



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** S.0945 Introduced on January 31, 2018  
**Author:** M.B. Matthews  
**Subject:** Hospitality Tax Revenue  
**Requestor:** Senate Finance  
**RFA Analyst(s):** R. Martin  
**Impact Date:** February 8, 2018

**Estimate of Fiscal Impact**

	<b>FY 2018-19</b>	<b>FY 2019-20</b>
<b>State Expenditure</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
<b>State Revenue</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
<b>Local Expenditure</b>	\$0	\$0
<b>Local Revenue</b>	\$0	\$0

**Fiscal Impact Summary**

This bill would not affect state General Fund revenue in FY2018-19 or any fiscal year thereafter. This bill would not impact local tax revenue, but would reallocate existing accommodations tax and hospitality tax revenue among additional permissible non-tourism purposes and projects.

**Explanation of Fiscal Impact**

**Introduced on January 31, 2018**

**State Expenditure**

The Department of Revenue reports that this bill would have no expenditure impact on the state General Fund, Federal Funds, and Other Funds.

**State Revenue**

Currently, a local governing body may impose, by ordinance, a local hospitality tax not to exceed two percent of the charges for food and beverages on the sales of prepared meals and beverages sold in establishments, or sales of prepared meals and beverages sold in establishments licensed for on-premises consumption of alcoholic beverages, beer, or wine. Based on the latest data available from the *Local Government Finance Report* published by the Economic Research Section of the Revenue and Fiscal Affairs Office, reported local hospitality tax revenue totaled \$211,595,152 in FY2015-16. Also, a local governing body may impose, by ordinance, a local accommodations tax not to exceed three percent on the gross proceeds derived from the rental or charges for accommodations furnished to transients. Based on the latest data available from the *Local Government Finance Report* published by the Economic Research Section of the Revenue and Fiscal Affairs Office, reported local accommodations tax revenue totaled \$75,987,196 in

FY2015-16. Collectively, the total revenue available to local government bodies to be used for specific tourism-related purposes totaled \$287,582,348 in FY2015-16.

**Section 1.** Local accommodations tax revenue is restricted to be used exclusively for tourism-related purposes and projects pursuant to Section 6-1-530(A). This section would amend Section 6-1-530(B) to lower the threshold a county must collect in state accommodations taxes from \$900,000 to \$750,000 per fiscal year to be able to use local accommodations tax revenue collected in the county for the operation and maintenance of those items provided in Section 6-1-530(A)(1) through (6), and to extend the use of local accommodations tax revenue to include police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to those facilities. Based on the latest data provided by the South Carolina Department of Revenue on state accommodations tax revenue collected pursuant to Section 12-36-920, the lowering of the revenue threshold from \$900,000 to \$750,000 per fiscal year would provide for the inclusion of two additional counties – Berkeley and Colleton counties. These two counties would be permitted to extend the use of local accommodations tax revenue to include police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to those facilities. The addition of these items would not change or alter any existing taxes, tax rates, or fees, but the additional items would cause a competition among all of the exclusive purposes for use of the revenue and reallocate the existing revenue. This section would not affect state General Fund revenue in FY2018-19 or any fiscal year thereafter.

**Section 2.** Local hospitality tax revenue is restricted to be used exclusively for tourism-related purposes and projects pursuant to Section 6-1-730(A). This section would amend Section 6-1-730(B) to lower the threshold a county must collect in state accommodations taxes from \$900,000 to \$750,000 per fiscal year to be able to use local hospitality tax revenue collected in the county for the operation and maintenance of those items provided in Section 6-1-730(A)(1) through (6), and to extend the use of local accommodations tax revenue to include police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to those facilities. Based on the latest data provided by the South Carolina Department of Revenue on state accommodations tax revenue collected pursuant to Section 12-36-920, the lowering of the revenue threshold from \$900,000 to \$750,000 per fiscal year would provide for the inclusion of two additional counties – Berkeley and Colleton counties. These two counties would be permitted to extend the use of local hospitality tax revenue to include police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to those facilities. The addition of these items would not change or alter any existing taxes, tax rates, or fees, but the additional items would cause a competition among all of the exclusive purposes for use of the revenue and reallocate the existing revenue. This section would not affect state General Fund revenue in FY2018-19 or any fiscal year thereafter.

**Section 3.** This act takes effect upon approval by the Governor.

### **Local Expenditure**

N/A

### **Local Revenue**

Because this bill does not change any existing taxes, tax rates, or fees, there would not be any change to local or municipal accommodations tax or hospitality tax revenue. There would, however, be a reallocation of revenue among competing tourism-related purposes since the lowering of the threshold a county must collect in state accommodations taxes from \$900,000 to \$750,000 per fiscal year would allow Berkeley and Colleton counties to extend the use of local accommodations and hospitality tax revenues to include police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to those facilities.



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Frank A. Rainwater, Executive Director