



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

**Tuesday, July 15, 2014**

**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. Trish Heichel – *Mayor Pro Tempore William Harkins*
  - b. Brad Marra – *Mayor Pro Tempore William Harkins*
  - c. Charles Miner – *Mayor Pro Tempore William Harkins*
- 4. Crystal Award Presentation**
  - a. Frank Soule – *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. Frank Soule for his six years of service, to welcome Mr. Brad Marra and Mr. Charles Miner, and to congratulate Mrs. Trish Heichel on her reappointment.
- 6. Special Orders**
  - a. Election of Chairman and Vice Chairman
- 7. Approval of Minutes**
  - a. Regular Accommodations Tax Advisory Committee Meeting of April 3, 2014.
- 8. Chairman's Report**

**9. Unfinished Business**

**10. New Business**

- a.** Review and discuss revisions for the 2015 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 3, 2014 **Time:** 9:00 a.m.

**Members Present:** Mike Alsko, *Chairman*; Rob Bender, *Vice-Chairman*; Frank Soule, Trish Heichel, Stewart Brown; Bob Spear

**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:** Kim Likins

**Others Present:** Susan Thomas, Charlie Clark, Ray Deal, Bill Miles, Brenda Ciapanna, Representatives from the Hilton Head Island-Bluffton Chamber of Commerce/VCB, Mary Briggs, Kathleen Bateson, and members of the public

**Media:** None

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**1. Call to Order:**

The meeting was called to order at 9:00 a.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 February 18, 2014. Ms. Heichel seconded the motion. The Motion passed unanimously. (6-0)

**4. Chairman's Report:**

Chairman Alsko made a brief statement regarding revising the 2015 Application for Accommodations Tax Grants, which will be available in August of this year. He encouraged the Committee to research other municipalities and their Applications in order to be able to streamline the process this upcoming year.

**6. Unfinished Business:**

None

**7. New Business:**

**a. Hearing regarding the Chamber of Commerce and Visitor & Convention Bureau's proposed 2014-2015 budget of expenditures for the 30% allocation of State Accommodations Tax Funds for the advertising of tourism.**

Susan Thomas, Senior Vice-President of the Hilton Head Island-Bluffton Chamber of Commerce and Visitor and Convention Bureau kicked off the presentation by pointing out

some highlights of the 2014-2015 budget and marketing plan. The Chamber and VCB have been engaging with the private sector over the last few years, which led to the creation of the Marketing Council with representatives from all sectors of the local tourism industry. The Marketing Council has had a large impact on the new plans and programs that are being put in place to support the short and long term goals of the VCB. One major goal is to grow group and event business on the island through offering new incentives, and by getting the word out through public relations and social media regarding the Island Renaissance. Earning more group and event business would grow shoulder and off-season business and be a great benefit to the Island.

Secondly, a large on-going effort is the social media strategy and public relations investment. The VCB is working hard at bringing media opportunities to Hilton Head such as the Today Show, CNN, and Money Magazine, all of which would have an enormous marketing impact.

Another major effort has been, and continues to be, increasing air service to Hilton Head Island and we are now seeing huge results due to the new Jet Blue service from Boston and New York City to the Savannah Hilton Head Airport. The VCB has been conducting sales programs and promotions, and also participated in travel shows particularly in Boston. A sign that this effort is being successful is that Jet Blue has already increased the air craft size based on initial demand. The improvements in air service will help growth in all seasons, and there is already great potential in further air service expansion.

Targeting the Affluent Traveler whose annual income is over \$150,000 is another long term goal of the VCB this upcoming year, and the VCB is now looking towards targeting younger / newer travelers that will eventually become an Affluent Traveler, as well. In relation to targeting new travelers, the VCB is also concentrating on the ratio of repeat vs. new visitors. In 2009, there were 70% repeat visitors to the Island and 30% new visitors. In 2013, out of the 2.4 million people that visited during the year, 60% were repeat and 40% were new visitors. The VCB likes the shift in this ratio and the great opportunity it brings to create loyal repeat visitors out of the brand new / younger visitors.

Another goal in the 2014-2015 marketing plan is tourism product development, and packaging. Packaging is a new program being kicked off this year as Hilton Head has so many new, as well as great existing, attractions to offer visitors. Whether they are leisure, corporate or group travelers, the VCB would like to provide easy connections to these attractions during the travel planning phase. Through the VCB's website, connections could be made to the new outdoor adventure park, zip line, jazz corner, shopping and retail, restaurants, cultural attractions, Symphony or Arts Center performances, Gullah tours, etc, as a part of customized packages.

The Marketing Council created by the VCB a few years ago continues to focus on growing the funding that's available for Destination Marketing. Our assets relative to other areas are not as competitive as the Council would like, and the Council feels that more private fund matching is needed. Additionally, on a positive note, Ms. Thomas is happy to report that the growth from State Accommodations Tax funding was extremely respectable over the past year. This increase can be attributed to many reasons such as growth in the marketplace, occupancy and average daily rates, the ATAX Recovery Projects conducted by the Town, as well as the one-time adjustment the Town received earlier in 2013-2014, just to name a few.

The Committee thanked Ms. Thomas and the VCB for providing such a great summary of the upcoming budget and marketing plan and Mr. Alsko opened up the meeting to questions from the Committee. During the question and answer period, Ms. Thomas spoke about conducting a study comparing Hilton Head Island to other destinations without convention centers. This study is expected to take about four months to complete and can strengthen our competitiveness and lead to more effective research-based marketing. Ms. Thomas also responded to a question from Mr. Brown about cell service on the Island. Although cell service has improved, it is still an issue and will continue to be, both for business and leisure travelers, and will need continuous attention. Mr. Soule asked about the goal ratio of new vs. repeat travelers, how peak season and family travel was in 2013, and where the travelers were coming from. Ms. Thomas responded that the goal is 50% new to 50% repeat visitors; that peak season business grew in 2013, especially in August, and that July and August, 2014 are looking up, as well. There has been an increase in travelers from the Northeast since the recession, plus there has been a lot of growth in visitors from International and Canadian destinations. Ms. Heichel asked for more details about group business, and Ms. Thomas explained it is looking up with a high conversion rate of 1 out of every 5 leads converting. The majority of groups are coming from Atlanta, Charlotte, Tennessee, and Washington DC. The Marriott is the largest hotel on the island, with the Westin being the second largest. Most groups that are coming to the Island can fit into one of the two resorts, however larger groups would have to be split between many locations. The Committee made one final suggestion that the VCB should include a quick narrative of the past year's results to show what was successful and what wasn't.

Ms. Heichel made a motion to recommend to Town Council that they approve the budget as presented and for the Visitor & Convention Bureau to continue as the Town's Destination Marketing Organization. Mr. Soule seconded the motion. The Motion was approved by a vote of 6-0.

**b. Discuss process and Application for “Non-recurring” Accommodations Tax Grants.**

Mr. Alsko stated that at the meeting on February 18, 2014, the Committee came to a consensus to keep the non-recurring funds separate from the recurring funds, with a separate application, process and timeline. Since that meeting, Mr. Alsko has had the opportunity to more deeply examine this situation and would like the Committee to reconsider the previous consensus and to instead lump the excess non-recurring fund allocation into the next standard application round. He feels this is the appropriate course of action to take for many reasons, but most of all because the timeline would be too pressured to expedite a separate application process, and he does not want to over stress the organizations that would be applying during the peak tourist season. The Committee discussed the scenario proposed by Mr. Alsko. Mr. Bender originally wanted to separate the non-recurring funds and expedite the process, but he also mapped out what the timeline would have to be and came to the same conclusion as Mr. Alsko. Mr. Soule agreed that the application and process for the extra funds should be deferred to the fall as long as the application is revised to make the distinction between recurring and non-recurring funds clear. Ms. Heichel wants to make sure the applicants are well-advised and understand recurring vs. non-recurring funds. Mr. Brown stated his concern that applicants will expect more and more funding each year if they receive extra funds for 2015. If there is one application, he would like to see separation between funds and reserve non-recurring for special projects. Mr. Spear also supports the switch to the standard fall timeline but wants the differentiation of funds to be clear. Mr. Alsko suggested sending out extra announcements ahead of time to educate the organizations. Susan Simmons, Finance Director for the Town of Hilton Head

Island, pointed out that the application for non-recurring funds could occur at the same time as the recurring funds, but that the organizations that are applying for both funds could submit two applications. The non-recurring fund application could still be separate and for special projects not being included in the main grant application. The Committee agreed the application(s) will still need to be revised, and the exact procedure will still need to be determined, but also agreed the process for allocating the excess non-recurring funds should be deferred to the fall.

Mr. Brown made a motion to move the application process for non-recurring funds to the fall and follow the same process and timeline as the standard annual application. Ms. Heichel seconded the motion and the motion passed with a unanimous vote (6-0).

**8. Adjournment:**

Ms. Heichel moved to adjourn the meeting. Mr. Soule seconded the Motion. The Motion was approved by a vote of 6-0 and the meeting was adjourned at 10:36 a.m.

**Approved:**

**Respectfully submitted:**

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**Mike Alsko, Chairman**

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**Erica Madhere, Secretary**



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

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**2015 Accommodations Tax Grant Application**

**All applications must be fully completed and submitted electronically to the Town of Hilton Head Island no later than 4:00 p.m. on Friday, September 26, 2014.**

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

Applications will first be subjected to Town Staff and 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 6, 2014**. 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.**

# GUIDELINES FOR APPLICATIONS FOR ACCOMMODATIONS TAX FUNDS

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## A. INTRODUCTION

1. As applicable to Hilton Head Island, the State law (see copy attached and section 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" would be considered someone who travels from outside a 50 mile radius. The Accommodations Tax Advisory Committee will 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 reasons which prevent timely filing, extend the filing deadline.

## B. NOTES REGARDING THE APPLICATION

### 1. **Organization**

- a. Provide the organization name and the name of the project or event, if applicable. Provide the requested contact information for the organization and appoint a primary contact.
- b. List the organization's total annual budget and it's 2015 grant request amount.
- c. Provide a brief description of your intended use of the grant and outline how the money would be used. *The Committee uses this as a cover page summary – you will have an opportunity to provide more detail in the application.*
- d. Describe how your organization either drives tourism to the Island or enhances the visitor experience. Show how this is currently being measured. *This provides the Committee with the necessary insight as to how your organization/event impacts the general tourism industry on the Island.*
- e. Provide the annual number of patrons served by your organization/ event. Also provide the total number of tourists served in this total annual number. *This provides the Committee with an estimated tourist ratio which may be used to determine grant award allocation based off of TERC recommended practices.*

- f. 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 first time applications, e.g., IRS 501 (c) (3) letter.
- g. Applicants must include a copy of their organization's official minutes wherein the organization approves 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.
- h. 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 organization/event purpose and overall operation.
- 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 the impact to your organization should it not be fully funded for the 2015 grant request.
- 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 (visitors outside a 50 mile radius) served on an annual basis, or at the event requesting a grant for, and how this number is calculated.
- e. Per State requirements, please show how your grant request would be classified (as a percentage) by the categories listed. The total amount must equal 100%.

## 3. Funding

- a. Provide a brief description on how your organization is currently funded.
- b. As a percentage, show how your current funding is categorized.
- c. Please list the top 3 sources of public funding you have applied for, or received, for 2014 and 2015.

### **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 in the future or increase the 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 the entire grant request is eligible and adequately described in Sections B.1-3 and H. of this application. All details described must reconcile with the total request.

# 2015

## ACCOMMODATIONS TAX FUNDS REQUEST APPLICATION

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

*Applications will not be accepted if submitted after 4:00 P.M. on September 26, 2014*

**A. Summary of Grant Request:**

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**ORGANIZATION NAME:** \_\_\_\_\_

**Project/Event Name:** \_\_\_\_\_

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

Address: \_\_\_\_\_

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

Event Date: \_\_\_\_\_ Event Location: \_\_\_\_\_

**Total Budget:** \_\_\_\_\_ **Grant Requested:** \_\_\_\_\_

**Provide a brief summary on your intended use of the grant and how the money would be used. (100 words or less)**

**How does your organization/event either drive tourism to Hilton Head Island or enhance the visitor experience on Hilton Head Island? How is this impact being measured? (100 words or less)**

Total Number of Patrons Served, including Visitors: \_\_\_\_\_

Documented Number of Visitors Served: \_\_\_\_\_

How was the Number of Visitors Documented? \_\_\_\_\_

\_\_\_\_\_

**DESCRIPTION OF OPERATIONS:**

1. **For state reporting purposes, give a brief description of your organization. (250 words or less)**

2. **Describe in detail how you would use the requested grant funding? (250 words or less)**

3. **What impact would partial funding have on your activities, if you were not fully funded your requested amount? What would you change to account for the partial funding? (100 words or less)**

4. **What is the expected economic impact and benefit to the Island's tourism? (100 words or less)**

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

- |   |   |         |
|---|---|---------|
| 1 - <u>Destination Advertising/Promotion</u>        |   | _____ % |
|   | <i>Advertising and promotion of tourism so as to develop and increase tourist attendance through the generation of publicity</i>  |         |
| 2 - <u>Tourism-Related Events</u>                   |   | _____ % |
|   | <i>Promotion of the arts and cultural events</i>  |         |
| 3 - <u>Tourism-Related Facilities</u>               |   | _____ % |
|   | <i>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</i>   |         |
| 4 - <u>Tourism-Related Public Services</u>          |   | _____ % |
|   | <i>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</i> |         |
| 5 - <u>Tourist Public Transportation</u>            |   | _____ % |
|   | <i>Tourist shuttle transportation</i>   |         |
| 6 - <u>Waterfront Erosion/Control/Repair</u>        |   | _____ % |
|   | <i>Control and repair of waterfront erosion</i>   |         |
| 7 - <u>Operation of Visitor Information Centers</u> |   | _____ % |
|   | <i>Operating visitor information centers</i>  |         |

Total: 100 %

6. **If not covered elsewhere in the application, please describe (a) how you will collaborate with other organizations to enhance tourism efforts, and (b) provide a venue or service not otherwise available to visitors to the Town of Hilton Head Island.**

7. **Additional comments**

**C. FUNDING:**

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1. **Please describe how your organization is currently funded. (100 words or less)**

2. **Please also estimate, as a percentage, the source of your total annual funding.**

\_\_\_\_\_ Public Sources                      \_\_\_\_\_ Private Contributions  
\_\_\_\_\_ Corporate Support                      \_\_\_\_\_ Other

3. **Have you requested other ATAX or any other funding from other public sources or organizations? If so, please list top 3 sources and amounts.**

**D. FINANCIAL INFORMATION:**

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Fiscal year disclosure:                      Start Month: \_\_\_\_\_ End Month: \_\_\_\_\_

**Financial Statement Requirements:**

1. The upcoming year's operating budget for the organization.
2. The previous two years and current year profit and loss reports for the organization.
3. The previous two years and current year balance sheets.
4. The previous two years and current year IRS Form 990 or 990T.

**E. FINANCIAL GUARANTEES:**

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

**F. PRIOR RECIPIENT'S REPORT:**

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If you received 2013 or 2014 HHI ATAX funds

1. **List any ATAX award amounts received in 2013 and/or 2014? How were the ATAX funds used? Were your objectives achieved? (100 words or less)**

2. **What impact did this have on the success of your organization/event and how did it benefit the community? (100 words or less)**

3. **How does your organization measure the effectiveness of both the overall activity and of individual programs? (100 words or less)**



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

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**APPLICATION FINAL CHECKLIST**

(Complete and return this list with the application)

- The application is being filed by the **September 26, 2014, 4:00 PM** deadline.
- We have reviewed and followed the application guidelines.
- We have provided a Board Resolution approving this application.
- We have supplied the requested 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>Mike Alsko, Chairman</b> Lodging	<b>June 30, 2015</b> (7/12-6/15)
<b>Robert Bender, Vice-Chairman</b> Hospitality	<b>June 30, 2016</b> (7/13-6/16)
<b>Trish Heichel</b> At-Large	<b>June 30, 2017</b> (7/11-6/14) & (7/14-6/17)
<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>Brad Marra</b> Lodging	<b>June 30, 2017</b> (7/14-6/17)
<b>Charles Miner</b> Cultural	<b>June 30, 2017</b> (7/14-6/17)

# NOTICE

## ACCOMMODATIONS TAX ADVISORY COMMITTEE

will hold a workshop

September 4, 2014 from 9:00 a.m. – 11:00 a.m.

Benjamin M. Racusin Council Chambers

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

It is recommended applicants attend this session.

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

### 2014 SCHEDULE

Tuesday	February 18	9:00 a.m. Special Meeting - Non-Recurring Funds	Council Chambers
Thursday	April 3	9:00 a.m. DMO Budget & Marketing Plan Presentation	Council Chambers
Tuesday	July 15	9:00 a.m. Swearing in of members, Election of officers	Council Chambers
Monday	August 25	8:00 a.m. Electronic Filing Available – on-line	<a href="http://www.hiltonheadislandsc.gov">www.hiltonheadislandsc.gov</a>
Thursday	September 4	9:00 a.m. - 11:00 a.m. ATAX Applicant Workshop & Meeting	Council Chambers
Friday	September 26	4:00 p.m. – Application Deadline	<a href="http://www.hiltonheadislandsc.gov">www.hiltonheadislandsc.gov</a>
Thursday	October 16	9:00 a.m. – 11:00 a.m. Preliminary Review of Applications	Council Chambers
Thursday	October 30	9:00 a.m. – 4:30 p.m. Applicant Hearings	Council Chambers
Thursday	November 6	9:00 a.m. – 4:30 p.m. Applicant Hearings	Council Chambers
Thursday	November 13	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 9, 2014 at 4:00 pm in Council Chambers.

## **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.