

# The A-Tax Update



*The Official Newsletter of the Tourism Expenditure Review Committee*

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Recommendation of the Hospitality  
Association of SC

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

Vacant  
SC Association of Counties

## *Welcome to the First Issue!*

Welcome to the first issue of The A-Tax Update. We hope you find this newsletter from the Tourism Expenditure Review Committee informative and helpful as you make decisions regarding accommodations taxes. Should you ever have comments regarding the content, please do not hesitate to contact us.

## *Committee Background*

The Tourism Expenditure Review Committee was created in July 2001 when the Governor signed S.B. 349. The Committee was founded as an oversight authority whose mission is to review reporting forms from applicable entities for compliance with the law. The Committee is made up of one member appointed by the Speaker of the House, one member appointed by the President Pro Tempore of the Senate, the Director of the SCPRT or his or her designee, ex officio and six members appointed by the Governor. Those six are recommended by the S.C. Association of Tourism Regions, the S.C. Association of Convention and Visitors Bureaus, the S.C. Travel and Tourism Coalition, the Municipal Association of S.C., the S.C. Association of Counties and the Hospitality Association of S.C. Legislation passed this year will provide for two new Committee members, one appointed at the recommendation of the S.C. Arts Commission and an at-large member appointed by the Governor.

## *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 any decision made by 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 within 30 days of the county or municipality being notified of the Committee's decision and that appeals are made in person.

## *How Are A-Tax Funds Reported?*

The law states that the use of accommodations tax funds must be reported to the Tourism Expenditure Review Committee if a county or municipality receives more than \$25,000 in accommodations tax revenue, in county areas collecting more than \$50,000, from the State Treasurer's Office. If those same entities receive more than \$50,000 they must form a local advisory committee and those appointments must also be reported to the Tourism Expenditure Review Committee. The breakdown of the funds is as follows:

- The first \$25,000 goes to the entity's general fund.
- 5% of the balance goes to the general fund and 30% of the balance goes to a special Advertising and Promotion Fund and must be awarded to a non profit agency or organization which promotes tourism in the area such as a chamber of commerce, convention and visitors bureau, or regional tourism commissions.
- The remaining 65% needs to go to tourism – related expenditures and must be used to promote, attract and provide for tourism in the area. Tourism-related expenditures include advertising and promotion of events that will increase tourism, promotion of the arts and cultural events, construction, maintenance and operation of facilities for civic and cultural activities including construction and maintenance of access and other nearby roads

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## ... The A-Tax Update, continued



### **How Are A-Tax Funds Reported, continued...**

and utilities for the facilities, which will enhance the ability of the county or municipality to attract and provide for tourists. .

- 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 and can only be done for these purposes in counties or municipalities that meet the criteria for a high concentration of tourism. (See **High Concentration of Tourism** below)
- Public facilities serving tourists such as restrooms, dressing rooms, parks and parking lots. (**Only in high concentration of tourism situations**).
- Tourist shuttle transportation
- Operating visitor information centers

## **What Do You Mean by High Concentration of Tourism?**

Basically, 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.

Under the statute in order to qualify as a tourism-related expenditure it must 1) attract and provide for tourists 2) cannot be used for an item that would normally be provided by the county or municipality. If the county or municipality would normally provide such things as garbage service and traffic control, then the expenditure cannot be funded from accommodations taxes. However, if because the level of tourism is so high in these regions that these or additional services are needed (high concentration of tourism), then it can be funded but only at a level based on the estimated percentage of costs attributable to tourists.

## **Carryover Amounts**

As a reminder, the law says that you have two years from receipt to spend any remaining funds from the 65% tourism-related fund, which must be used for tourism-related expenditures. Please keep this in mind when awarding funds and reporting this year. Should you need an extension, one may be requested from the Tourism Expenditure Review Committee. Please bear in mind that the funds may only be carried over beyond the two-year limit provided the funds are designated for an approved project or event.

## **Reporting for FY 03-04**

By the end of the summer, applicable entities will be receiving reporting forms from us to be completed and returned by October 1. Each year with this, we issue guidelines to help you better complete these forms. In many cases, the Committee requests additional information from you to help us better understand certain projects or events funded from accommodations taxes. This year, the reporting forms will look a little differently in that we are asking for an overall description of the project/event, total number of attendees and what percentage of these attendees were tourists and an overall budget. This information is being requested 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.

To help you with this, the form may be e-mailed to you so that you may reply within the form itself, without having to attach additional information. Please request this when the forms are mailed in late August.

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

Question: What is the definition of tourist?

Answer: According to Section 6-4-5 (a)(4), "travel" and "tourism" mean the action and activities of people taking trips outside their home communities for any purpose, except daily commuting to and from work. Because there is no clear definition of "home community," the Tourism Expenditure Review Committee has adopted a guideline set by other travel industry entities, which states that a tourist is **generally** one that comes from 50 miles outside of their homes. However, the Committee **looks at every event on a case-by-case basis**. The Committee considers any project or event that increases visitors to the region and boosts the economy.

**Coming in Future Newsletters: "Meet the Committee," "Education Available" and more!**