

The Tourism Expenditure Review Committee (TERC) has reviewed many reports by cities and counties over the years and has noticed that questions regarding TERC's interpretation of certain provisions of S.C. Code Ann. § 6-4-10(4)(b) pertaining to "Tourism-related expenditures" (specifically, those involving advertising and promotion of sports events and venues, promotion of arts and cultural facilities, and construction, maintenance and operation of facilities for civic and cultural activities) and S.C. Code Ann. §6-4-25(D)(1) pertaining to municipal and county annual reports to TERC, recur with some frequency. TERC is therefore providing the following information to guide cities and counties in regard to compliance with these provisions of the statute governing the uses of State Accommodations Tax ("A-Tax") funds.

Section 6-4-10(4)(b)(1)

A-Taxes can be used to advertise and increase attendance to sporting events from out of market. For purposes of complying with the requirement that "advertising and promotion" of sporting events "develop and increase tourist attendance through the generation of publicity," TERC interprets this section to require that

- a. expenditures for advertising must be made out of market and be designed to increase attendance at, and participation, in individual sporting events by tourists.
- b. expenditures to organize and stage the event may not include the expenditures to rent or operate the facility hosting the sporting event and must be a percentage of the total budget for the sporting event which shall not exceed the percentage of out of market attendance in relation to the total attendance to the event. For purposes of this subsection, participants in the sporting event may not be included in the determination of percentage of out of market attendance.

It is understood that an applicant for funding of a sporting event under this subsection must affirmatively document the percentage of tourist versus total attendance by credible means which shall include details on how the numbers were obtained and verified. Such documentation shall be attested to by an authorized officer, member or employee of the applicant before a South Carolina notary public.

Section 6-4-10(4)(b)(2)

For purposes of complying with the "promotion of the arts and cultural events" requirement found in §6-4-10(4)(b)(2), TERC interprets this subsection to authorize

- a. expenditures for advertising to increase attendance at museums or other facilities dedicated to the display of arts or at individual cultural events from either within or without of the local market, or
- b. dedication of a percentage of the total budgeted expenditures for a specific cultural event, not including the expenditures to rent or operate a facility,

which percentage may not exceed the percentage of out of market tourists in relation to the total attendance to the event.

It is understood that the applicant must affirmatively document the percentage of tourist versus total attendance by credible means which shall include details on how the numbers were obtained and verified. Such documentation shall be attested to by an authorized officer, member or employee of the applicant before a South Carolina notary public. An expenditure for construction and maintenance of individual cultural facilities may not be made under this section.

Section 6-4-10(4)(b)(3)

Facilities for civic and cultural activities in general

For purposes of complying with the "construction, maintenance and operation of facilities for civic and cultural activities" requirement in section 6-4-10(4) (b) (3), TERC interprets this subsection to authorize

- c. expenditures for construction, maintenance and operation of a facility for holding cultural events of varying types and numbers, to include events at which performing arts are displayed, or
- d. expenditures for construction, maintenance and operation of a facility for conventions of regional and national groups.

Such expenditures must be of such a percentage of the total expenditures that they do not exceed the percentage of tourists expected to attend the events in relation to the total expected attendance. Reimbursement of salaries is not a permitted use of A-Tax funds under this subsection.

Sporting Facilities

The construction and maintenance of sporting facilities can be an allowed use of A-Tax funds under this subsection if such facilities are expressly constructed for the purpose of hosting competitive events that will attract tourists to regional or national competitions or tournaments. However, sporting events such as tournaments and other competitions which award scholarships or donate proceeds from an event to charitable organizations are not eligible for A-Tax funding to any extent or for any purpose as this results in the use of public funds to support private philanthropic or charitable interests. While laudable, the TERC's interpretation of this subsection is that such a use of public funds to benefit third parties beyond the immediately authorized recipient is also inappropriate as it amounts to a "re-granting" of A-Tax funds not contemplated by the statute.

Beautification and Maintenance of State Highway Exits

A-Tax funds can be used for construction and maintenance of access and other nearby roads and utilities for facilities for civic and cultural activities under this subsection. TERC interprets this provision to include the beautification and maintenance of any exits from state highways in South Carolina if such exits lead to a major tourism attraction and if such an attraction is no further than three miles from the exits. A-Tax funds may be used for both beautification projects and the ongoing maintenance of beautification projects, to include landscape and lighting, under these circumstances. Although maintenance of state highways and exits is the responsibility of the SCDOT; however where such exits service a tourist attraction, the use of A-Tax funds would be appropriate to accentuate the exits under this subsection.

Section 6-4-25(D)(1)

This subsection requires that each municipality or county include in its annual report to TERC details concerning advisory committee recommendations with respect to expenditures of A-Tax. In order to satisfy this requirement, each municipality or county must provide with its report a copy of the written recommendations made to it by its advisory committee as required under Section 6-4-25(C).