



**The Town of Hilton Head Island
Accommodations Tax Advisory Committee
Regular Meeting**

Wednesday, July 07, 2010

2:00 p.m. – Benjamin M. Racusin Council Chambers

AGENDA

As a Courtesy to Others Please Turn Off All Cell Phones and Pagers during the Meeting

- 1. Call to Order**
- 2. Freedom of Information Act Compliance**
Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.
- 3. Swearing in of Reappointed and New Members**
 - a. John S. Munro – *Thomas D. Peebles, Mayor*
 - b. New Member – *Thomas D. Peebles, Mayor*
- 4. Crystal Award Presentation**
 - a. Louise Cohen – *Thomas D. Peebles, Mayor*
- 5. Reception**
 - a. A reception will be held in Council Chambers in appreciation to all Committee Members for a great year of service, to Mrs. Louise Miller Cohen for her six years of service, to welcome the new member of the committee and to congratulate Mr. John S. Munro on his reappointment.
- 6. Special Orders**
 - a. Election of Chairman and Vice Chairman
- 7. Approval of Minutes**
 - a. Regular Accommodations Tax Advisory Committee Meeting of May 04, 2010
- 8. Chairman's Report**
- 9. Unfinished Business**

10. New Business

- a. Preliminary Review of Committee By-Laws and Grant Application form.
- b. Consideration of recommendation to Town Council of an amendment to Town Ordinance Chapter 1, Sec. 10-1-10 in respect to business license requirements covering owners who offer for rent residential units within the town.

11. Adjournment

Please note that a quorum of Town Council may result if four (4) or more of Town Council members attend this meeting.

**TOWN OF HILTON HEAD ISLAND
ACCOMMODATIONS TAX ADVISORY COMMITTEE**

Date: May 04, 2010 **Time:** 9:00 a.m.

Members Present: Willis O. Shay, *Chairman*; John Diamond, *Vice-Chairman*; Louise Miller Cohen, Michael A. Keskin, John Munro, Bret Martin, Frank Soule

Members Absent: None

Staff Present: Susan Simmons, *Director of Finance*; Debra Cyrilla, *Accounting Specialist*

Others Present: Mayor Tom Peeples; *Councilman*, Drew Laughlin; *Councilman*, Bill Ferguson; Susan Thomas, Ray Deal, *Hilton Head Island-Bluffton Chamber of Commerce*; Ann-Marie Adams, *Hilton Head Hospitality Association*

Media: Josh McCann, *Island Packet*

I Call to Order:

The meeting was called to order at 9:00 A.M.

II FOIA Compliance:

Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.

III Approval of Minutes:

Mr. Munro moved to approve the Minutes of April 9, 2010. Mr. Martin seconded the motion. The Motion passed unanimously. (7-0)

IV Chairman's Report:

Mr. Shay reviewed the purpose of the meeting.

V Unfinished Business:

a) Review event advertising and destination marketing.

Committee members were given the opportunity to make comments and to ask questions of the Chamber. All agreed that website and calendar restructuring would be a great improvement and that communication between the Chamber and event planners is key to the success of each event. Mr. Munro suggested a tiered down pricing structure for 501C organizations and he also requested that the Chamber report back in the fall regarding the success of banners to see if the money is being spent in the right area

Susan Thomas of the VCB described two phases to the redesign of the website. The new website should be completed by early fall.

Mr. Martin moved to support the current Chamber/VCB's program of event marketing and especially the contracting for services for the individual events. Mr. Soule seconded the motion. The motion passed unanimously. (7-0)

b) Review of Chamber of Commerce Visitors and Convention Bureau's proposal for year 2010-2011; budget of expenditures of 30% allocation of State Accommodations Tax Funds for advertising of tourism.

Mr. Soule moved to approve the Chamber/VCB 2010-2011 budget with respect to expenditure of the 30% statutory allocation. Mr. Munro seconded the motion. The motion passed unanimously. (7-0)

c) Review of Hilton Head Hospitality Association's proposal for the year 2010-2011; budget of expenditures of 5% allocation from local 1% Accommodations Tax Revenue for promotion of festivals.

Mr. Diamond moved to approve the HHHHA budget for expenditure of 5% of the Town's local 1% tax for promotion of local festivals. Mr. Keskin seconded the motion. Mr. Soule asked Ann-Marie Adams from the HHHHA if this funding will go toward additional staffing. Ms. Adams confirmed that part of these funds would be used for administrative expenses. The motion passed unanimously. (7-0)

VI New Business:

Mr. Shay asked Mr. Munro to brief the Committee on his concern that there are many short-term home and villa owners who are not collecting and remitting sales tax and accommodations tax. Mr. Munro explained that he has been watching the VRBO (a consumer site where owners of homes and villas can list their property for rent), and it appears that there are many more properties listed for rent than there are properties that are remitting taxes. Susan Simmons, Director of Finance for the Town, briefed the Committee on the Town's policies regarding tax collection. Susan Thomas of the Chamber/VCB informed the Committee that the VCB had prepared a report in 2010 on villa and home rental properties on the island. The VCB agreed to send that property report to the Town to assist in investigating and implementing tax compliance. After a lengthy discussion, Mr. Munro moved to recommend to Council that the Town should identify owners who are renting their properties short-term and to take action on their compliance with tax laws. Mr. Martin seconded the motion. The motion passed unanimously. (7-0)

VII Adjournment:

Mr. Martin moved to adjourn the meeting. Mr. Diamond seconded the Motion. The meeting was adjourned at 10:55 p.m.

Approved:

Respectfully submitted:

Willis O. Shay, Chairman

Debra Cyrilla, Secretary

**THE TOWN OF HILTON HEAD ISLAND
ACCOMMODATIONS TAX ADVISORY COMMITTEE**



BY-LAWS

I. Purpose:

To advise and recommend to the Town Council of Hilton Head Island on the expenditure of revenue generated from Accommodations Tax as required by Article 6, S.C. Code, Title 12, Chapter 35, known as the Accommodations Tax Act (hereafter referred to as "The Act").

II. Officers:

- A. Officers of this Committee shall consist of a Chairman and a Vice-Chairman to be elected annually by a majority of the Committee members present and in good standing at the time of the election. The Secretary shall be an employee of the Town of Hilton Head Island. The Secretary will have no vote on this Committee.
- B. The officers shall be elected for one year at the first regular Committee meeting on or after July 1 of each year. The outgoing Chairman or his designee shall act as temporary Chairman for the election and new officers shall be installed immediately following their elections.
- C. No officer shall serve more than two consecutive full terms in the same office.
- D. The Chairman shall preside over all meetings. In his/her absence, the Vice-Chairman shall preside. If both officers are absent, the remaining members shall elect a temporary chairman for that meeting only.

III. Rules of Order

- A. Except as otherwise noted herein, Roberts Rules of Order Revised shall govern the conduct of all meetings of this Committee.

IV. Meetings:

- A. The fiscal year shall be July 1 to June 30. Meetings shall be held on a need basis upon the call of the Chairman or call of three members in good standing. All meetings will be subject to public information requirements and notice of said meetings shall be provided to all members and the Secretary by phone call, email, facsimile or mail at least 72 hours in advance of any meeting.
- B. Any and all action of the Committee will require a quorum and a quorum is defined as four or more members present. Proxy votes will not apply at any time.
- C. Members must be present for at least 60% of all called meetings on an annual basis. No member may be absent for more than three consecutive meetings unless excused by formal action of the Committee. If a member is absent for more than the allotted number of meetings, the Committee may recommend that the individual be removed for the Committee and the Town Council be requested to appoint a replacement.
- D. The Chairman shall have the authority to create subcommittees and appoint members to serve on them in order to aid in the work and procedures of this Committee. Such subcommittees shall only make recommendations to the full Committee to expedite the Committee's work.

VI. Procedures:

- A. The Committee shall solicit projects annually from throughout the Town of Hilton Head Island for which Accommodations Tax revenues shall be spent.
- B. Guided by procedures adopted by the Committee, the Committee shall annually review the proposed projects.
- C. By January 1st of each year, Committee recommendations shall be submitted to the Town Council.
- D. The Committee shall establish a deadline for receipt of project proposals in order to meet the schedule specified in "C: above.
- E. The Committee may, at its discretions, recommend an increase or decrease in the requested funding of any project.
- F. All actions of the Committee shall be in accordance with the Act. In the event of conflict with state law, state law shall prevail.
- G. Nothing in these procedures shall preclude the right of the Committee to initiate recommendations on its own.

- H. Groups requesting funds for long term indebtedness must provide information regarding their commitment for land and/or space and the relative cost.
- I. Long term indebtedness shall not exceed 50% of the funds to be allocated. No more than 50% or an average of the most recent five years of actual Accommodations Tax Funds to be allocated, and which is available for grants, shall be used to retire debt in any succeeding year.
- J. Capital projects must include a detailed schedule. Substantial deviations from this schedule will be subject to review. If the project completion is determined to not have been pursued with diligence, the commitment for funding may be reconsidered by this Committee and the Town Council.
- K. Late applications may be considered by the Committee upon a showing that such lateness was the result of reasonable cause and not willful neglect provided that such consideration will not delay the Committee's recommendations under Paragraph C above.
- L. All recommendations for the allocation of Accommodations Tax Funds shall not be considered final until such time as the Chairman submits the Committee's recommendations to Town Council in writing.

VI. Proposal Format:

- A. All proposals shall be from individuals or organizations subject to the Guidelines for Applications For Accommodations Tax Funds promulgated by this Committee.

VII. Requests for Funds:

- A. All proposals requesting Accommodations Tax Funds must first be submitted to and reviewed by this Committee.

VIII. Changes to By-Laws:

- A. Amendments to these by-laws require the approval vote of at least five members at a legally qualified meeting. Any proposed change must be presented in writing to all members at least fourteen days prior to the vote.

TO: ACCOMMODATIONS TAX FUND APPLICANTS

This application package includes the following:

1. Guideline for Applications
2. Accommodations Tax Funds Application
3. Accommodations Tax Advisory Committee Members
4. Announcement of Application Preparation Workshop
5. Meeting Schedule
6. Copy of Accommodations Tax Laws

Application for 2010 Accommodations Tax Grants must be submitted, in complete form, to the Town of Hilton Head Island no later than 4:00 p.m. on Friday, October 2, 2009.

Applications will first be subjected to Committee review for compliance with the law as to eligibility. For those applications passing the initial review, the applicants will be asked to make personal presentations at Committee hearings. These presentations are scheduled for **November 30 and December 3, 2009.** All applicant presentations will be held in the Benjamin M. Racusin Council Chambers at Town Hall. Each applicant will be notified by postal mail and email (if address provided) of the time scheduled for its presentation.

The Committee requests each applicant to adhere strictly to the guidelines and requirements provided herein. **Failure to correctly complete the application in its entirety, including the necessary board resolution and financial data, may disqualify what may be an otherwise qualifying application.**

ACCOMMODATIONS TAX ADVISORY COMMITTEE
TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA
GUIDELINES FOR APPLICATIONS FOR ACCOMMODATIONS TAX FUNDS

A. INTRODUCTION

1. As applicable to Hilton Head Island, the State law (see copy attached and 6-4-10 in particular) specifies three groups in general which are entitled to receive bed tax funds after other mandated distributions have been made from the total funds available:

- a. Town government: "Based on the estimated percentage of costs directly attributed to tourists," Town expenditures for "the criminal justice system, law enforcement, fire protection, solid waste collection and health facilities when required to serve tourists and tourist facilities." See 6-4-10(b) and (b.4).
- b. Qualified groups advertising and promoting tourism in order to develop and increase tourism. See 6-4-10(b.1).
- c. Qualified sponsors of arts and cultural events and for construction, maintenance and operation of facilities for civic and cultural activities. See 6-4-10(b.2 and b.3).

2. The law requires that the funds be spent "primarily in the geographical area ... (of Hilton Head Island)." See 6-4-10(d). Therefore, the committee will not look with favor on applications for funds to be spent outside the Town or for activities or enterprises conducted outside the Town.

3. The spirit of the law is to discourage the use of bed tax funds to retire old debt or past unpaid operating expenses.

4. Applications must be filed by the publicly announced filing deadline, except that the Committee may, for extraordinary or emergency reasons which prevent timely filing, extend the filing deadline; provided, however, that the date for obtaining the application form shall not be extended except by special Committee action.

B. THE APPLICATION

1. Organization.

- a. Requests for funding must be submitted by a non-profit organization. Applications cannot be accepted from individuals, for-profit entities or ad-hoc committees. Proof of non-profit status must accompany the application, e.g., IRS 501 (c) (3) letter.
- b. Applicants must include a copy of official minutes wherein the organization approves of the application and commits the organization to financial responsibility for carrying it out to the stage of completion contemplated in the application, should funding be approved.

- c. The full name, postal mailing address, email address and telephone number of a primary contact person, given the authority and responsibility to represent the application before the Committee, must be included on both the title page of the application and in this section.

2. Activity

- a. Name of Activity.

3. Description of Activity.

- a. Describe the applicant's activities.
- b. The description must state what is intended to be accomplished by Accommodation Tax funds, and the source and amount of other funds to be committed.
- c. Describe coordination that has been completed or will be needed with other organizations, if they engage in similar activities, or if they will be expected to be the beneficiary.
- d. The "Impact on or Benefit to Tourism" statement should be supported by data and other records or history insofar as possible.

4. Prior recipients of Accommodations Tax Funds must provide a description of how the funds were used.

5. **Signature.** Applications must be signed by a current officer of the applicant organization given authority to sign contracts by the organization's bylaws. Title or position, if any, should be appended below the signature, along with postal address, email address and both office and home telephone numbers.

6. A title page must be completed to provide the following:

- a. Name of the project.
- b. Contact person's name, postal mailing address, email address and local telephone numbers.
- c. Amount of funds requested (and form of funding, if in any other than one-time cash grant).
- d. Date of application.

7. Extensive presentations should include a Table of Contents.

ACCOMMODATIONS TAX ADVISORY COMMITTEE
TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

ACCOMMODATIONS TAX FUNDS REQUEST APPLICATION

For Office Use Only		
Date Received:	Time Received:	By:

**(Applications will not be accepted if submitted after
4:00 P.M. on October 2, 2009)**

Date: _____ Total Activity Cost: _____ Total Amount Requested: _____

Grant Year Applied For: _____

**IF APPLICATION IS NOT ELECTRONIC,
SUBMIT 11 COMPLETE COPIES OF APPLICATION**

ANSWERS MUST BE TYPEWRITTEN

A. ORGANIZATION: _____

MUST BE A NOT-FOR-PROFIT ENTITY

NOTE: First time applicants should attach a copy of their state or federal non-profit determination letter, if available.

Contact Name: _____ Title: _____

Contact Postal Address: _____

Contact Email Address: _____

Contact Phone(s): _____

B. ACTIVITY: _____

C. DESCRIPTION OF ACTIVITY:

1. General description.

2. If arts/cultural activity, give specific description of activity (attach additional sheets, if needed).

3. Impact on or benefit to tourism.

4. Duration of project. Starting date: _____ Completion: _____

5. Permits required (if any).

6. Additional comments.

D. FUNDING:

1. Source of funds.

2. Have you requested funding from other sources or organizations for this project?

Yes _____
No _____

If so, please list sources and amounts.

\$ _____

\$ _____

\$ _____

E. FINANCIAL INFORMATION (ADHERE TO STRICTLY):

1. Provide the previous three years and current year **budgets** for the entire organization.
2. The three most recent fiscal year **balance sheets** and **financial statements**.
 - a. Specify the beginning date of the fiscal year.
 - b. The applicant should include a letter explaining which costs are direct and which are allocated, and the basis for the allocation. The letter may also point out highlights, explanations of unusual or one-time items and the like.
3. A copy of the most recent monthly financial statement.

F. FINANCIAL GUARANTEES:

1. Provide of a copy of official minutes wherein the organization approves the application.

G. PRIOR RECIPIENT'S REPORT (If you received prior ATAX funds):

1. How did you use the ATAX funds? Were the objectives achieved?
2. What impact did this have on the community or benefit tourism?
3. Include the **total annual ATAX funding** received each year that you applied.
4. Please indicate how your organization measures the effectiveness of both the overall activity and of individual programs.
 - For example: Analysis of a tourism project might include detail regarding the number of attendees, percent tourist to non-tourist, duration of stay, and geographic residence of attendees.
 - How is the analysis used to increase emphasis on winners and deemphasize less effective programs? Please give specific examples.

Note: This section 4 is particularly relevant to applicants who request funding for complex and multiple programs.

H. If you are granted some, but not all of the amount you requested, what impact would such partial funding have on your activities? What would you change to account for the partial funding?

I. Due to the limited availability of accommodations tax funds, submitting a worthwhile proposal alone may not be sufficient to qualify for funding. If not covered elsewhere in the application, please describe in detail how your request will, (a) have a positive impact on tourism, (b) provide an efficient use of accommodations tax funds, and (c) provide a venue or service not otherwise available to visitors to the Town of Hilton Head Island. Please provide any supporting documentation or calculations for statements made in your presentation.

J. ADDITIONAL COMMENTS: (Attach additional sheets, if needed):

Signature

Title/Position

Mailing Address

Email Address

Office Phone Number

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5. Permits required (if any).

6. Additional comments.

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1. Source of funds.

2. Have you requested funding from other sources or organizations for this project?

Yes _____

No _____

If so, please list sources and amounts.

_____ \$ _____

_____ \$ _____

_____ \$ _____

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J. **ADDITIONAL COMMENTS:** (Attach additional sheets, if needed):

Signature

Title/Position

Mailing Address

Email Address

Office Phone Number

Home Phone Number

APPLICATION FINAL CHECKLIST

(Complete and return this list with the application)

- The application is being filed by the **October 2, 2009, 4:00 PM** deadline.
- We have reviewed and followed the application guidelines.
- We have provided a Board Resolution.
- Financial Data
- There is a title page giving the information outlined in Item 6 on page 3.
- We are submitting the application electronically or provided 11 complete copies of the application.
- We will be prepared to make a verbal presentation to the Committee and answer questions when we are scheduled to do so.

ACCOMMODATIONS TAX ADVISORY COMMITTEE

NAME & ADDRESS		TERM EXPIRATION
Willis O. Shay, Chairman At-Large		June 30, 2012 (7/05-6/06) (07/06-07/09) (07/09-07/12)
John Diamond, Vice-Chairman Arts		June 30, 2012 (07/06-06/09) (07/09-06/12)
Louise Miller Cohen Hospitality		June 30, 2010 (7/04-6/07) (07/07-06/10)
Michael A. Keskin Lodging		June 30, 2011 (5/04-6/05) (7/05-6/08) (07/08-06/11)
Bret Martin Hospitality		June 30, 2012 (11/07-06/09) (07/09-06/12)
John S. Munro Lodging		June 30, 2010 (07/07-06/10)
Frank Soule At-Large		June 30, 2011 (07/08-06/11)

NOTICE

ACCOMMODATIONS TAX ADVISORY COMMITTEE

will hold a workshop

September 10, 2009 from 9:00 a.m. – 11:00 a.m.

in

Council Chambers

The purpose of this workshop is to assist potential applicants with completing the applications for Accommodations Tax Funds

Please note: The Application has changed and information for submitting it electronically is available. It is highly recommended that for further details you attend the Workshop on September 10th. Please contact Vicki Pfannenschmidt at 843-341-4700 or email her at vickip@hiltonheadislandsc.gov if you have any questions or concerns.

NOTE: A Town Council quorum may result in the event four or more Council members attend this meeting.

2009 ACCOMMODATIONS TAX ADVISORY COMMITTEE

MEETING SCHEDULE

(subject to change in emergency situations)

**ACCOMMODATIONS TAX ADVISORY COMMITTEE DATES FOR
2009**

Tuesday	April 7	9:00 a.m. Affiliated Agencies	Council Chambers
Monday	August 31	8:00 a.m. Applications Available – on-line and hard copy	On-line at Town’s Website www.hiltonheadislandsc.gov and at Town Hall (hard copy)
Thursday	September 10	9:00 a.m.- 11:00 a.m. ATAX Applicant Workshop Conducted by Mr. Shay and Mr. Diamond only.	Council Chambers
Friday	October 2	4:00 p.m. – Application Deadline	Deliver to Town Hall or submit on line at website listed above
Tuesday	October 20	9:00 a.m. – 11:00 a.m. Preliminary Review of Applications	Council Chambers
Monday	November 30	9:00 a.m. – 4:30 p.m. Applicant Hearings	Council Chambers
Thursday	December 3	9:00 a.m. – 4:30 p.m. Applicant Hearings	Council Chambers
Wednesday	December 9	9:00 a.m. – 4:30 p.m. Review and Recommendations	Council Chambers
To be determined	Jan/Feb, 2010	Special Town Council Meeting for allocation of funds	Council Chambers

CHAPTER 4.

ALLOCATION OF ACCOMMODATIONS TAX REVENUES

SECTION 6-4-5. Definitions.

As used in this chapter:

- (1) "County area" means a county and municipalities within the geographical boundaries of the county.
- (2) "Cultural", as it applies to members of advisory committees in Section 6-4-25, means persons actively involved and familiar with the cultural community of the area including, but not limited to, the arts, historical preservation, museums, and festivals.
- (3) "Hospitality", as it applies to members of the committees in item (2), means persons directly involved in the service segment of the travel and tourism industry including, but not limited to, businesses that primarily serve visitors such as lodging facilities, restaurants, attractions, recreational amenities, transportation facilities and services, and travel information and promotion entities.
- (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.

SECTION 6-4-10. Allocation to general fund; special fund for tourism; management and use of special fund.

The funds received by a municipality or a county in county areas collecting more than fifty thousand dollars from the local accommodations tax provided in Section 12-36-2630(3) must be allocated in the following manner:

- (1) The first twenty-five thousand dollars must be allocated to the general fund of the municipality or county and is exempt from all other requirements of this chapter.
- (2) Five percent of the balance must be allocated to the general fund of the municipality or county and is exempt from all other requirements of this chapter.
- (3) Thirty percent of the balance must be allocated to a special fund and used for advertising and promotion of tourism to develop and increase tourist attendance through the generation of publicity. To manage and direct the expenditure of these tourism promotion funds, the municipality or county shall select one or more organizations, such as a chamber of commerce, visitor and convention bureau, or regional tourism commission, which has an existing, ongoing tourist promotion program. If no organization exists the municipality or county shall create an organization with the same membership standard in Section 6-4-25. To be eligible for selection the organization must be organized as a nonprofit organization and shall demonstrate to the municipality or county that it has an existing, ongoing tourism promotion program or that it can develop an effective tourism promotion program. Immediately upon an allocation to the special fund, a municipality or county shall distribute the tourism promotion funds to the organizations selected or created to receive them. Before the beginning of each fiscal year, an organization receiving funds from the accommodations tax from a municipality or county shall submit for approval a budget of planned expenditures. At the end of each fiscal year, an organization receiving funds shall render an accounting of the expenditure to the municipality or county which distributed them.
- (4)(a) 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.
- (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 an 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 or municipality 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 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;
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 the geographical areas of the county or municipality in which the proceeds of the tax are collected where it is practical.

SECTION 6-4-15. Use of revenues to finance bonds.

A municipality or county may issue bonds, enter into other financial obligations, or create reserves to secure obligations to finance all or a portion of the cost of constructing facilities for civic activities, the arts, and cultural events which fulfill the purpose of this chapter. The annual debt service of indebtedness incurred to finance the facilities or lease payments for the use of the facilities may be provided from the funds received by a municipality or county from the accommodations tax in an amount not to exceed the amount received by the municipality or county after deduction of the accommodations tax funds dedicated to the general fund and the advertising and promotion fund. However, none of the revenue received by a municipality or county from the accommodations tax may be used to retire outstanding bonded indebtedness unless accommodations tax revenue was obligated for that purpose when the debt was incurred.

SECTION 6-4-20. Administration account established; State Treasurer’s duties; distribution of account revenues; exceptions to tourism spending mandate.

- (A) An accommodations tax account is created to be administered by the State Treasurer.
- (B) At the end of each fiscal year and before August first a percentage, to be determined by the State Treasurer, must be withheld from those county areas collecting four hundred thousand dollars or more from that amount which exceeds four hundred thousand dollars from the tax authorized by Section 12-36-2630(3), and that amount must be distributed to assure that each county area receives a minimum of fifty thousand dollars. The amount withheld from those county areas collecting four hundred thousand dollars or more must be apportioned among the municipalities and the county in the same proportion as those units received quarterly remittances in Section 12-36-2630(3). If the total statewide collections from the local accommodations tax exceeds the statewide collections for the preceding fiscal year then this fifty thousand dollar figure must be increased by a percentage equal to

seventy-five percent of the statewide percentage increase in statewide collections for the preceding fiscal year. The difference between the fifty thousand dollars minimum and the actual collections within a county area must be distributed to the eligible units within the county area based on population as determined by the most recent United States census.

(C) At the end of each fiscal year and before August first, the State Treasurer shall distribute to each county area collecting more than fifty thousand dollars but less than four hundred thousand dollars an additional fifteen thousand dollars. If the total statewide collections from the local accommodations tax exceed the statewide collections for the preceding fiscal year, this fifteen thousand dollar figure must be increased by a percentage equal to seventy-five percent of the statewide percentage increase in statewide collections for the preceding fiscal year. This amount must be distributed in the same manner as the fifty thousand dollars in subsection (B). The amount paid those qualified county areas under this subsection must be paid from the account created under this section.

(D) The amount withheld in excess must be distributed to the county areas whose collections exceed four hundred thousand dollars based on the ratio of the funds available to the collections by each county area.

(E) The accommodations tax funds received by a municipality or county in county areas collecting fifty thousand dollars or less are not subject to the tourism-related provisions of this chapter.

(F) Two percent of the local accommodations tax levied pursuant to Section 12-36-2630(3) must be remitted quarterly and equally to the eleven agencies designated by law and regional organizations to administer multi-county tourism programs in the state tourism regions as identified in the promotional publications of the South Carolina Department of Parks, Recreation and Tourism. This remittance is in addition to other funds that may be allocated to the agencies by local governments.

(G) The State Treasurer may correct misallocations to counties and municipalities from accommodations tax revenues by adjusting subsequent allocations, but these adjustments may be made only in allocations made in the same fiscal year as the misallocation.

SECTION 6-4-25. Advisory Committee; guidelines for expenditures; annual reports; reports to Accommodations Tax Oversight Committee.

(A) A municipality or county receiving more than fifty thousand dollars in revenue from the accommodations tax in county areas collecting more than fifty thousand dollars shall appoint an advisory committee to make recommendations on the expenditure of revenue generated from the accommodations tax. The advisory committee consists of seven members with a majority being selected from the hospitality industry of the municipality or county receiving the revenue. At least two of the hospitality industry members must be from the lodging industry where applicable. One member shall represent the cultural organizations of the municipality or county receiving the revenue. For county advisory committees, members shall represent the geographic area where the majority of the revenue is derived. However, if a county which receives more in distributions of accommodations taxes than it collects in accommodations taxes, the membership of its advisory committee must be representative of all areas of the county with a majority of the membership coming from no one area.

(B) 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.

(C) Advisory committees shall submit written recommendations to a municipality or county at least once annually. The recommendations must be considered by the municipality or county in conjunction with the requirements of this chapter.

(D) Municipalities and counties annually shall submit to the South Carolina Accommodations Tax Oversight Committee:

- (1) end-of-the-year report detailing advisory committee accommodations tax recommendations;
- (2) municipality's or county's action following the recommendations;

- (3) list of how funds from the accommodations tax are spent, except for the first twenty-five thousand dollars and five percent of the balance in Section 6-4-10(2) allocated to the general fund. The list is due before October first and must include funds received and dispersed during the previous fiscal year;
- (4) list of advisory committee members noting the chairman, business address if applicable, and representation of the hospitality industry including the lodging industry and cultural interests.
- (E) The regional tourism agencies in Section 6-4-20 annually shall submit reports on their budgets and annual expenditure of accommodations tax funds pursuant to this chapter to the Accommodations Tax Oversight Committee.

SECTION 6-4-30. Repealed by 2003 Act No. 96, Section 3.MM, eff June 18, 2003.

SECTION 6-4-35. Tourism Expenditure Review Committee.

(A) There is established the Tourism Expenditure Review Committee consisting of eleven members as follows:

- (1) one member appointed by the Speaker of the House;
- (2) one member appointed by the President Pro Tempore of the Senate;
- (3) the Director of the South Carolina Department of Parks, Recreation and Tourism, or his designee, ex officio;
- (4) eight members appointed by the Governor as follows:
 - (a) one member on the recommendation of the South Carolina Association of Tourism Regions;
 - (b) one member on the recommendation of the South Carolina Association of Convention and Visitors Bureaus;
 - (c) one member on the recommendation of the South Carolina Travel and Tourism Coalition;
 - (d) one member on the recommendation of the Municipal Association of South Carolina;
 - (e) one member on the recommendation of the South Carolina Association of Counties;
 - (f) one member on the recommendation of the Hospitality Association of South Carolina;
 - (g) one member on the recommendation of the South Carolina Arts Commission; and
 - (h) one member at large.

Appointed members shall serve for terms of four years and until their successors are appointed and qualify, except that of those first appointed by the Governor, four shall serve for a term of two years and the term must be noted on the appointment. Regardless of the date of appointment, all terms expire July first of the applicable year. Members shall serve without compensation but may receive the mileage, subsistence, and per diem allowed by law for members of state boards, committees, and commissions. Vacancies must be filled in the manner of original appointment for the unexpired portion of the term.

(B)(1)(a) The Tourism Expenditure Review Committee shall serve as the oversight authority on all questionable tourism-related expenditures and to that end, all reports filed pursuant to Section 6-4-25(D)(3) must be forwarded to the committee for review to determine if they are in compliance with this chapter. The municipality or county must be notified if an expenditure is questioned, and the committee may consider any further supporting information the municipality or county may provide. If the committee finds an expenditure to be in noncompliance, it shall certify the noncompliance to the State Treasurer, who shall withhold the amount of the expenditure found in noncompliance from subsequent distributions in accommodations tax revenue otherwise due the municipality or county. An appeal from an action of the committee under this subitem lies with the Administrative Law Judge Division.

(b) If the committee determines that a municipality or county has failed to file the reports required pursuant to Section 6-4-25(D)(3), it may impose a fee of five hundred dollars a month or part of a month for each month the report is not filed, but not more than five thousand dollars. The committee

shall certify the penalty to the State Treasurer, who shall withhold the amount of the penalty from subsequent distributions otherwise due the municipality or county. An appeal from an action of the committee under this subitem lies with the Administrative Law Judge Division.

(c) Allocations withheld must be reallocated proportionately to all other recipients.

(2) The committee has jurisdiction to investigate and research facts on written complaints submitted to it with regard to the appropriate tourism-related expenditures and resolve these complaints as provided in item (1) of this subsection.

(3) The committee shall forward copies of information submitted by the local governments and regional tourism agencies pursuant to Section 6-4-25 arising under the tourism provisions of this chapter to the Department of Parks, Recreation and Tourism, which shall publish an annual report on the information submitted.

Chapter 1 BUSINESS AND PROFESSIONAL LICENSES

Sec. 10-1-10. License required.

Every person engaged or intending to engage in any calling, business, occupation or profession listed in the rate classification index portion of this chapter, in whole or in part, within the limits of the town, is required to pay an annual license fee and obtain a business license as herein provided.

(Ord. No. 83-5, 9-26-83)

Sec. 10-1-20. Definitions.

The following words, terms and phrases, when used in this chapter shall have the meaning ascribed herein:

(1) *Business*: A calling, occupation, profession or activity engaged in with the object of gain, benefit or advantage, either directly or indirectly. A charitable organization shall be deemed a business unless the entire proceeds of its operation are devoted to charitable purposes. In addition to the above-described activities constituting doing business in the town, an individual shall be deemed to be in "business" if that individual owns and rents more than one (1) residential unit within the town. This applies to both short-term and long-term rentals.

(2) *Classification*: That division of businesses by major groups subject to the same license rate, as determined by a calculated index of ability to pay based on national averages, benefits, equalization of tax burden, relationship of services, or other basis deemed appropriate by the town council.

(3) *Gross income*: The total revenue of a business, received or accrued, for one fiscal year collected or to be collected by reason of the conduct of business within the town, excepting therefrom income from business done wholly outside of the town on which a license tax is paid to some other municipality or a county and fully reported to the town. Gross income from interstate commerce shall be included in the gross income for every business subject to a business license fee. The gross income for business license purposes shall conform to the gross income reported to the Internal Revenue Service, the South Carolina Department of Revenue and Taxation, or the South Carolina Insurance Commission. In the case of brokers, or agents, gross income shall mean gross commissions retained. Gross receipts for insurance companies shall mean gross premiums collected.

(4) *License inspector*: The town employee(s), or other individual(s), designated by the town manager to perform the duties set forth herein.

(5) *Person*: Any individual, firm, partnership, cooperative nonprofit membership, corporation, joint venture, association, estate, trust, business trust, receiver, syndicate, holding company or other group or combination acting as a unit, in the singular or plural, and the agent or employee having charge or control of a business in the absence of the principals. A governmental entity is not a "person" as defined above.

(Ord. No. 83-5, 9-26-83; Ord. No. 94-28, § 1, 10-18-94; Ord. No. 2006-15, § 1, 8-1-06)

Sec. 10-1-30. Purpose and duration.