**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING ARTICLE 11 TO CHAPTER 1, TITLE 6 SO AS TO ALLOW COUNTIES IMPOSING LEGACY COUNTY‑WIDE HOSPITALITY FEES BY ORDINANCE TO REPLACE THE ORIGINAL DEDICATION OF THE USE OF THESE FEE REVENUES BY DEDICATING THE REVENUES FOR USE IN THE COUNTY TO PROVIDE INTERSTATE HIGHWAY INFRASTRUCTURE, INTERSTATE HIGHWAY INTERCHANGES, AND BUILDING OR IMPROVING ROADS THAT DIRECTLY CONNECT WITH INTERSTATE HIGHWAYS; TO PROVIDE FOR THE USE OF THESE FEE REVENUES WHEN THERE ARE NO VIABLE INTERSTATE HIGHWAY PROJECTS OR RELATED IMPROVEMENTS REMAINING IN THE COUNTY, TO ALLOW COUNTIES IMPOSING LEGACY HOSPITALITY FEES TO USE REVENUES OF THE LOCAL ACCOMMODATIONS AND LOCAL HOSPITALITY TAXES THEY IMPOSE IN UNINCORPORATED AREAS FOR THE SAME USES AS THE REDEDICATED REVENUES OF THE LEGACY HOSPITALITY FEE, TO DEFINE TERMS APPLICABLE FOR THIS NEW ARTICLE 11, AND TO ALLOW A COUNTY WHICH HAS ENACTED AN ORDINANCE CHANGING THE DEDICATION OF A LEGACY HOSPITALITY FEE REVENUE, BY ORDINANCE TO ASSUME THE ADMINISTRATION, COLLECTION, ENFORCEMENT, AND DISTRIBUTION OF THE LOCAL ACCOMMODATIONS TAXES AND THE LOCAL HOSPITALITY TAXES IMPOSED BY MUNICIPALITIES IN THE COUNTY, AND TO PROVIDE THAT THE TAX REVENUES GENERATED IN EACH OF THE COUNTY’S MUNICIPALITIES MUST BE DISTRIBUTED TO THE GENERATING MUNICIPALITIES NO LESS THAN QUARTERLY.

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

SECTION 1. Chapter 1, Title 6 of the 1976 Code is amended by adding:

“Article 11

Legacy County‑Wide Hospitality Fees

Section 6‑1‑1110. As used in this article:

(1) ‘County’ means a county in this state which has imposed a legacy hospitality fee.

(2) ‘County‑wide’ means applying in all territory located within the geographical boundaries of a county including the territory of municipalities situated in the county.

(3)(a) ‘Legacy hospitality fee’ is a fee enacted by ordinance before 1997 and which, except as provided in Section 6‑1‑1120(B), from its initial imposition date through the date of enactment of the ordinance described in Section 6‑1‑1120(A), has been imposed county‑wide without interruption. A legacy hospitality fee imposes a fee measured by a percentage of the gross proceeds of sales of:

(i) accommodations to transients;

(ii) prepared food and beverages sold for immediate consumption either on or off premises; and

(iii) other such goods and services.

(b) To qualify as a legacy hospitality fee, the revenue of the fee must be dedicated to capital projects, projects related to tourism access and promotion, promotion of tourism generally, and providing necessary public services for tourists, or any one or any combination of these purposes.

(4) ‘Positive majority’ is as defined in Section 6‑1‑300(5).

(5) ‘Statutory tax’ or ‘taxes’ means the local accommodations tax imposed pursuant to Article 5, or the local hospitality tax imposed pursuant to Article 7, or both such taxes, as applicable.

Section 6‑1‑1120. (A) A county which has imposed a legacy hospitality fee by an ordinance adopted by a positive majority of county council members may replace the original dedication of the fee revenues by providing that the county shall retain these fee revenues and use them in the county only for interstate highway infrastructure, interstate highway interchanges, and roads of interstate connectivity that are built or improved for the purpose of affording efficient and direct interstate highway access.

(B)(1) If there has been a lapse in the collection of a legacy hospitality fee for any period after January 1, 2019, the imposition of the legacy hospitality tax is nevertheless deemed continuous for purposes of enacting the ordinance described in subsection (A) if the rate and measure of the fee is unchanged from the rate and measure of the fee in its the original imposition. A county may not collect back fees for the lapse period and after reinstatement of fee collection, the fees retain the exemption from the cumulative limit on statutory fees imposed pursuant to Sections 6‑1‑540 and 6‑1‑740, if applicable.

(2) If the governing body of the county, by written resolution adopted by at least a positive majority of at least two‑thirds of the members, determines that no viable interstate highway projects or related improvements exist or remain in the county, then the revenues of the legacy hospitality fee must be retained by the county and used only as allowed pursuant to Section 6‑1‑530 and 6‑1‑730 for revenues of the statutory tax.

(C) Nothing in this article limits the authority of municipalities to cooperate with the county in the planning, construction, and completion of qualifying projects and programs including such projects and programs pending before the enactment of the county ordinance described in Section 6‑1‑1140.

Section 6‑1‑1130. If a county by ordinance imposes the statutory tax in the unincorporated area of the county, the revenue must be used for any of the purposes described in Section 6‑1‑1120(A), or for the purposes provided for the revenues of the statutory tax, or a combination of these purposes.

Section 6‑1‑1140. (A) The governing body of a county which has enacted the ordinance described in Section 6‑1‑1120(A) also by ordinance receiving a positive majority vote, may assume the administration, collection, enforcement, and distribution of statutory tax imposed by municipalities situated in the county imposing these taxes.

(B)(1) If a county enacts the ordinance described in subsection (A), it shall distribute to each affected municipality the revenue of the statutory tax imposed by that municipality. The county may retain its actual costs of administration, collection, enforcement, and distribution of these municipal taxes, not to exceed one percent of the revenue.

(2) For all purposes of administration, collection, enforcement, and distribution, these taxes are deemed to be imposed by county ordinance. A county enacting such an ordinance also by ordinance shall provide for uniform administration, collection, enforcement, and distribution of these taxes, applying the appropriate tax rate provided in each municipality’s imposition ordinance. However, administrative or other procedures for the collection and enforcement of a municipal statutory tax underway on the effective date of the ordinance described in subsection (A), must proceed as provided in the municipal ordinance imposing the statutory tax. Nothing in this section limits the authority allowed by law for a municipality in the county to amend its imposition ordinance as to the applicable statutory tax rate or to repeal its imposition ordinance.

(3) The county shall distribute to each municipality the revenues of the statutory tax revenue generated within the municipality and these revenues must be distributed no less than quarterly and used for the purposes provided pursuant to Sections 6‑1‑530 and 6‑1‑730, as applicable.”

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

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