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October 4, 2010

TRAC Local Accommodations and Hospitality Tax Subcommittee:

RE: PROPOSED NEW TAXES ON THE TIME SHARE INDUSTRY IN SOUTH CAROLINA

Dear TRAC Subcommittee Members:

Plantation Resort has been in the real estate development, sales, marketing and property management business sine 1978 and in the time share business since **1988**. It manages **300** time share condominiums as well as many short term privately owned vacation rental units and annual rental units. It also has an extensive time share sales and marketing department.

Prospective time share purchasers simply will not buy if they have to pay a 13% tax, a 6% sales tax and a 7% accommodations tax. Further, thousands of existing owners at South Carolina time share resorts will default on their loans [mortgages] on their *deeded real estate* time share weeks and stop paying their maintenance fees if these taxes are added to their annual costs.

In 32 years in business for myself in South Carolina, I have never encountered a tougher economic environment. Because of the recession, record numbers of existing time share owners, even tens-of-thousands across South Carolina, have walked away from their loans [mortgages] and stopped paying their time share association maintenance fees. This has made it more difficult for time share owners' associations to maintain the time share condominiums. Also, because of the recession, bank financing for new time share purchasers has dried up. It is more difficult and, in many instances impossible, to obtain financing for new purchasers. Therefore, sales are down and marketing costs are up. **These new taxes, coupled with intense competition from other out-of-state time share developers who offer their tax-free deeded time share real estate to purchasers, will be the death knoll for the time share industry in South Carolina**.

Time shares in South Carolina are already over taxed. Let me give you an example. Harold Worley, a hotelier in Myrtle Beach and a member of the Horry County Council, owns a large ocean front hotel. He is a strong advocate of taxing time shares. **Mr. Worley paid $115,368.87 in property taxes in 2009** on his hotel, amenities, check-in office, housekeeping and maintenance facilities, marketing office and whatever he has at this large ocean front hotel. It was all taxed under one property tax bill. In contrast, **Plantation Resort paid $434,260.64 in property taxes in 2009** on its 300 time share condominiums, amenities and support facilities. Not only was each condominium taxed as a separate real estate unit but there were no homestead exemptions as all 300 units are second homes. In addition, the check-in office, marketing office, housekeeping and maintenance facility and all recreational amenities were taxed separately. **Plantation Resort paid $318,891.77 more in property taxes than Mr. Worley's ocean front hotel did in 2009.** His hotel has to collect and pay a lot of sales and accommodations taxes before he is even with the property tax payments made by Plantation Resort.

When a time share week is actually rented to a rent paying guest on behalf of an owner, just as when a privately owned vacation rental condominium is rented, all of the appropriate taxes are collected from the guest and paid to the government. However, when a time share owner stays in his condominium or exchanges his *deeded real estate* time share week at Plantation Resort and vacations at another time share resort, he pays no sales and/or accommodations tax because nothing is rented. Neither does the family who exchanges their time share week at their home resort and vacations at Plantation Resort. And that is how is should be. The time share industry is a great asset to the economy in South Carolina and generates huge tax revenues for local governments and the state govenment. I hope you will not destroy it by subjecting it to these additional taxes.

Sincerely yours,

Blaine Liljenquist