

**PRIMARY GUIDELINES  
FOR THE  
ALLOCATION AND USE OF  
ACCOMMODATIONS TAX FUNDS**

1. According to the State's Tourism Expenditure Review Committee's Guidelines, the definition of "Travel" and "Tourism" is the action and activities of people taking trips outside their home communities for any purpose, except daily commuting to and from work. The Tourism Expenditure Review Committee considers any event that brings in tourists to a region and boosts the local economy.
2. The State's Tourism Expenditure Review Committee's Guidelines states that Accommodations Tax funds must be used to attract and provide for tourists, and must be spent on tourism-related expenditures. If the expenditure cannot be directly related to tourism, then Accommodations Tax revenue may not be used to fund the expenditure.
3. The State's Tourism Expenditure Review Committee's Guidelines states that Accommodations tax funds may not be spent on purely local functions.
4. In the State's Tourism Expenditure Review Committee's Policy on the interpretation of Tourism Related Expenditures, tourism is defined as the activities of people taking trips outside their home communities for any purpose, except daily commuting to and from work. However, the law does not provide a definition of "home community." The interpretation states that while it is acknowledged that there is no commonly accepted definition of travel in use at this time, the national Tourism Industry Association and the S.C. Department of Parks Recreation and Tourism define tourism as "activities associated with all overnight trips away from home in paid **or** unpaid accommodations **and** day trips to places 50 miles or more, one way, from the traveler's origin. Therefore, in addition to considering the 50 mile radius, the Tourism Expenditure Review Committee takes the following into consideration:
  - A. that the expenditure must be used to attract or provide for tourists; and
  - B. that expenditures cannot be used for an item that would normally be provided by the county or municipality.
5. In the S.C. Revenue Ruling #98-22, the Department of Revenue's official advisory opinion on the allocation of Accommodations Tax funds provides the requirements for tourism-related expenditures. **Tourism related expenditures include:**
  - A. advertising and promotion of tourism so as to develop and increase tourist attendance through the generation of publicity;

- B. promotion of the arts and cultural events;
  - C. construction, maintenance, and operation of facilities for civic and cultural activities including construction and maintenance of access and the nearby roads and utilities for the facilities;
  - D. the criminal justice system, law enforcement, fire protection, solid waste collection, and health facilities when required to serve tourists and tourist facilities. This is based on the estimated percentage of costs directly attributed to tourists;
  - E. public facilities such as restrooms, dressing rooms, parks, and parking lots;
  - F. tourist shuttle transportation;
  - G. control and repair of waterfront erosion; and
  - H. operating visitor information centers.
6. The S.C. Revenue Ruling #98-22 states that tourism related expenditures must (1) be used to attract or provide for tourists; and (2) cannot be used for an item that would normally be provided by the county or municipality.
7. The S.C. Revenue Ruling #98-22 also explains that if a county or municipality wishes to use tourist related funds to provide additional county services, including, but not limited to, law enforcement, traffic control, public facilities and highways and street maintenance, the expenditure must also meet the following three requirements:
- A. the expenditure must be for items that would normally not be provided by the county;
  - B. the county must have a high concentration of tourism activity; and
  - C. the amount of the expenditure must be based on the estimated percentage of costs attributable to tourists.
8. Section 6-4-10 of the S.C. Code of Laws and the Tourism Expenditure Review Committee's Guidelines states that funds received by a municipality or county must be allocated as follows:
- A. the first \$25,000 must be allocated to the general funds and is exempt from all other requirements;
  - B. five percent of the balance must be allocated to the general fund and is exempt from all other requirements;

- C. thirty percent of the balance must be allocated to a special fund and used for advertising and promotion of tourism; and
- D. the remaining balance (65%) plus earned interest allocated to special fund for tourism related expenditures.

**However, Darlington County does not place any of the first \$25,000 or any of the 5% balance into the General Fund.** The Accommodations Tax Procedures, as approved by County Council, states that *"The first \$25,000 plus 5% of the expected balance must be allocated to the general fund of the county, which is the sole responsibility of County Council, unless otherwise determined by Council."*

- 9. Is there a formula that would dictate what percentage of Tourism related funds should be spent on the different categories of tourism related expenditures?

The S.C. Revenue Ruling #98-22 states that the statute does not require that the tourism related funds be divided in any particular way. Provided that the expenditure meets the requirements of the law, the county can use all of its tourism related funds on a single category of eligible expenditures.

- 10. Is there a formula for determining whether a specific expenditure benefits tourism and tourists?

The S.C. Revenue Ruling #98-22 states that under the statute, there is no specific formula that determines whether a particular expenditure benefits tourists.

- 11. What will be considered important in determining whether an expenditure for an event or a facility enhances the ability of the county to attract or provide for tourists?

The S.C. Revenue Ruling #98-22 states that if the expenditure is incurred in connection with an event, the Committee will look at all the facts and circumstances including where and how the event will be advertised, the number of tourists that an event has attracted in the past, the nature of the event, where the event will occur, and the purpose of the event to determine if the event is designed to attract tourists. If the expenditure is for a facility, the Committee will look at all the facts and circumstances including the nature of the facility, where the facility is located, and the purpose of the facility to determine if the facility is designed to attract and serve tourists.