

**TRAC
SUBCOMMITTEE REPORT
ON TOURISM TAXES**

After taking considerable testimony, the TRAC Tourism Subcommittee recommends the following:

I. ALLOCATION OF TOURISM TAX REVENUE

The Committee reviewed considerable testimony and published media reports that the percentage of state and local accommodations taxes (ATAX) spent on direct support of tourism (either through advertising, direct grants (e.g. to Spoleto or CVBs), as opposed to local government general fund use, considerably lagged both our neighboring states as well as the US average. The Committee felt, nevertheless, that its jurisdiction did not extend to spending decisions. The Committee does encourage the General Assembly to review the formulas for spending of state and local ATAX dollars (tourism vs. general fund) as well as the considerable increase in “Robin Hood” funds taken from the tourism counties (who both raise the funds as well as bear the burden of supplying services to tourists.)

II. TOURISM EXPENDITURES REVIEW COMMITTEE (TERC)

The General Assembly established TERC to oversee expenditures of state ATAX. The Committee recommends that it have oversight responsibility over local ATAX and hospitality taxes as well.

The Committee, responding to criticism that TERC fails to provide written guidance, recommends that TERC be required to issue regulations subject to General Assembly approval.

III. UNIFORM FORM

The Committee recommends that the DOR be given the responsibility to promulgate a Uniform Sales and Use Tax form for all state and local tourism taxes (ATAXs and hospitality) together with the duty to collect and remit the taxes to local government, preferably on a monthly basis.

IV. TIMESHARES

Timeshares enjoy a unique range of tax exemptions and preferences. These range from exemptions of state and local ATAXs and personal property taxes, an exemption from the Assessable Transfer in Interest (ATI) provisions which require other properties to be revalued upon sale; and a unique statute valuing time share real property. The subcommittee felt this represented unfair competition to other service providers (hotel, motel, campground and owners of second homes). The time share industry also benefits from ATAX expenditures including advertising and general fund services paid for by ATAX dollars. Accordingly the Committee recommends the General Assembly repeal

the ATAX exemption for timeshares and impose state and local ATAX based upon gross daily maintenance fees.

V. ATAX EXEMPTION FOR PERSONS OVER THE AGE OF 85

The burdens to small business of administering the current ATAX exemption for persons over 85 far outweigh the benefits and the Committee recommends that the exemption be abolished.

VI. ADMISSIONS TAX EXEMPTIONS

The Admissions Tax Act is replete with exemptions. The Committee recommends the General Assembly examine each one both with regards to unfair competition and equal protection.

VII. FILM

The Committee recommends that the General Assembly codify the film budget provisos which have been carried forward in the budget for the past several years.