: Generally, no. In order to use Tourism-related Funds to fund expenses of farmers' markets the county or municipality must show that: (1) it has a high concentration of tourism; (2) the services are only needed because of the additional tourist activity (they are not a normal service provided by the county or municipality); and (3) the amount that they spend on such costs are based on the estimated percentage of costs directly attributable to tourists. For example, the market in historic Charleston functions as much as a tourist attraction as it does a local farmer's market, thus Tourism-related Funds could be used to offset expenses of running and upkeep on that market. However,

a local market in Lexington probably would not be eligible to receive Tourism-related Funds since it does not generally attract tourists.

QUESTION 22: Can Tourism-related Funds be used to fund buildings or operations for the local chamber of commerce?

ANSWER: As a general rule, no. Chambers of commerce usually benefit the local members and are not designed to accommodate or benefit tourists. However, if the local chamber of commerce operates the Visitor's Bureau or Visitor's Center it may be possible that Tourism-related Funds could be used for the operations of the Visitor Center.

QUESTION 23: Can Tourism-related Funds be used for the county's or municipality's employees to attend educational workshops, conferences or programs involving tourism?

ANSWER: No. While the county or municipality may receive an indirect benefit from its employees attending workshops, conferences, or programs that discuss tourism issues, these programs do not directly contribute to the county's or municipality's ability to attract or provide for tourists.

QUESTION 24: Can Tourism-related Funds be used for the administrative expenses of advisory committees?

ANSWER: No. While the law requires that the Accommodations Tax Advisory Committee meet and take actions, it does not provide for the reimbursement of the expenses incurred by such a committee. Additionally, the Accommodations Tax Advisory Committee does not directly contribute to the county's or municipality's ability to attract or provide for tourists, but merely provides guidance as to the allocation and expenditure of Tourism-Related Funds. Unfortunately, the statute does not appear to allow Tourism-related Funds to be used to cover the expenses of such committees. Note, however, this does not prevent a county or municipality from paying for expenses of the Accommodations Tax Advisory Committee from other sources.

QUESTION 25: May Tourism-related Funds be used for mosquito control?

ANSWER: No. Mosquito control is a health service that would normally be provided by the county or municipality. Furthermore, this is not the type of service that will need to be varied depending on the number of tourists that visit the county or municipality. Accordingly, Tourism-related Funds may not be used for mosquito control.

QUESTION 26: May Tourism-related Funds be used for travel and lodging expenses of

local high school bands that perform in events such as the Macy's Thanksgiving Day parade?

ANSWER: No. These events do not serve to attract tourists to the band's county or municipality, rather they only serve to attract tourists to the locality where such event is being held.

QUESTION 27: A sporting or other type of similar event which otherwise qualifies for Accommodations Tax Funds for promoting its events, wishes to use Tourism-related Funds to fund scholarships to attract better players and teams. May Tourism-related Funds be used to provide these scholarships?

ANSWER: No. The scholarships do not qualify as tourism-related expenditures under the statute.

QUESTION 28: Can Accommodations Tax Funds be used to develop a formal training program to attract and train entry level positions in the hospitality industry?

ANSWER: No. The training program does not qualify as a tourism-related expenditure under the statute. Such a training program does not directly effect the ability of the county to attract and provide for tourists, although it may provide an indirect benefit to those tourist facilities that hire graduates of such a program.

QUESTION 29: May Accommodations Tax Funds be used for a county's or municipality's supplies such as checks, paper, copier machines, etc.?

ANSWER: As a general rule, no, these do not qualify as tourism-related expenditures. However, if paper or postage is used to advertise or promote tourism, Tourism-related funds could be used to pay for these expenditures. For example, if a county or municipality used paper and postage to send brochures about upcoming events to tourists that have visited the area in the past, this would be an appropriate tourism-related expenditure.

QUESTION 30: A county wishes to grant Tourism-related Funds to a local clinic. A quarter of the patients seen by this clinic are employed in the tourism industry, a low paying industry that typically does not provide health insurance to its employees. Is this an appropriate expenditure of Tourism-related Funds?

ANSWER: While the statute does allow the use of Tourism-related Funds for health facilities, these facilities must be required to serve tourist or tourist facilities. The statute

does not allow the use of such funds for providing health care to the tourism industry's employees.

QUESTION 31: May a county or municipality use Tourism-related Funds for beautification projects?

ANSWER: It depends. Two factors must be evaluated. First, is the project designed to attract or provide for tourists. Secondly, is the beautification a service that would normally be provided by the county or municipality. For example, beautification projects around county or municipal service buildings (such as the courthouse) is a county or municipal service that is normally provided by the county or municipality, therefore, it cannot be paid for with Tourism-related Funds. However, the creation of a public garden such as Edisto Gardens in Orangeburg or Brookgreen Gardens in Horry County is the creation of destination tourist facility and would not be considered a normal county or municipal service. Provided such a location was designed to attract tourists or enhance the ability of the county or municipality to attract and provide for tourists, Tourism-related Funds could be used to cover the expenses of the garden.

QUESTION 32: Is a county required to allocate and spend all of its Tourism-related Funds accumulated during the fiscal year?

ANSWER: No. Pursuant to Code Section 6-4-10(4)(c), allocations to the Tourism-related Fund must be spent within two years of receipt. The two year time limit may be extended upon the recommendation of the county or municipality and must be approved by the Department of Revenue. Any extension must include information about the specific project or program to which the funds will be committed.

QUESTION 33: Is the county or municipality required to expend all of its Tourism-related Funds in the geographical area or areas where the proceeds of the tax are collected?

ANSWER: No. However, counties and municipalities are required to make such expenditures primarily in the geographical areas of the county or municipality where the tax was collected, if practicable. In Thompson v. County of Horry, 294 SC 81, 362 SE 2d 646 (S.C. App. 1987) the court considered language in Code Section 12-35-720 that is substantially similar to the current language of Code Section 6-4-10(4)(d). The court found that the statute did not require that all Tourism-related Funds be returned exclusively to the area from which they are collected. It was sufficient if the funds were for the most part spent in these geographic areas.

QUESTION 34: Can Tourism-related Funds be used to pay the legal fees of a county or municipality?

ANSWER: No. This expense, even if incurred in connection with issues relating to the accommodations tax, is for an activity that does not attract, or provide for, tourists.

SOUTH CAROLINA DEPARTMENT OF REVENUE

s/
Burnet R. Maybank, III, Director

Columbia, SC
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