

Changes Proposed by Tourism Industry to Tax Realignment Commission
Local Accommodations & Hospitality Tax Sub-Committee

Change nomenclature:

1. Rename 2% Accommodations as State-mandated Accommodations Tax
2. Rename 1 ½ - 3% (Local option) Accommodations Taxes as Locally Imposed Accommodations Tax

Changes to State-mandated Accommodations Tax

1. Of all State-mandated Accommodations Taxes collected, 1% will be disbursed to SC Department of Revenue for management fees (Not a change, but inserted for clarity)
2. Of all State-mandated Accommodations Taxes collected, 5% will be disbursed quarterly to SC Department of Parks, Recreation, and Tourism to fund the SC Welcome Centers. Any funds in excess of the cost of operating the SC Welcome Centers will fund statewide marketing projects.
3. Of all State-mandated Accommodations Taxes collected, 5% will be disbursed quarterly in equal portions to each of the 11 South Carolina Tourism Regions (SCATR) to fund Tourism Marketing projects. Annual reports on the use of these funds will be made to the Tourism Expenditure Review Committee, as is done currently.
4. Of the remaining State-mandated Accommodations Taxes collected, disbursement will be made to the counties and municipalities using the current population-based disbursement procedures, as follows:
 - a. For county areas collecting under \$50,000 (Not a change, but inserted for clarity):
 - i. These local governments will be funded at the same amount disbursed in FY09-10, with municipalities receiving same portions as directed under current law
 - ii. 100% of that portion allocated to the local government may be placed into the General Fund
 - b. For county areas collecting between \$50,000 and \$400,000:
 - i. The Accommodations Tax Supplement will be capped at FY 09-10 funding level, but will not be less than the FY 09-10 allocation
 - ii. The Accommodations Tax funds allocated will be divided equally between two funds
 1. 50% Allocated to the Local Government, with municipalities receiving same portions as directed under current law
 - a. Local Accommodations Tax Advisory Committee governing the allocation of that portion becomes optional
 - b. NO report to TERC regarding use of these funds
 2. 50% Allocated to Designated Marketing Organization
 - a. DMO must have an ongoing program of tourism promotion currently in place, and
 - b. DMO must annually report expenditure of the funds to the Local Government, who then will report to TERC.

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- c. If no local Designated Marketing Organization program exists, these funds must either be invested with the Regional Tourism Office or placed into a Product Development Project Fund designated to build tourism attractions in the region
 - c. For county areas collecting more than \$400,000:
 - i. 50% Allocated to the Local Government with municipalities receiving same portions as directed under current law
 1. Accommodations Tax Advisory Committee governing the allocation of that portion becomes optional
 2. NO report to TERC regarding use of these funds.
 - ii. 50% Allocated to Designated Marketing Organization
 1. DMO must have an ongoing program of tourism promotion currently in place, and
 2. DMO must annually report expenditure of these funds to the Local Government, who then will report to TERC.
 3. If no local Designated Marketing Organization program exists, these funds must either be invested with the Regional Tourism Office or placed into a Product Development Project Fund designated to build tourism attractions in the region
5. Recommend adding language in Section 12-36-920 A to include collection of Accommodations Tax ... “on timeshare maintenance fee to address accommodations furnished to transients.”

Admission Tax:

1. SC Department of Revenue will remit a percentage of all Admissions taxes to SC Department of Parks, Recreation, and Tourism for a Product Development Fund, which, when implemented, will increase the Admission Tax collections for the state coffers.
2. SC Department of Revenue will remit a percentage of Admissions taxes to SC Department of Parks, Recreation, and Tourism as dedicated funding for the South Carolina State Park system.

Locally Imposed Accommodations Tax:

1. Local governments will remit all Locally imposed Accommodations Taxes collected to SC Department of Revenue, who will remit 99% back to each local government
2. SC Department of Revenue will deduct a 1% fee for management of these funds, as calculated by the Treasurer’s office
3. Local governments will submit annual reports to TERC (Tourism Expenditure Review Committee) for oversight of these expenditures.

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4. Grandfather those funds already legally committed for projects.

Local Hospitality Taxes and fees:

1. Local governments will remit all Hospitality Taxes and Fees collected to SC Department of Revenue, who will remit 99% back to each local government
 2. SC Department of Revenue will deduct a 1% fee for management of these funds, as calculated by the Treasurer's office
 3. Local governments will submit annual reports to TERC (Tourism Expenditure Review Committee) for oversight of these expenditures.
 4. Grandfather those funds already legally committed for projects.
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