~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

February 3, 2010

**H. 4310**

Introduced by Reps. Clemmons, Edge and Barfield

S. Printed 2/3/10--S.

Read the first time January 27, 2010.

**THE COMMITTEE ON FINANCE**

To whom was referred a Bill (H. 4310) to amend Section 4‑10‑970, Code of Laws of South Carolina, 1976, relating to uses allowed for revenues of the Local Option Tourism Development Fee, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, by adding an appropriately numbered SECTION to read:

/ SECTION \_\_\_\_. Section 4‑10‑970 of the 1976 Code is amended by adding an appropriately lettered subsection at the end to read:

“( ) At least quarterly, an organization designated by the municipality pursuant to this section shall provide a report to the municipality that includes identification of revenues received from the Local Option Tourism Development Fee during the previous quarter, as well as expenditures made from those funds during the previous quarter. Each report shall also be posted by the organization on its website.” /

Renumber sections to conform.

Amend title to conform.

HUGH K. LEATHERMAN, SR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**REVENUE IMPACT 1/**

This bill is not expected to impact state or local revenues.

## Explanation

This bill amends the Local Option Tourism Development Fee which was enacted by Act 3 of 2009. This act allows a county in which at least fourteen million dollars of state accommodations tax revenues have been collected in a fiscal year and a municipality located in such a county to impose a fee not to exceed one percent of items subject to the South Carolina Sales and Use Tax Act. Horry County is the only county in the state with at least fourteen million dollars in state accommodations tax collections. Under current law, some of the revenues generated from this fee can be used for property tax rollbacks on owner-occupied real property or tourism related capital projects in the third year of the fee. This bill would allow some of the revenues generated from this fee to be used for a property tax credit on owner-occupied real property or tourism related capital projects in the second year of the fee. Since this bill only changes the year in which these additional purposes of the fee can be used, this bill is not expected to impact state or local revenues.

*Approved By:*

William C. Gillespie

Board of Economic Advisors

1/ This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

**A** **BILL**

TO AMEND SECTION 4‑10‑970, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO USES ALLOWED FOR REVENUES OF THE LOCAL OPTION TOURISM DEVELOPMENT FEE, SO AS TO ALLOW AMOUNTS UP TO TWENTY PERCENT OF THE REVENUE TO BE USED FOR PROPERTY TAX RELIEF FOR OWNER‑OCCUPIED RESIDENTIAL PROPERTY AND FOR TOURISM‑RELATED CAPITAL PROJECTS BEGINNING IN THE SECOND RATHER THAN THE THIRD YEAR OF IMPOSITION OF THE FEE, TO REQUIRE THE AMOUNTS USED FOR THESE PURPOSES TO BE RETAINED BY THE MUNICIPALITY WITH AT LEAST TWENTY PERCENT OF THE AMOUNT RETURNED USED AS A CREDIT AGAINST THE PROPERTY TAX LIABILITY OF OWNER‑OCCUPIED RESIDENTIAL PROPERTY AND PROVIDE FOR THE CALCULATION OF THE CREDIT, AND TO PROVIDE FOR THE USE OF CREDITS IN EXCESS OF THE MUNICIPAL PROPERTY TAX LIABILITY.

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

SECTION 1. Section 4‑10‑970(A) of the 1976 Code, as added by Act 3 of 2009, is amended to read:

“(A)(1) Except as provided in item (2) of this subsection, all revenues and interest of the fee must be used exclusively for tourism advertisement and promotion directed at non‑South Carolina residents.

(2) Revenues received in the ~~third~~ second and subsequent years of imposition must be used as provided in item (1) except that up to twenty percent may be ~~used for property tax rollbacks on owner‑occupied real property or~~ retained by the municipality and used as follows:

(a) at least twenty percent of the amount retained must be used to provide a credit against the property tax liability imposed by the municipality on parcels of owner‑occupied residential property located in the municipality classified for property taxes pursuant to Section 12‑43‑220(c). The credit is an amount determined by multiplying the appraised value of the residence by a fraction in which the numerator is the total estimated revenue retained by the municipality allocated to the credit and the denominator is the total of the appraised value of all such property in the municipality as of January first of the applicable property tax year. For purposes of this calculation, appraised value is as defined in Section 12‑37‑3130(3) reduced by the limitation provided pursuant to Section 12‑37‑3140(B); and

(b) the balance for tourism‑related capital projects~~, or a combination of these purposes, but no less than twenty percent of these funds must be used for property tax rollback on owner‑occupied property~~. No capital project is eligible to be funded directly or indirectly with fee revenues unless the project consists of construction of new or renovation of existing tourism‑related facilities intended to grow or maintain the overnight tourism market in the ~~city~~ municipality;

(c) The credit allowed pursuant to subitem (a) of this item applies after all other credits have been applied. To the extent that the credit amount allowed by this item exceeds the municipal property tax liability, the excess credit is added to the amount set aside for use as provided in subitem (b) of this item. If no projects are funded pursuant to subitem (b) of this item, the excess credit must be used to provide a credit against the municipal tax liability of all taxable property in the municipality ineligible for the credit allowed by subitem (a) of this item. This credit must be calculated in the same manner as the credit provided in subitem (a), mutatis mutandis.”

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

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