~~Indicates Matter Stricken~~

Indicates New Matter

AMENDED

April 30, 2013

**H. 3561**

Introduced by Reps. White, Stavrinakis and Merrill

S. Printed 4/30/13--H.

Read the first time February 19, 2013.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**REVENUE IMPACT 1/**

This bill is expected to decrease sales and use tax revenue by an estimated $1,809,345 in FY2013-14. Of this amount, general fund sales and use tax would be reduced by $1,206,229, the Education Improvement Fund would be reduced by $301,558, and the Homestead Exemption Fund would be reduced by $301,558 in FY2013-14.

**Explanation**

This bill would amend Section 12-36-920(B) to not allow sales tax to be imposed on additional guest charges that are readily available to the general public. Additional guest charges include, but are not limited to, room service, amenities, entertainment, special items in promotional tourist packages, in-room movies, and other guest services, such as, spa and salon services, sporting lessons, children’s activities, outside transportation, private tour guides, and the purchase of tour tickets. Based on conversations with the Department of Revenue (DOR), state (2% tax rate) accommodation taxes totaled $50,912,258 in FY2011-12. This amounts to an estimated $2,545,612,900 in hotel industry sales revenue in South Carolina. According to information from the American Hospitality and Lodging Association, an estimated 7.4% of total available hotel properties are styled as “resort” properties and include many of the services listed above. These full-service “resort” hotels charge an average of 70% higher room rates than limited-service hotels, based on information from Smith Travel Research. Multiplying $2,545,612,900 in annual hotel industry sales by a “resort” factor of 7.4% and adjusting for higher room rates charged at full-service hotels yields an estimated $320,238,103 in full-service “resort” hotel sales. Also according to an analysis of hotel industry financial statements by Smith Travel Research, an estimated 11.3% of full-service hotel room sales are for non-room charges. Therefore, multiplying $320,238,103 in full-service “resort” hotel sales by a factor of 11.3% to adjust for non-room charges and applying a 5.0% sales tax rate yields an estimated $1,809,345 of non-room sales tax revenue in FY2013-14. This act takes effect July 1, 2013.

*Approved By:*

Frank A. Rainwater

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 12‑36‑920, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO TAX ON ACCOMMODATIONS, SO AS TO DELETE CERTAIN ITEMS SUBJECT TO THE FIVE PERCENT TAX ON ADDITIONAL SURCHARGES.

Amend Title To Conform

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

SECTION 1. Subsections (A) and (B) of Section 12‑36‑920 of the 1976 Code, as last amended by Act 56 of 2005, are further amended to read:

“(A) A sales tax equal to seven percent is imposed on the gross proceeds derived from the rental or charges for any rooms, campground spaces, lodgings, or sleeping accommodations furnished to transients by any hotel, inn, tourist court, tourist camp, motel, campground, residence, or any place in which rooms, lodgings, or sleeping accommodations are furnished to transients for a consideration. This tax does not apply where the facilities consist of less than six sleeping rooms, contained on the same premises, which is used as the individual’s place of abode. The gross proceeds derived from the lease or rental of sleeping accommodations supplied to the same person for a period of ninety continuous days are not considered proceeds from transients. The tax imposed by this subsection (A) does not apply to additional guest charges as defined in subsection (B) or separately stated optional charges on a bill to a customer for amenities, entertainment, special items in promotional tourist packages, and other guest services.

(B) A sales tax of five percent is imposed on additional guest charges at any place where rooms, lodgings, or accommodations are furnished to transients for a consideration, unless otherwise taxed under this chapter. For purposes of this subsection, ~~The term~~ additional guest charges ~~includes, but is not limited to~~ are limited to charges for:

(1) room service;

(2) ~~amenities;~~

~~(3)~~ ~~entertainment;~~

~~(4)~~ ~~special items in promotional tourist packages;~~

~~(5)~~ laundering and dry cleaning services;

~~(6)~~(3) in‑room movies;

~~(7)~~(4) telephone ~~charges~~ service; and

~~(8)~~(5) rentals of meeting rooms~~; and~~

~~(9)~~ ~~other guest services~~.”

SECTION 2. This act takes effect July 1, 2013.

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