



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

**Tuesday, July 16, 2013**

**9:00 a.m. – Benjamin M. Racusin Council Chambers**

**AGENDA**

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**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. Robert Stenhammer – *Mayor Pro Tempore William Harkins*
  - b. Rob Bender – *Mayor Pro Tempore William Harkins*
  - c. Bob Spear – *Mayor Pro Tempore William Harkins*
- 4. Crystal Award Presentation**
  - a. Bret Martin – *Mayor Pro Tempore William Harkins*
  - b. John Munro – *Mayor Pro Tempore William Harkins*
- 5. Reception**
  - a. A reception will be held in Council Chambers in appreciation of all Committee Members for a great year of service, to Mr. Bret Martin for his five and a half years of service, to Mr. John Munro for his six years of service, to welcome Mr. Rob Bender and Mr. Bob Spear and to congratulate Mr. Robert Stenhammer 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 April 25, 2013.

**8. Chairman's Report**

**9. Unfinished Business**

**10. New Business**

- a. Review and approve draft 2014 Accommodations Tax Grant Application

**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:** April 25, 2013 **Time:** 1:00 p.m.

**Members Present:** Robert Stenhammer, *Chairman*; Mike Alsko, *Vice-Chairman*; John Munro, Frank Soule, Trish Heichel, Stewart Brown

**Members Absent:** None

**Staff Present:** Susan Simmons, *Director of Finance*; Brian Hulbert, *Staff Attorney*; Bret Martin, *Deputy Finance Director*; Erica Madhere, *Finance Assistant*

**Council Present:** John McCann

**Others Present:** Susan Thomas, Charlie Clark, Ray Deal, Bill Miles, Brenda Ciapanna, Jayme Greco, David Tigges and Representatives from the Hilton Head Island-Bluffton Chamber of Commerce/VCB and Hilton Head Island Marketing Council

**Media:** Brian Heffernan

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**1. Call to Order:**

The meeting was called to order at 1:00 p.m.

**2. 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.

**3. Approval of Minutes:**

Mr. Brown moved to approve the Minutes of December 13, 2012. Ms. Heichel seconded the motion. The Motion passed unanimously. (6-0)

**4. Special Orders**

Due to the resignation of former Chairman Bret Martin, a special election was held to appoint a new Chairman and Vice-Chairman for the remainder of Fiscal Year 2013. Ms. Heichel nominated Mr. Robert Stenhammer for Chairman and Mr. Brown seconded the motion. The motion passed unanimously (6-0). Ms. Heichel nominated Mr. Mike Alsko for Vice-Chairman and Mr. Munro seconded. The motion passed unanimously (6-0).

**5. Chairman's Report:**

Mr. Stenhammer expressed his eagerness to serve as Chairman of the Committee; he thanked the Committee for the vote and thanked the Town for the support. He reviewed the remainder of the 2013 meeting schedule and noted it is a more condensed schedule than in the past in an effort to provide accessibility to the new grants in the beginning of the calendar year. Mr. Stenhammer also mentioned he would like the Committee to review the 2013 grant application and be prepared to discuss possible changes to the 2014 grant application at the next meeting on July 16. He would like to make sure the application asks qualifying questions that prove the organizations provide value to the community, drive overnight visitors or enhance the

experience of overnight visitors, and that they collaborate with other organizations. Members of the Committee have continued to work with Dr. Salazar and the USCB on a program that will allow organizations to collect data, and are hoping to create a program that all qualifying organizations applying for Accommodations Tax Grants will be able to utilize. The data collection, in the form of surveys, can be used as a measurement tool of an organization's return on investment. The results are great for the event/organization, but also are extremely useful to Island tourism as a whole when all results are rolled in together and viewed in aggregate.

**6. Unfinished Business:**

None

**7. New Business:**

**a. Hearing regarding the Chamber of Commerce and Visitor & Convention Bureau's proposed budget of expenditures for 2013-2014 of the 30% allocation of State Accommodations Tax Funds for advertising of tourism.**

Mr. Stenhammer disclosed a potential conflict of interest and left the dais for the duration of the hearing. The required disclosure form is attached.

David Tigges, former Chairman of the Hilton Head Island-Bluffton Chamber of Commerce and Visitor and Convention Bureau and current member of the Hilton Head Island Marketing Council, made opening comments to the Committee. The Hilton Head Island Marketing Council was formed by the Visitor and Convention Bureau in 2012 to provide direct input from the local tourism and hospitality industry into the VCB's Sales and Marketing program. The 13 members of the Marketing Council unanimously approved the Chamber/VCB's 2013-2014 Marketing Plan. Mr. Tigges thanked the Marketing Council's Chairman, Steve Birdwell, for his excellent management of the Council, as well as the Chamber's Staff for their professional work, Susan Thomas for her leadership, and Charlie Clark for her role in earned media and public relations. Additionally, Mr. Tigges recognized the Chamber/VCB's financial integrity, managed by Ray Deal, and congratulated them on receiving an Unqualified Audit year after year.

Susan Thomas, Vice-President of the Hilton Head Island-Bluffton Chamber of Commerce and Visitor and Convention Bureau kicked off the presentation with a recap of the recent successful advertising campaign, specifically the television commercial spot that ran on major networks such as CBS and the Golf Channel leading up to and during the RBC Heritage Classic golf Tournament. The focus of the commercial was based on the branding of Rejuvenation, Refreshment, and Reconnection to what is important to oneself, which was derived from late Sea Pines developer Charles Fraser's concept to come home a better person at the end of the day. The commercial, narrated by audio recordings of Charles Fraser, was produced to build awareness of Hilton Head Island as a destination, and also to drive traffic to the Chamber/VCB's website. During the Heritage week, traffic to the website was up 22%.

Ms. Thomas stated 2012 was a solid year for the national and local travel and tourism industry. In Hilton Head, there was an increase of 3 percent in the number of visitors and a 6.1 percent increase in lodging revenue per available room. As compared to other competitive destinations, Hilton Head Island was in the upper third in occupancy, mid-range for average daily rate, and upper third in web search and conversion. The Chamber has been tracking growth in interest in

Hilton Head Island by geographic regions and has noticed a shift from the Southeast to more Northeast, Midwest, and Canadian regions.

The Chamber expects 2013 to be an even stronger year due to the renovations of many major hotels and resorts and the ongoing retail reinvestment. So far, the occupancy rate is up significantly in the first quarter of the year, although there is room for improvement in average daily rate on the Home / Villa side. Year over year visitors to the Chamber's website increased 25%, and part of the 2013-14 Plan is to increase the paid search engine marketing budget to facilitate even more website visitor growth, both on the web and mobile since about 40% of the website visitors were using a mobile device. The Chamber is currently developing more content about what to do once visitors are here due to the large upshift in mobile users. Ms. Thomas explained the prioritized target market segments are Golf, and there is a very robust Golf marketing program already in place, and the Culinary market for which there are many cross promotions, such as a Bike and Dine promo in May and the annual Restaurant Week. They are researching the Tennis market to develop another growing segment.

Ms. Thomas also spoke about a recent generational shift, there are now five generations to reach as the Y Generation is coming into more discretionary income and the Baby Boomers are reaching retirement. This is considered to be the "New Normal", and the challenge is how to appeal to each generation and also to the frugality mind set which surfaced after the last recession and has affected the population regardless of income level. Also part of this shift is an increased importance in wireless and electronic connectivity, which the Town and Private sectors are working diligently on improving.

In summary, Ms. Thomas explained the Marketing Plan is a collaboration between the Public and Private partners, and it has been supported by the travel industry. The goal is to move the needle forward, through investing in research, and to keep Hilton Head Island in the mind of travelers, especially the Affluent Traveler.

The Committee members congratulated the Chamber / VCB on their comprehensive plan and appreciated the content, branding, mobile marketing, and teamwork among the local businesses and the community.

Mr. Brown made a motion to recommend that Town Council approve the budget as presented by the Hilton Head-Bluffton Chamber of Commerce and Visitors & Convention Bureau and Ms. Heichel seconded the motion. The Motion was approved by a vote of 5-0. (Mr. Stenhammer did not participate in the vote due to his recusal as noted above.)

**8. Adjournment:**

Ms. Heichel moved to adjourn the meeting. Mr. Stenhammer seconded the Motion. The meeting was adjourned at 2:04 p.m.

**Approved:**

**Respectfully submitted:**

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**Robert Stenhammer, Chairman**

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**Erica Madhere, Secretary**

**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 2014 Accommodations Tax Grants must be submitted electronically, in complete form, to the Town of Hilton Head Island no later than 4:00 p.m. on Friday, September 27, 2013.**

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 **October 30 and November 7, 2013**. All applicant presentations will be held in the Benjamin M. Racusin Council Chambers at Town Hall. Each applicant will be notified by email (please make sure to provide a valid email address) 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 used for tourism related expenditures "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. The State's Tourism Expenditure Review Committee (TERC) recommends that a "tourist" travels from outside a 50 mile radius. The Accommodations Tax Advisory Committee will strongly consider how applications either drive tourism or enhance the visitor experience.

3. 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.

**B. NOTES REGARDING THE APPLICATION**

**1. Organization.**

- a. Project/Description should address the specific use of requested funds. Please also specify how the project/event either drives visitation to the Island (from outside a 50 mile radius) and/or enhances the visitor experience. Also explain what other organizations you will collaborate with to enhance your tourism efforts. Must be a summary of 250 words or less. Please limit documentation submitted to relevant and brief descriptions.
- b. 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.

- c. 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.
- d. 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. Description of Operations.

- a. Describe the applicant's operations.
- 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 to the operations.
- 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. All applicants must be able to provide the number of visitors (outside a 50 mile radius) served on an annual basis and how this number is calculated.

## 3. Prior Accommodations Tax Funds Recipients

- a. Provide a description of how the funds were used.
- b. Describe how recipient plans to reduce its dependency on ATAX funds or increase impact on tourism.

## 4. Description of Grant Request

- a. To qualify for an award, all planned expenditures must fall into the categories described in Section B.2 of this application (Section 6-4-10 of State Law).
- b. Please ensure that entire grant request is eligible and adequately described in Sections B.1-3 and H. of this application. All details described must reconcile to total request.

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

**ACCOMMODATIONS TAX FUNDS REQUEST APPLICATION**

<b>For Office Use Only</b>		
Date Received: _____	Time Received: _____	By: _____

**(Applications will not be accepted if submitted after  
4:00 P.M. on September 27, 2013)**

Date: \_\_\_\_\_ Total Activity Cost: \_\_\_\_\_ Total Amount Requested: \_\_\_\_\_

Grant Year Applied For: \_\_\_\_\_

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.**

Project Name: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Title: \_\_\_\_\_

Contact Postal Address: \_\_\_\_\_

Contact Email Address: \_\_\_\_\_

Contact Phone(s): \_\_\_\_\_

B. DESCRIPTION OF OPERATIONS:

1. For state reporting purposes, give a brief description of project. Should address the specific use of the requested funds and specify how the project/event either drives visitation to the Island and/or enhances the visitor experience. Also explain what organizations you will collaborate with to enhance your tourism efforts. (Limit to 250 words.)

2. In order to comply with the State's Tourism Expenditure Review Committee annual reporting requirements, please classify your current budget request only into the following authorized categories:

- 1 – Destination Advertising/Promotion \_\_\_\_\_ %
- 2 – Tourism-Related Events \_\_\_\_\_ %
- 3 – Tourism-Related Facilities \_\_\_\_\_ %
- 4 – Tourism-Related Public Services \_\_\_\_\_ %
- 5 – Tourist Public Transportation \_\_\_\_\_ %
- 6 – Waterfront Erosion/Control/Repair \_\_\_\_\_ %
- 7 – Operation of Visitor Information Centers \_\_\_\_\_ %

Total: 100%

Note: Please see TERC authorized category descriptions below:

- 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 tourist. Also includes public facilities such as restrooms, dressing rooms, parks and parking lots.
- 5 – Tourist shuttle transportation.
- 6 – Control and repair of waterfront erosion.
- 7 – Operating visitor information centers.

3. Specific description of operations and/or project.

4. What is the expected impact and benefit to Island tourism and how will you measure this?

5. Additional comments.

C. FUNDING:

1. Source of funds.

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

Yes \_\_\_\_\_

No \_\_\_\_\_

If so, please list sources and amounts.

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ \$ \_\_\_\_\_

D. FINANCIAL INFORMATION (ADHERE TO STRICTLY)  
PROVIDE:

Fiscal year start and finish. From: \_\_\_\_\_ To: \_\_\_\_\_

1. The previous three years and current year budgets for the organization.
2. The three most recent fiscal year **balance sheets** and **financial statements**.
3. An explanation of which costs are direct and which are allocated and the basis for the allocation. This may also point out highlights, explanations of unusual or non-recurring items and the like.
4. The last three years' IRS Form 990 or 990T.
5. A copy of the current year-to-date financial statements.

E. FINANCIAL GUARANTEES:

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

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

1. Include the **total annual ATAX funding** received each year that you applied.
2. How did you use the ATAX funds? Were the objectives achieved?
3. What impact did this have on the community and/or how did it benefit tourism?
4. Please indicate how your organization measures the effectiveness of both the overall activity and of individual programs. **Note: This section 4 is particularly relevant to applicants who request funding for complex and multiple programs or in excess of \$100,000.00.**

G. 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?

H. 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) either drive visitation to the Island (from outside a 50 mile

radius) and/or enhance the visitor experience, and how you will collaborate with other organizations to enhance tourism efforts. (b) provide an efficient use of accommodations tax funds, and (c) or provide a venue or service not otherwise available to visitors to the Town of Hilton Head Island. Please provide any supporting documentation or data calculations for statements made in your presentation.

DRAFT

## **APPLICATION FINAL CHECKLIST**

(Complete and return this list with the application)

- The application is being filed by the **September 27, 2013, 4:00 PM** deadline.
- We have reviewed and followed the application guidelines.
- We have provided a Board Resolution.
- Financial Data
- 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 & SEAT	TERM EXPIRATION
<b>Robert Stenhammer, Chairman</b> Lodging	<b>June 30, 2016</b> (7/11-6/13) (7/13-6/16)
<b>Mike Alsko, Vice-Chairman</b> Lodging	<b>June 30, 2015</b> (7/12-6/15)
<b>Frank Soule</b> Cultural	<b>June 30, 2014</b> (7/08-6/11) (7/11-6/14)
<b>Trish Heichel</b> At-Large	<b>June 30, 2014</b> (7/11-6/14)
<b>Stewart D. Brown</b> At-Large	<b>June 30, 2015</b> (7/12-6/15)
<b>Robert Spear</b> Hospitality	<b>June 30, 2015</b> (7/13-6/15)
<b>Robert Bender</b> Hospitality	<b>June 30, 2016</b> (7/13-6/16)

# NOTICE

## **ACCOMMODATIONS TAX ADVISORY COMMITTEE**

will hold a workshop

September 10, 2013 from 9:00 a.m. – 11:00 a.m.

in

Benjamin M. Racusin Council Chambers

The purpose of this workshop is to assist potential

applicants with completing the applications for

Accommodations Tax Funds

Please contact Erica Madhere at 843-341-4646 or email her at [ericam@hiltonheadislandsc.gov](mailto:ericam@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.**

## ACCOMMODATIONS TAX ADVISORY COMMITTEE

### 2013 SCHEDULE

Thursday	April 25	1:00 p.m. Affiliated Agencies	Council Chambers
Tuesday	July 16	9:00 a.m. Swearing in of members, Election of officers	Council Chambers
Monday	August 26	8:00 a.m. Electronic Filing Available – on- line	<a href="http://www.hiltonheadislandsc.gov">www.hiltonheadislandsc.gov</a>
Tuesday	September 10	9:00 a.m. - 11:00 a.m. ATAX Applicant Workshop (All ATAC members are not required to attend)	Council Chambers
Friday	September 27	4:00 p.m. – Application Deadline	<a href="http://www.hiltonheadislandsc.gov">www.hiltonheadislandsc.gov</a>
Thursday	October 17	9:00 a.m. – 11:00 a.m. Preliminary Review of Applications	Council Chambers
Wednesday	October 30	9:00 a.m. – 4:30 p.m. Applicant Hearings	Council Chambers
Thursday	November 7	9:00 a.m. – 4:30 p.m. Applicant Hearings	Council Chambers
Thursday	November 14	9:00 a.m. – 2:00 p.m. Review and Recommendations	Council Chambers

**Note:** A Special Town Council meeting to award the Accommodations Tax Grants will be held on Tuesday, December 10, 2013 at 4:00 pm in 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.