~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

May 19, 2016

**S. 1122**

Introduced by Senators Rankin, Cleary and Hembree

S. Printed 5/19/16--H.

Read the first time April 28, 2016.

**THE COMMITTEE ON WAYS AND MEANS**

To whom was referred a Bill (S. 1122) to amend the Code of Laws of South Carolina, 1976, by adding Section 4‑10‑980 so as to provide for the reimposition of the local option tourism development, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, by striking all after the enacting words and inserting:

/ SECTION 1. Section 4‑10‑930(A) of the 1976 Code, as last amended by Act 3 of 2009, is amended to read:

“(A) Subject to the requirements of this article, a municipality may impose in the municipality a fee not to exceed one percent for not more than ten years for the purposes provided in Section 4‑10‑970 by~~:~~

~~(1)~~ ~~an ordinance adopted by a supermajority of the municipal council which must be at least two‑thirds of the members of a municipal council; or~~

~~(2)~~ the approval of a majority of qualified electors voting in a referendum held pursuant to this section called by a majority of the members of the municipal council.”

SECTION 2. Article 9, Chapter 10, Title 4 of the 1976 Code is amended by adding:

“Section 4‑10‑980. The fee authorized in this article may be renewed and imposed within a municipality in the manner prescribed pursuant to Section 4‑10‑930(A). The referendum on the question of reimposition of the fee must not be held earlier than within the calendar year which is two years before the calendar year in which the fee then in effect is scheduled to terminate. Notwithstanding Section 4‑10‑930(D) and (E), any reimposition of the fee is effective immediately upon the termination of the fee previously imposed. Revenues from the reimposition must be expended for the same purposes as set forth in this article, and the provisions of Section 4‑10‑970(A)(2) apply immediately upon reimposition.”

SECTION 3. This act takes effect upon approval by the Governor. /

Renumber sections to conform.

Amend title to conform.

W. BRIAN WHITE for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Fiscal Impact Summary**

The bill as amended would have no state expenditure or revenue impact on the general fund, federal funds, or other funds.

Due to the permissive nature of this bill, the local revenue impact is undetermined.

**Explanation of Fiscal Impact**

**Explanation of Amendment by the House Ways and Means Licenses, Fees, Insurance Tax and Other Charges Subcommittee on May 3, 2016**

**Local Revenue**

The bill as amended makes changes to Section 4-10-930(A), which states the provisions for imposing a local option tourism development fee. Currently, Subsection 1 allows for an ordinance adopted by a supermajority of the municipal council, which must be at least two-thirds of the members of a municipal council. Subsection 2 allows for imposition by a referendum called by a majority of the members of the municipal council and requires approval of a majority of qualified electors. The amendment deletes the first provision in Subsection 1 as stated above.

Also, the bill adds Section 4-10-980, which provides that the local option tourism development fee may be renewed and imposed within a municipality in the same manner as authorized for the initial imposition of the fee. Any reimposition of the fee is effective immediately upon the termination of the fee previously imposed. The impact of this section as detailed below is unchanged from the bill as filed on February 25, 2016.

The tourism development tax may only be imposed by a municipality located in a county where revenue from the state accommodations tax is at least $14 million in a fiscal year. Based upon the Department of Revenue’s Information letter #16-3, currently only Horry County meets this criteria. Therefore, only municipalities in Horry County may impose this tax and Myrtle Beach is the only municipality that imposes the local option tourism development fee. The bill provides for the method by which a qualifying municipality may impose or reimpose an existing fee. However, this will be dependent upon the outcome of the required referendum. Due to the permissive nature of the bill as amended, the local revenue impact is undetermined.

**Explanation of Bill Filed on February 25, 2016**

**Local Revenue**

This bill adds Section 4-10-980, which states that the local option tourism development fee may be renewed and imposed within a municipality in the same manner as authorized for the initial imposition of the fee. Any reimposition of the fee is effective immediately upon the termination of the fee previously imposed.

The tourism development tax may only be imposed by a municipality located in a county where revenue from the state accommodations tax is at least $14 million in a fiscal year. Based upon the Department of Revenue’s Information letter #16-3, currently only Horry County meets this criteria. Therefore, only municipalities in Horry County may impose this tax and Myrtle Beach is the only municipality that imposes the local option tourism development fee. The bill provides for the method by which a qualifying municipality may reimpose an existing fee. Upon expiration, the bill would allow for Myrtle Beach to reimpose the fee. However, this will be dependent upon the outcome of the required referendum. Due to the permissive nature of this bill, the local revenue impact is undetermined.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 4‑10‑980 SO AS TO PROVIDE FOR THE REIMPOSITION OF THE LOCAL OPTION TOURISM DEVELOPMENT FEE.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Article 9, Chapter 10, Title 4 of the 1976 Code is amended by adding:

“Section 4‑10‑980. The fee authorized in this article may be renewed and imposed within a municipality in the same manner as authorized by this article for the initial imposition of the fee. If the fee is reimposed pursuant to Section 4‑10‑930(A)(2), the referendum on the question of reimposition of the fee must not be held earlier than within the calendar year which is two years before the calendar year in which the fee then in effect is scheduled to terminate. Notwithstanding Section 4‑10‑930(D) and (E), any reimposition of the fee is effective immediately upon the termination of the fee previously imposed. Revenues from the reimposition must be expended for the same purposes as set forth in this article, and the provisions of Section 4‑10‑970(A)(2) apply immediately upon reimposition.”

SECTION 2. This act takes effect upon approval by the Governor.

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