



**The Town of Hilton Head Island  
Accommodations Tax Advisory Committee  
Regular Meeting**

**Tuesday, July 14, 2015**

**9:00 a.m. – Benjamin M. Racusin Council Chambers**

**AGENDA**

---

As a Courtesy to Others Please Turn Off All Cell Phones and Pagers during the Meeting

- 1. Call to Order**
- 2. Freedom of Information Act Compliance**  
Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.
- 3. Swearing in of Reappointed and New Members**
  - a. Mike Alsko – *Mayor Pro Tempore William Harkins*
  - b. Stewart Brown – *Mayor Pro Tempore William Harkins*
  - c. Cliff McMackin – *Mayor Pro Tempore William Harkins*
- 4. Reception**
  - a. A reception will be held in Council Chambers in appreciation of all Committee Members for a great year of service, to welcome Mr. Cliff McMackin, and to congratulate Mr. Mike Alsko and Mr. Stewart Brown on their reappointments.
- 5. Special Orders**
  - a. Election of Chairman and Vice Chairman
- 6. Approval of Minutes**
  - a. Regular Accommodations Tax Advisory Committee Meeting of June 24, 2015.
- 7. Chairman's Report**
- 8. Unfinished Business**
- 9. New Business**
  - a. Continue discussion of improvements to the Accommodations Tax Grant process and revisions for the 2016 Accommodations Tax Grant Application
- 10. Adjournment**

**Please note that a quorum of Town Council may result if four (4) or more of Town Council members attend this meeting.**

**TOWN OF HILTON HEAD ISLAND  
ACCOMMODATIONS TAX ADVISORY COMMITTEE**

**Date:** June 24, 2015 **Time:** 9:00 a.m.

**Members Present:** Mike Alsko, *Chairman*; Rob Bender, *Vice-Chairman*; Trish Heichel, Stewart Brown, Charles Miner, Brad Marra

**Members Absent:** None

**Staff Present:** Susan Simmons, *Director of Finance*; Brian Hulbert, *Staff Attorney*; Marcy Benson; *Senior Grants Administrator*; Rene Phillips, *Website Administrator*; Erica Madhere, *Finance Administrator*

**Council Present:** John McCann

**Others Present:** Carolyn Vanagel, Hilton Head Island Concours d'Elegance; Kathi Bateson and Jeffrey Reeves, Arts Center of Coastal Carolina; Frank Soule, Island Recreation Association; Lindsay Fruchtl, Brenda Ciapanna, and more representatives from the Hilton Head Island-Bluffton Chamber of Commerce/VCB, Eleanor O'Key, Lowcountry Inside Track; Willis Shay; and members of the public

**Media:** None

---

- 1. Call to Order:**

The meeting was called to order at 9:00 a.m.
- 2. FOIA Compliance:**

Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.
- 3. Approval of Minutes:**

Mr. Brown moved to approve the Minutes of March 25, 2015. Mr. Miner seconded the motion. The Motion passed unanimously. (6-0)
- 4. Chairman's Report:**

None
- 6. Unfinished Business:**

None
- 7. New Business:**
  - a. Discuss improvements to the Accommodations Tax grant process**

Chairman Mike Alsko explained to the Accommodations Tax Advisory Committee that the Finance and Administrative Committee and Town Council have expressed an interest in an enhanced framework for the State Accommodations Tax (ATAX) Grant process, to possibly include a prioritized ranking of applicants, specifically for applicants requesting over \$100,000. Mr. Alsko explained his personal concern that the evaluation of the ATAX Grant

applications is a subjective process, and he fears the ATAX Committee may not be able to deliver a prioritized / point-based ranking system. He asked the Committee Members for opinions and feedback, and Charlie Miner stated his belief that improvements to the process are needed. He believes that repeat applicants should be required to report the results of the previous grant, and that applicants requesting over \$100,000 should be held to a higher standard. On the other hand, Mr. Miner also expressed his opinion that a point-based ranking system would be convenient; however, it would not be achievable. Brad Marra asked what other types of systems exist throughout the State, and Mr. Alsko spoke about the procedures used in Charleston and Greenville, which he found particularly interesting, and encouraged the Committee Members to familiarize themselves with these procedures, and continue researching other areas, as well.

The Committee Members continued to discuss the potential for a point-based ranking system, and Mr. Bender pointed out that each Member of the Committee was selected based on specific experience within a particular sector of the community, and if the recommendation process were to turn to a structure based on a formula, it would not be as effective as utilizing the experience of the Committee Members. Stewart Brown and Trish Heichel agreed with Mr. Bender and each stated the Committee can improve by requiring more defined results from the applicants, and feedback on how the grant money was spent, which would assist in the evaluation of the applications. Mr. Miner also agreed, and suggested creating an "Executive Summary" form to be completed and submitted with the application. The Committee discussed the Executive Summary idea more, and Mr. Brown shared his vision of an outline which would ask the applicant for information on each topic, plan, budget, actual spend, and result. The consensus among the Committee was that an Executive Summary could help to clearly define the applicant's goals, objectives, and prior results. It could help hold the applicants accountable for the money that was spent, without being too cold about the process, as if they were relying solely on a formula. The Executive Summary could also benefit the organizations in evaluating their own success, in addition to assisting with the Committee's evaluation process.

The Committee members were in agreement that the process is evolving for the better and with the recent creation of a Liaison between Town Council and the ATAX Committee, a conduit is now in place for better communication and further enhancement of the ATAX grant process.

The Committee asked for public comment, and Mr. Willis Shay, former Accommodations Tax Advisory Committee Member, shared his enthusiasm that the ATAX Committee is committed to the tasks at hand, that Town Council is so involved, and that this proposed evaluation process will also be an asset to the applicant's organization. Ms. Kathi Bateson, President and CEO of the Arts Center of Coastal Carolina, spoke next and requested clear communication from the ATAX Committee regarding the Executive Summary criteria. Ms. Carolyn Vanagel, President of the Hilton Head Island Concours d'Elegance, agreed with the Committee that accountability is important, but asked that they allow time for the applicants to become accustomed to gathering data in a manner that will translate to the new format. Finally, Mr. John McCann, Town Council Member, Chairman of the Finance and Administrative Committee, and newly appointed Liaison between Town Council and the Accommodations Tax Advisory Committee, stated that he is comfortable with the ATAX Committee's thoughts on accountability and was pleased with what he observed during this meeting.

Mr. Alsko asked the Committee to start brainstorming about the criteria for the Executive Summary before the next ATAX Committee meeting on July 14, and to be ready for further discussion on the topic at that time.

**8. Adjournment:**

Mr. Brown moved to adjourn the meeting. Ms. Heichel seconded the Motion. The Motion was approved by a vote of 6-0 and the meeting was adjourned at 10:11 a.m.

**Approved:**

**Respectfully submitted:**

\_\_\_\_\_  
**Mike Alsko, Chairman**

\_\_\_\_\_  
**Erica Madhere, Secretary**

DRAFT

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, TO ADOPT PROCESS IMPROVEMENTS FOR ACCOMMODATIONS TAX GRANTS, AND TOWN COUNCIL PARTICIPATION IN THE REQUEST FOR QUALIFICATION AND PROPOSAL PROCESS.**

**WHEREAS**, Town Council established the Finance & Administrative Committee with the mission, in part, to review and analyze State Accommodations Tax (ATAX) funds and its participation in developing Request for Qualifications and Request for Proposals; and

**WHEREAS**, the Finance & Administrative Committee researched state and local laws and processes regarding ATAX to better understand what is allowable; engaged many community leaders, current and former members of the Town's Accommodations Tax Advisory Committee (ATAC), Town staff from the legal and financial perspectives, and grant recipients; and

**WHEREAS**, Town Council desires to improve the communication with and education of the public and grant applicants regarding State ATAX grants which support tourism, the arts and cultural organizations, and Town government; and

**WHEREAS**, Town Council desires improved processes, fair and consistent methodologies to determine grant awards, and better communication between all impacted parties to ensure positive community support of the program and its processes; and

**WHEREAS**, the Finance & Administrative Committee unanimously approved State ATAX process improvement recommendations detailed below and urges the Town Council to adopt its recommendations.

**NOW, THEREFORE, BE IT, AND IT HEREBY IS, RESOLVED BY THE TOWN COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, THAT THE FOLLOWING PROCEDURES FOR STATE ACCOMMODATIONS TAX GRANTS BE ADOPTED:**

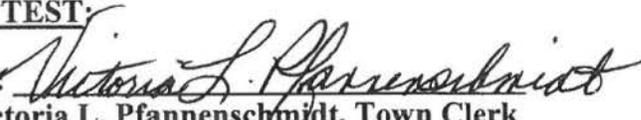
1. The Town shall not permit the use of forward funding or advances in awarding or disbursing State Accommodations Tax (ATAX) grants.
2. The Accommodations Tax Grant Application shall remain in English only and be submitted online; Town Staff shall continue to assist applicants as needed to meeting the filing requirements.
3. Town Council shall appoint a Council liaison to ATAC and Council shall endeavor to provide better direction regarding its objectives in advance of the State ATAX grant application meetings. The liaison shall not be a voting or ex-officio member of the ATAC. The liaison should be a communications bridge between the Council and ATAC and should strive to provide direction on behalf of the full Council.

4. The Town Finance Department shall provide a statement detailing, by grantee and grant, the amounts requested, awarded, expended, lapsed, and any balance remaining prior to Council's annual ATAX awards meeting.
5. ATAC shall continue to measure the efficiency and effectiveness with which a recurring grantee has utilized its grant funds and should give strong consideration to grant applicants and applications which provide a strong return on investment, cultivate and promote the arts and cultural community, and drive tourism or enhance the residents and visitors' experience.
6. ATAC shall require applicants to indicate whether they follow Town procurement guidelines or if they have their own procurement guidelines which they use and follow in the expenditure of ATAX grants.
7. Town Council shall establish a reserve fund of \$50,000 from each year's available grant funds to address unknown and emergent events that arise during the year; the reserve may be supplemented with available grant funds that Council may defer awarding until such time its annual goals are adopted; and ATAC is directed to develop and implement a streamlined process to award funds from the reserve.
8. Town Council will identify to the Town Manager, specific projects, studies, and adopted priorities it wishes to participate in for the development of Request for Qualifications or Request for Proposals that have a significant impact on the community.

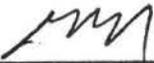
MOVED, APPROVED, AND ADOPTED THIS 5<sup>th</sup> DAY OF MAY, 2015.

  
\_\_\_\_\_  
David Bennett, Mayor

ATTEST:

By:   
Victoria L. Pfannenschmidt, Town Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Gregory M. Alford, Town Attorney

Introduced by Council Member: WILLIAM D. HARKINS



## MEMORANDUM

**TO:** Town Council

**FROM:** Finance & Administrative Committee

**VIA:** Susan M. Simmons, CPA, Director of Finance  
Stephen G. Riley, ICMA-CM, Town Manager

**DATE:** April 23, 2015

**RE:** **Resolution to Adopt Process Improvements for State ATAX Grants**

---

### Recommendation:

The Finance and Administrative (F&A) Committee recommends Town Council adopt a resolution to improve the State Accommodations Tax (ATAX) grant processes.

### Summary:

The first task undertaken by the new F&A Committee was to review the State ATAX grant processes and make recommendations for improvement. The Committee set and met its goal of completing this task by the end of March. It researched state and local laws and processes regarding ATAX to better understand what is allowable. The Committee engaged many community leaders, current and former members of the Town's Accommodations Tax Advisory Committee (ATAC), Town staff from the legal and financial perspectives, and grant recipients.

### Background

The Mayor and Council requested the new Committee review the State ATAX grants to improve the communication and educational components of the grants to support tourism, arts and cultural organizations, and Town government. The expected outcomes were improved processes, fair and consistent methodologies to determine grant awards, and better communication between all impacted parties to ensure positive community support of the program and its processes.

The Committee originally considered seven items handling each one as a separate motion in Committee; six items were approved. **Update: Subsequently, an eighth item was unanimously approved to establish an emergent reserve of \$50,000, to allow Council to supplement the reserve with any grant funds deferred to address Council's annual goals, and to direct the ATAC to establish streamlined processes regarding reviews and recommendations to Council for midyear grants from the reserve fund.** Attached is the detail for each consideration.

The Committee submits the unanimously approved requests to Council in this resolution.

## Finance & Administrative Committee

### Consideration of State ATAX Grant Processes

The Finance and Administrative (F&A) Committee selected as its first task to review the State Accommodations Tax (ATAX) Grant process and recommend improvements. The Committee held several meetings on this topic and had several presentations from knowledgeable community leaders. (As a separate topic in the coming months, the F&A Committee will address the State ATAX 30% DMO fund which the Chamber/VCB receives.)

The F&A Committee considered the items below and unanimously makes the following recommendations to Town Council to improve the State ATAX Grant processes.

1. **Consideration:** Whether the Town should use forward funding or advances in awarding or disbursing ATAX grants.

**Background:** Forward funding was the process used by the Town and stopped a few years ago wherein Council awarded certain grantees funds for the succeeding year at the same time it awarded other grantees for the upcoming year. In doing so, Council awarded grants to some grantees prior to knowing the total amount of grant funds that would be available.

Advances were provided to a few grantees in a process wherein a grantee received funds prior to submitting the final invoices and other documentation to support its allowable expenditures. Unlike forward funding, this process continues to the current time. The advances have always been approved by Town leadership but not always with the knowledge of the full Council. There were control procedures in place and the Town received full documentation to support all advances.

The F&A Committee believes that the use of forward funding or advances does not ensure that all grantees receive equal treatment.

**Recommendation:** The F&A Committee recommends that the Town not permit the use of forward funding or advances in awarding or disbursing ATAX grants.

2. **Consideration:** Whether the Town should require that the Accommodations Tax Grant Application be available in both the Spanish and English language, online and hard copy.

**Background** The F&A Committee desires to ensure that the State ATAX Grant process is available to all organizations that meet the application requirements. They were concerned that applicants whose primary language is Spanish or those who may not be proficient in computer technology would be at a disadvantage.

Town staff explained that the online application process also serves as the Town's repository for records management and that all applications must be stored online. Staff further explained the burdensome impact of having the application available in Spanish but requiring that it be submitted in or translated to English for review by staff, ATAX Advisory Committee (ATAC) and Town Council. Staff further explained the Website Administrator provides online application assistance and that the ATAC Administrative Support provides online application assistance and is available for Spanish-English translation assistance.

Based on these facts, the F&A committee agreed no changes are necessary in this part of the process.

**Recommendation:** The F&A Committee recommends that the Accommodations Tax Grant Application remain in English only and be submitted online; the Committee further recommends that Town Staff continue to assist applicants as needed to meeting the filing requirements.

3. **Consideration:** Whether a Town Council liaison be provided to the ATAX committee and whether Town Council endeavor to provide better direction regarding its objectives in advance of the ATAX grant application meetings.

**Background:** Some members of the Council, ATAC, applicants and public believe the process could be improved with better communications if Council has established annual goals or has a specific direction that could be addressed with State ATAX grant funds. While the Town is required to accept and consider all applications which are eligible, the process might be smoother, more efficient, and have greater public confidence if the Council's likely objectives are better understood.

**Recommendation:** The F&A Committee recommends to Town Council that a Town Council liaison be provided to the ATAX committee and that Town Council endeavor to provide better direction regarding its objectives in advance of the ATAX grant application meetings. The liaison would not be a voting or ex-officio member of the ATAX Committee. The liaison should be a communications bridge between the Council and ATAC and should strive to provide direction on behalf of the full Council.

4. **Consideration:** Whether the Town Finance Department provide a statement detailing by grantee and grant the amounts requested, awarded, expended, lapsed, and balance still available to the grantee prior to each Annual ATAX meeting.

**Background:** Lapsed grant funds occur when the grantee does not use its full award during its grant period. The lapsed grants in the Finance report should match the lapsed funds added to the funds available for the next round of grants. The F&A Committee requested a better understanding relating to lapsed grants and better communication regarding the timing of grant reimbursements. Staff explained that lapsed grants are added back to new year revenues to determine the amount available for award. Since grant periods are one year and the lapsed funds are awarded the following year, staff believes that the process meets the State's two year requirement for the expenditure of funds.

Regarding the timing of reimbursements, staff explained that State ATAX checks are cut twice a month and each grantee determines the frequency in which it requests funds. The flow of funds also depends on whether the award is for operations occurring throughout the year (generally meaning more requests spread over the year) vs. for a specific event (for which the reimbursements generally are fewer and occur closer to the date of the event(s)).

**Recommendation:** The F&A Committee recommends to Town Council that the Town Finance Department provide a statement detailing by grantee and grant the amounts requested, awarded, expended, lapsed, and any balance remaining prior to each Annual ATAX meeting.

5. **Consideration:** Whether ATAC should continue to measure the efficiency and effectiveness with which a recurring grantee has utilized its grant funds and whether the ATAX committee should give strong consideration to grant applicants and applications which provide a strong return on investment, cultivate and promote the arts and cultural community, and drive tourism or enhance the residents and visitors' experience.

**Background:** The F&A Committee believes that the Town should award State ATAX grants to those organizations that provide the best return on investment, cultivate and promote the arts and cultural community, and drive tourism or enhance the residents and visitors' experience. To do so, the Committee believes that ATAC should require applicants to document the efficiency and effectiveness of its previous ATAX grants and or its operations.

The Committee discussed a desire for better metrics and reducing the subjectivity of grant awards. It also discussed the difficulty in developing a "one size fits all" formula to determine the amount of awards. Therefore, the Committee decided that at the present time it could only acknowledge the past efforts of ATAC in these endeavors and encourage ATAC to continue those efforts.

**Recommendation:** The F&A Committee recommends to Town Council that ATAC should continue to measure the efficiency and effectiveness with which a recurring grantee has utilized its grant funds and should give strong consideration to grant applicants and applications which provide a strong return on investment, cultivate and promote the arts and cultural community, and drive tourism or enhance the residents and visitors' experience.

6. **Consideration:** Whether the ATAX applicants should be required to indicate whether they follow Town procurement guidelines or if they have their own procurement guidelines which they use and follow in the expenditure of ATAX grants.

**Background:** The F&A Committee is studying the requirements and desires of the Town to require organizations which receive public funds to follow certain procurement guidelines. This applies not only to State ATAX grantees but also to other non-vendor relationships the Town has with affiliated organizations. This greater topic will be determined separately from the State ATAX Grant process improvements.

To assist in its recommendations at a later date, the F&A Committee determined that as a first step that ATAC should query its applicants regarding the procurement guidelines they follow for their ATAX grant expenditures.

**Recommendation:** The F&A Committee recommends to Town Council that ATAC require applicants to indicate whether they follow Town procurement guidelines or if they have their own procurement guidelines which they use and follow in the expenditure of ATAX grants.

7. **Consideration:** Whether an ATAX applicant should be permitted to seek an interim hearing with the F&A Committee prior to the Town Council award meeting.

**Background:** The F&A Committee received comments from applicants, the public, and ATAC regarding improvements needed to ensure a better transition in the awards process between the ATAC hearings and the Council's awards meeting. Some respondents commented that Council did not have the benefit of all the information presented to ATAC, that ATAC and applicants did not fully understand the goals and desires of Council, and that the applicants either had to meet informally with certain Council members or try to present their case at an already lengthy awards meeting. Most expressed variations on having an interim hearing process with either the full Council or the newly formed F&A Committee.

The purposes of this interim hearing process would be to improve the transparency of the entire process, improve the confidence of the applicants and public in the process, and to provide Town Council prior to making its awards with more information, time and understanding of the applications.

**Conclusion:** The F&A Committee determined that at the present time it would not recommend an interim hearing process. It prefers to allow the liaison process (see #3 above) time to work prior to introducing another layer of review into the process. *(No motion or vote)*

8. **Consideration:** Whether a reserve fund should be established for the following uses:
1. a recurring reserve in a small amount available for unanticipated and emergent items that arise during the year,
  2. if Council desires each year, the balance of grant funds not awarded would be deferred to award to eligible applications that specifically address the Council's Calendar Year goals. Awards could be made midyear or carried over to be expended in the second allowable year. Note: The grant applications are accepted in late summer and awarded in early December, while the Council's goals are determined in December and adopted early in the calendar year for which they are effective.

**Background:** Recent events such as the potential for an Ironman event and the awarding of the National Underground Railroad Conference to Hilton Head Island has brought to light the need for grant funds to be available during the year. In both cases, the applicant did not have confirmation of the event when the applications were due to the Town. The F&A Committee was informed by staff that some governments award their grants semi-annually or quarterly; however, the Committee felt that multiple grant application processes would be too timely. The Committee prefers a streamlined process for ATAC to receive, review and recommend to Council whether an application should be awarded funds from the emergent reserve. Finance staff advised that it will revolve the reserve to ensure that grant funds are expended within the two year window allowed by State law. Remaining funds will be included in the next year's available amounts and current year revenues will fund the new reserve.

If the Council chooses to defer awarding some funds until its annual goals are adopted, then the Town could accept midyear applications that both address specific Town Council goals and are eligible for ATAX funding.

The F&A Committee decided that ATAC should develop guidelines and timeframes to address a streamlined midyear award process for both emergent events and Council goals. For the latter amount, potential applicants should be informed that **only grant applications that address specific annual goals of Town Council** will receive serious consideration.

**Conclusion:** The F&A Committee recommends to Town Council the following items:

1. a reserve fund of \$50,000 be established from each year's available grant funds to address unknown and emergent events that arise during the year;
2. the reserve could be supplemented with available grant funds that Council may defer awarding until such time its annual goals are adopted; and
3. ATAC should be directed by Council develop a streamlined process to award funds from the reserve.



## MEMORANDUM

**TO:** Town Council

**FROM:** Susan M. Simmons, CPA, Director of Finance

**VIA:** Stephen G. Riley, ICMA-CM, Town Manager

**DATE:** April 14, 2015

**RE:** Recommendation from Finance & Administrative Committee re State ATAX Grant Processes

---

### Recommendation:

The Finance and Administrative Committee recommends Town Council approve attached recommendations from the Finance & Administrative Committee regarding the State ATAX grant processes.

### Summary:

The first task undertaken by the new Finance & Administrative Committee was to review the State ATAX grant processes and make recommendations for improvement. The Committee set and met its goal of completing this task by the end of March. The Committee researched state and local laws and processes regarding ATAX to better understand what is allowable. The Committee engaged many community leaders, current and former members of the Town's Accommodations Tax Advisory Committee (ATAC), Town staff from the legal and financial perspectives, and grant recipients.

### Background

The Mayor and Council requested the new Committee review the State ATAX grants to improve the communication and educational components of the grants to support tourism, arts and cultural organizations, and Town government. The expected outcomes were improved processes, fair and consistent methodologies to determine grant awards, and better communication between all impacted parties to ensure positive community support of the program and its processes.

The Committee ended up with seven items for consideration and handled each one as a separate motion in Committee per the attached document from the Committee. The Committee is requesting that the Council consider its recommendations as a whole and direct ATAC and the Town Manager to implement them effective with Council's approval.

## Finance and Administrative Committee Recommendations to Town Council re the State ATAX Grant Processes

The Finance and Administrative (F&A) Committee selected as its first task to review the State Accommodations Tax (ATAX) Grant process and recommend improvements. The Committee held several meetings on this topic and had several presentations from knowledgeable community leaders. (As a separate topic in the coming months, the F&A Committee will address the State ATAX 30% DMO fund which the Chamber/VCB receives.)

The F&A Committee considered the items below and makes the following recommendations to Town Council to improve the State ATAX Grant processes.

1. **Consideration:** Whether the Town should use forward funding or advances in awarding or disbursing ATAX grants.

**Background:** Forward funding was the process used by the Town and stopped a few years ago wherein Council awarded certain grantees funds for the succeeding year at the same time it awarded other grantees for the upcoming year. In doing so, Council awarded grants to some grantees prior to knowing the total amount of grant funds that would be available.

Advances were provided to a few grantees in a process wherein a grantee received funds prior to submitting the final invoices and other documentation to support its allowable expenditures. Unlike forward funding, this process continues to the current time. The advances have always been approved by Town leadership but not always with the knowledge of the full Council. There were control procedures in place and the Town received full documentation to support all advances.

The F&A Committee believes that the use of forward funding or advances does not ensure that all grantees receive equal treatment.

**Recommendation:** The F&A Committee recommends that the Town not permit the use of forward funding or advances in awarding or disbursing ATAX grants. *(Approved 3-0)*

2. **Consideration:** Whether the Town should require that the Accommodations Tax Grant Application be available in both the Spanish and English language, online and hard copy.

**Background** The F&A Committee desires to ensure that the State ATAX Grant process is available to all organizations that meet the application requirements. They were concerned that applicants whose primary language is Spanish or those who may not be proficient in computer technology would be at a disadvantage.

Town staff explained that the online application process also serves as the Town's repository for records management and that all applications must be stored online. Staff further explained the burdensome impact of having the application available in Spanish but requiring that it be submitted in or translated to English for review by staff, ATAX Advisory Committee (ATAC) and Town Council. Staff further explained the Website Administrator provides online application assistance and that the ATAC Administrative Support provides online application assistance and is available for Spanish-English translation assistance.

Based on these facts, the F&A committee agreed no changes are necessary in this part of the process.

**Recommendation:** The F&A Committee recommends that the Accommodations Tax Grant Application remain in English only and be submitted online; the Committee further recommends that Town Staff continue to assist applicants as needed to meeting the filing requirements. *(Approved 3-0)*

3. **Consideration:** Whether a Town Council liaison be provided to the ATAX committee and whether Town Council endeavor to provide better direction regarding its objectives in advance of the ATAX grant application meetings.

**Background:** Some members of the Council, ATAC, applicants and public believe the process could be improved with better communications if Council has established annual goals or has a specific direction that could be addressed with State ATAX grant funds. While the Town is required to accept and consider all applications which are eligible, the process might be smoother, more efficient, and have greater public confidence if the Council's likely objectives are better understood.

**Recommendation:** The F&A Committee recommends to Town Council that a Town Council liaison be provided to the ATAX committee and that Town Council endeavor to provide better direction regarding its objectives in advance of the ATAX grant application meetings. The liaison would not be a voting or ex-officio member of the ATAX Committee. The liaison should be a communications bridge between the Council and ATAC and should strive to provide direction on behalf of the full Council. (Approved 3-0)

4. **Consideration:** Whether the Town Finance Department provide a statement detailing by grantee and grant the amounts requested, awarded, expended, lapsed, and balance still available to the grantee prior to each Annual ATAX meeting.

**Background:** Lapsed grant funds occur when the grantee does not use its full award during its grant period. The lapsed grants in the Finance report should match the lapsed funds added to the funds available for the next round of grants. The F&A Committee requested a better understanding relating to lapsed grants and better communication regarding the timing of grant reimbursements. Staff explained that lapsed grants are added back to new year revenues to determine the amount available for award. Since grant periods are one year and the lapsed funds are awarded the following year, staff believes that the process meets the State's two year requirement for the expenditure of funds.

Regarding the timing of reimbursements, staff explained that State ATAX checks are cut twice a month and each grantee determines the frequency in which it requests funds. The flow of funds also depends on whether the award is for operations occurring throughout the year (generally meaning more requests spread over the year) vs. for a specific event (for which the reimbursements generally are fewer and occur closer to the date of the event(s)).

**Recommendation:** The F&A Committee recommends to Town Council that the Town Finance Department provide a statement detailing by grantee and grant the amounts requested, awarded, expended, lapsed, and any balance remaining prior to each Annual ATAX meeting. (Approved 3-0)

5. **Consideration:** Whether ATAC should continue to measure the efficiency and effectiveness with which a recurring grantee has utilized its grant funds and whether the ATAX committee should give strong consideration to grant applicants and applications which provide a strong return on investment, cultivate and promote the arts and cultural community, and drive tourism or enhance the residents and visitors' experience.

**Background:** The F&A Committee believes that the Town should award State ATAX grants to those organizations that provide the best return on investment, cultivate and promote the arts and cultural community, and drive tourism or enhance the residents and visitors' experience. To do so, the Committee believes that ATAC should require applicants to document the efficiency and effectiveness of its previous ATAX grants and or its operations.

The Committee discussed a desire for better metrics and reducing the subjectivity of grant awards. It also discussed the difficulty in developing a "one size fits all" formula to determine the amount of

awards. Therefore, the Committee decided that at the present time it could only acknowledge the past efforts of ATAC in these endeavors and encourage ATAC to continue those efforts.

**Recommendation: The F&A Committee recommends to Town Council that ATAC should continue to measure the efficiency and effectiveness with which a recurring grantee has utilized its grant funds and should give strong consideration to grant applicants and applications which provide a strong return on investment, cultivate and promote the arts and cultural community, and drive tourism or enhance the residents and visitors' experience. (Approved 3-0)**

6. **Consideration:** Whether the ATAX applicants should be required to indicate whether they follow Town procurement guidelines or if they have their own procurement guidelines which they use and follow in the expenditure of ATAX grants.

**Background:** The F&A Committee is studying the requirements and desires of the Town to require organizations which receive public funds to follow certain procurement guidelines. This applies not only to State ATAX grantees but also to other non-vendor relationships the Town has with affiliated organizations. This greater topic will be determined separately from the State ATAX Grant process improvements.

To assist in its recommendations at a later date, the F&A Committee determined that as a first step that ATAC should query its applicants regarding the procurement guidelines they follow for their ATAX grant expenditures.

**Recommendation: The F&A Committee recommends to Town Council that ATAC require applicants to indicate whether they follow Town procurement guidelines or if they have their own procurement guidelines which they use and follow in the expenditure of ATAX grants. (Approved 3-0)**

7. **Consideration:** Whether an ATAX applicant should be permitted to seek an interim hearing with the F&A Committee prior to the Town Council award meeting.

**Background:** The F&A Committee received comments from applicants, the public, and ATAC regarding improvements needed to ensure a better transition in the awards process between the ATAC hearings and the Council's awards meeting. Some respondents commented that Council did not have the benefit of all the information presented to ATAC, that ATAC and applicants did not fully understand the goals and desires of Council, and that the applicants either had to meet informally with certain Council members or try to present their case at an already lengthy awards meeting. Most expressed variations on having an interim hearing process with either the full Council or the newly formed F&A Committee.

The purposes of this interim hearing process would be to improve the transparency of the entire process, improve the confidence of the applicants and public in the process, and to provide Town Council prior to making its awards with more information, time and understanding of the applications.

**Conclusion: The F&A Committee determined that at the present time it would not recommend an interim hearing process. It prefers to allow the liaison process (see #3 above) time to work prior to introducing another layer of review into the process. (No motion or vote)**

Respectfully submitted:

John McCann, Chairman  
Finance & Administrative Committee

**ATAX Accountability – Draft**

<b>Topic</b>	<b>Plan</b>	<b>Budget</b>	<b>Actual Spent</b>	<b>Results</b>
<b>Ex: Advertising / Promotion of Tourism Expense (Category 1)</b>				
Website	Add Ticketing	\$ 10,000.00	\$ 7,500.00	# On-line ticket sales / # hits + time
Website	Build New	\$ 20,000.00	\$ 22,000.00	# Hits / Duration
Website	Add New Event Feature	\$ 5,000.00	\$ 5,500.00	# Hits / Duration
Total Website		\$ 35,000.00	\$ 35,000.00	
PR Firm	Interview w/ Leadership, Lifestyle Mag Article	\$ 5,000.00	\$ 7,500.00	# Interviews, # hours, # articles, # impressions, demographics
Advertising	Local Advertising	\$ 12,000.00	\$ 13,000.00	# Copies, # Impressions, demographics
Advertising	Lifestyle Mag	\$ 20,000.00	\$ 25,000.00	# Copies, # Impressions, demographics
Advertising	Local TV Spots	\$ 20,000.00	\$ 5,000.00	# local attendees, % +/-
Advertising	NYC / NJ / CT/ VA / TN	\$ 25,000.00	\$ 35,000.00	# attendees from those states, % =+/-
Total Advertising		\$ 77,000.00	\$ 78,000.00	
Total Advertising / Promo of Tourism		\$ 117,000.00	\$ 120,500.00	
<b>Ex: Tourist Transportation Expense (Category 5)</b>				
Transportation	Buy new van + gas	\$ 35,000.00	\$ 40,000.00	# visitors carried
Transportation	Shuttle Service	\$ 20,000.00	\$ 22,000.00	# visitors carried
Total Tourist Transportation		\$ 55,000.00	\$ 62,000.00	
<b>Ex: Tourism-Related Facilities Expense (Category 3)</b>				
Utilities		\$ 10,000.00	\$ 8,000.00	
Facility Equipment	New laptop: Operations	\$ 1,000.00	\$ 750.00	
Facility Equipment	New HVAC	\$ 250,000.00	\$ 235,000.00	
Facility Equipment	New Thermostat Controls	\$ 50,000.00	\$ 50,000.00	
Total Facility Equip		\$ 301,000.00	\$ 285,750.00	
Total Tourism-Related Facilities Expense		\$ 311,000.00	\$ 293,750.00	

**ATAX Accountability – Draft**

<b>Topic</b>	<b>Plan</b>	<b>Budget</b>	<b>Actual Spent</b>	<b>Results</b>
<b>Ex: Tourism-Related Events (Category 2)</b>				
Programming	Add 1 extra show	\$ -	\$ 15,000.00	\$ Ticket Revenue from the Show
Total Budget to Actual		\$ 483,000.00	\$ 491,250.00	

**NOTES:**

These are examples of what an applicant might list. Some are applicable to events, others (less extensive) for Arts/Services, or new ideas.

**Topics:**

These can be identified by the applicant as a new initiative, a project, element of their organization or event, Marketing, Operating funding, capital needs whatever is consistent with the law.

**Measuring Results:**

Each applicant should choose how they measure degree of success. Applicants need to explain why this is an effective measurement technique that reflect results and how that relates to the objective. Applicants and ATAC members and Town Council members need to be cognizant of how deep the applicant must go on measurement. It's the old "Effort vs. Return" or "Time vs. Micromanagement". For instance, getting the number of impressions from a specific magazine ad in a particular issue may require inordinate amount of staff time. Counting the time required to obtain or calculate the effectiveness / return / ROI number for a specific advertisement should be evaluated against what decision would be made if the number / results were different. Does ATAC need to be so deep so that we are recommending a change from "Gardening in the South" magazine to "Southern Living Gardening Guide"?



**ACCOMMODATIONS TAX ADVISORY COMMITTEE  
TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA**

---

**2016 Accommodations Tax Grant Application**

**All applications must be fully completed and submitted electronically to the Town of Hilton Head Island no later than 4:00 p.m. on Friday, September 18, 2015.**

This application package includes the following:

1. Guideline for Applications
2. Accommodations Tax Funds Application
3. Accommodations Tax Advisory Committee Members
4. Announcement of Application Preparation Workshop
5. Meeting Schedule
6. Copy of Accommodations Tax Laws

Applications will first be subjected to Town Staff and Committee review for compliance with the law as to eligibility. For those applications passing the initial review, the applicants will be asked to make personal presentations at Committee hearings. These presentations are scheduled for **October 22 and October 29, 2015**. All applicant presentations will be held in the Benjamin M. Racusin Council Chambers at Town Hall. Each applicant will be notified by email (please make sure to provide a valid email address) of the time scheduled for its presentation.

The Committee requests each applicant to adhere strictly to the guidelines and requirements provided herein.

**Failure to correctly complete the application in its entirety, including the necessary board resolution and financial data, may disqualify what may be an otherwise qualifying application.**

# GUIDELINES FOR APPLICATIONS FOR ACCOMMODATIONS TAX FUNDS

## A. INTRODUCTION

1. As applicable to Hilton Head Island, the State law (see copy attached and section 6-4-10 in particular) specifies three groups, in general, which are entitled to receive bed tax funds after other mandated distributions have been made from the total funds available:
  - a. Town government: *"Based on the estimated percentage of costs directly attributed to tourists," Town expenditures for "the criminal justice system, law enforcement, fire protection, solid waste collection and health facilities when required to serve tourists and tourist facilities." See 6-4-10(b) and (b.4).*
  - b. Qualified groups advertising and promoting tourism in order to develop and increase tourism. *See 6-4-10(b.1).*
  - c. Qualified sponsors of arts and cultural events and for construction, maintenance and operation of facilities for civic and cultural activities. *See 6-4-10(b.2 and b.3).*
2. The law requires that the funds be used for **tourism-related expenditures** "primarily in the geographical area ... (of Hilton Head Island)." See 6-4-10(d). Therefore, the committee will not look with favor on applications for funds to be spent outside the Town or for activities or enterprises conducted outside the Town. The Accommodations Tax Advisory Committee will consider how applications either drive tourism to the Town or enhance our visitors' experience.
3. Applications must be filed by the publicly announced filing deadline, except the Committee may, for extraordinary reasons which prevent timely filing, extend the filing deadline.

## B. NOTES REGARDING THE APPLICATION

### 1. **Organization**

- a. Provide the organization name and the name of the project or event.
- b. Provide the requested contact information for the organization and a primary contact.
- c. List the organization's total annual budget and its 2015 grant request amount.
- d. Provide a brief description of the intended use of the grant and outline how the money would be used. *The Committee uses this as a cover page summary - applicants will have an opportunity to provide more detail in the application.*
- e. Describe how the organization either drives tourism to the Island or enhances the visitor experience. Show how this is currently being measured. *This provides the Committee with the necessary insight as to how the organization/event impacts the general tourism industry on the Island.*
- f. Provide the annual number of patrons served by the organization/ event. Also provide the total number of tourists served in this total annual number. *This provides the Committee with an estimated tourist ratio which may be used to determine grant award allocation based off of TERC recommended practices.*
- g. Requests for funding must be submitted by a non-profit organization. Applications cannot be accepted from individuals, for-profit entities, or ad-hoc committees. Proof of

non-profit status must accompany first time applications, e.g., IRS 501 (c) (3) letter.

- h. Applicants must include a copy of their organization's official minutes wherein the organization approves the application and commits the organization to financial responsibility for carrying it out to the stage of completion contemplated in the application, should funding be approved.
- i. The full name, postal mailing address, email address and telephone number of a primary contact person, given the authority and responsibility to represent the application before the Committee, must be included on both the title page of the application and in this section.

## 2. Description of Operations

- a. Describe the organization/event purpose and overall operation.
- b. The description must state what is intended to be accomplished by Accommodation Tax funds, and the source and amount of other funds to be committed to the operations.
- c. Describe the impact to the organization should it not be fully funded for the 2016 grant request.
- d. The "Impact on or Benefit to Tourism" statement should be supported by data and other records or history insofar as possible. All applicants must be able to provide the number of visitors served on an annual basis, or at the event for which funds are requested, and state how this number is calculated. Whenever possible, applicants should provide additional data on how its attendance numbers drive tourism. *(The State's legal definition of a "visitor" is someone who travels from beyond the government's limits, i.e., outside the Town of Hilton Head Island; however, strong consideration will be given to the State's Tourism Expenditure Review Committee (TERC) preferred definition that a "tourist" is someone who travels from outside a 50 mile radius.)*
- e. Per State requirements, please show how the grant request would be classified (as a percentage) by the categories listed. The total amount must equal 100%.

## 3. Funding

- a. Provide a brief description on how the organization is currently funded.
- b. As a percentage, show how the current funding is categorized.
- c. Please list the top 3 sources of public funding applied for, or received, for 2015 and 2016.

### **Prior Accommodations Tax Funds Recipients:**

- a. Provide a description of how the funds were used.
- b. Describe how the organization plans to reduce its dependency on ATAX funds in the future or increase its impact on tourism.

## 4. Description of Grant Request

- a. To qualify for an award, all planned expenditures must fall into the categories described in Section B.2 of this application (Section 6-4-10 of State Law).
- b. Please ensure that the entire grant request is eligible and adequately described in Sections B.1-3 and H. of this application. All details described must reconcile with the total request.

# 2016

## ACCOMMODATIONS TAX FUNDS REQUEST APPLICATION

<b>For Office Use Only</b>	Time Received:	By:
Date Received:		

*Applications will not be accepted if submitted after 4:00 P.M. on September 18, 2015*

### A. Summary of Grant Request:

**ORGANIZATION NAME:** \_\_\_\_\_

**Project/Event Name:** \_\_\_\_\_

Contact Name: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_

Email Address: \_\_\_\_\_ Contact Phone: \_\_\_\_\_

Event Date: \_\_\_\_\_ Event Location: \_\_\_\_\_

**Total Budget:** \_\_\_\_\_ **Grant Amount Requested:** \_\_\_\_\_

**Provide a brief summary on the intended use of the grant and how the money would be used.**  
(100 words or less)

**How does the organization/event either drive tourism to Hilton Head Island or enhance the visitor experience on Hilton Head Island? How is this impact being measured?** (100 words or less)

Total Number of Patrons Served, including Visitors: \_\_\_\_\_

Documented Number of Visitors Served: \_\_\_\_\_

How was the Number of Visitors Documented? \_\_\_\_\_

### B. DESCRIPTION OF OPERATIONS:

**1. For state reporting purposes, give a brief description of the organization. (250 words or less)**



**2. Describe in detail how the requested grant funding would be used? (250 words or less)**



**3. What impact would partial funding have on the activities, if full funding were not received? What would the organization change to account for partial funding? (100 words or less)**

4. **What is the expected economic impact and benefit to the Island's tourism?** (100 words or less)

5. In order to comply with the State's *Tourism Expenditure Review Committee* annual reporting requirements, **please classify the current grant request into the following authorized categories:**

- 1 - Destination Advertising/Promotion \_\_\_\_\_%  
*Advertising and promotion of tourism so as to develop and increase tourist attendance through the generation of publicity*
- 2 - Tourism-Related Events \_\_\_\_\_%  
*Promotion of the arts and cultural events*
- 3 - Tourism-Related Facilities \_\_\_\_\_%  
*Construction, maintenance and operation of facilities for civic and cultural activities including construction and maintenance of access and other nearby roads and utilities for the facilities*
- 4 - Tourism-Related Public Services \_\_\_\_\_%  
*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. It also includes public facilities such as restrooms, dressing rooms, parks and parking lots)*
- 5 - Tourist Public Transportation \_\_\_\_\_%  
*Tourist shuttle transportation*
- 6 - Waterfront Erosion/Control/Repair \_\_\_\_\_%  
*Control and repair of waterfront erosion*
- 7 - Operation of Visitor Information Centers \_\_\_\_\_%  
*Operating visitor information centers*

Total: 100 %

6. If not covered elsewhere in the application, please describe (a) how the organization will collaborate with other organizations to enhance tourism efforts, and (b) provide a venue or service not otherwise available to visitors to the Town of Hilton Head Island.

7. Additional comments

**C. FUNDING:**

1. Please describe how the organization is currently funded. (100 words or less)

2. Please also estimate, as a percentage, the source of the organization's total annual funding.

\_\_\_\_\_ Public Sources

\_\_\_\_\_ Private Contributions

\_\_\_\_\_ Corporate Support

\_\_\_\_\_ Other

3. Has the organization requested other ATAX or any other funding from other public sources or organizations? If so, please list top 3 sources and amounts.

**D. FINANCIAL INFORMATION:**

Fiscal year disclosure: Start Month: \_\_\_\_\_ End Month: \_\_\_\_\_

**Financial Statement Requirements:**

1. The upcoming year's operating budget for the organization.
2. The previous two years and current year profit and loss reports for the organization.
3. The previous two years and current year balance sheets.
4. The previous two years and current year IRS Form 990 or 990T.

**E. FINANCIAL GUARANTEES:**

Provide a copy of the **official minutes** wherein the organization approves the submission of this application.

**F. PRIOR RECIPIENT'S REPORT:**

If you received 2013 or 2014 HHI ATAX funds

1. **List any ATAX award amounts received in 2014 and/or 2015? How were the ATAX funds used? Were your objectives achieved? (100 words or less)**

2. **What impact did this have on the success of the organization/event and how did it benefit the community? (100 words or less)**

3. **How does the organization measure the effectiveness of both the overall activity and of individual programs? (100 words or less)**



**ACCOMMODATION TAX ADVISORY COMMITTEE  
TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA**

---

**APPLICATION FINAL CHECKLIST**

(Complete and return this list with the application)

- The application is being filed by the **September 18, 2015, 4:00 PM** deadline.
- We have reviewed and followed the application guidelines.
- We have provided a Board Resolution approving this application.
- We have supplied the requested Financial Data.
- We will be prepared to make a verbal presentation to the Committee and answer questions when we are scheduled to do so.

## ACCOMMODATIONS TAX ADVISORY COMMITTEE

NAME & SEAT	TERM EXPIRATION
<b>Mike Alsko, Chairman</b> At-Large	<b>June 30, 2018</b> (7/12-6/15) & (7/15-6/18)
<b>Robert Bender, Vice-Chairman</b> Hospitality	<b>June 30, 2016</b> (7/13-6/16)
<b>Trish Heichel</b> At-Large	<b>June 30, 2017</b> (7/11-6/14) & (7/14-6/17)
<b>Stewart D. Brown</b> Hospitality	<b>June 30, 2018</b> (7/12-6/15) & (7/15-6/18)
<b>Cliff McMackin</b> Lodging	<b>June 30, 2018</b> (7/15-6/18)
<b>Brad Marra</b> Lodging	<b>June 30, 2017</b> (7/14-6/17)
<b>Charles Miner</b> Cultural	<b>June 30, 2017</b> (7/14-6/17)

# NOTICE

## ACCOMMODATIONS TAX ADVISORY COMMITTEE

will hold a workshop

August 27, 2015 at 9:00 a.m.

Benjamin M. Racusin Council Chambers

The purpose of this workshop is to assist potential applicants with completing the applications for Accommodations Tax funds.

It is recommended applicants attend this session.

Please contact Erica Madhere at 843-341-4646 or email her at [ericam@hiltonheadislandsc.gov](mailto:ericam@hiltonheadislandsc.gov) if you have any questions or concerns.

**NOTE: A Town Council quorum may result in the event four or more Council members attend this meeting.**

## ACCOMMODATIONS TAX ADVISORY COMMITTEE 2015 SCHEDULE

Wednesday	March 25	9:00 a.m. – DMO Budget & Marketing Plan Presentation	Council Chambers
Wednesday	June 24	9:00 a.m. – Special Meeting	Conference Room 3
Tuesday	July 14	9:00 a.m. – Swearing in of members, Election of officers	Council Chambers
Monday	August 17	8:00 a.m. – Grant Application available for electronic filing	<a href="http://www.hiltonheadislandsc.gov">www.hiltonheadislandsc.gov</a>
Thursday	August 27	9:00 a.m. – ATAX Applicant Workshop	Council Chambers
Friday	September 18	4:00 p.m. – Application Deadline	<a href="http://www.hiltonheadislandsc.gov">www.hiltonheadislandsc.gov</a>
Thursday	October 8	9:00 a.m. – Preliminary Review of Applications	Council Chambers
Thursday	October 22	9:00 a.m. – 4:30 p.m. Applicant Hearings	Council Chambers
Thursday	October 29	9:00 a.m. – 4:30 p.m. Applicant Hearings	Council Chambers
Thursday	November 5	9:00 a.m. – Review and Recommendations	Council Chambers

**Notes:** A Special Town Council meeting to award the Accommodations Tax Grants will be held on **Tuesday, December 8, 2015** at **4:00 pm** in Council Chambers.

## **CHAPTER 4.**

### **ALLOCATION OF ACCOMMODATIONS TAX REVENUES**

#### **SECTION 6-4-5. Definitions.**

As used in this chapter:

- (1) "County area" means a county and municipalities within the geographical boundaries of the county.
- (2) "Cultural", as it applies to members of advisory committees in Section 6-4-25, means persons actively involved and familiar with the cultural community of the area including, but not limited to, the arts, historical preservation, museums, and festivals.
- (3) "Hospitality", as it applies to members of the committees in item (2), means persons directly involved in the service segment of the travel and tourism industry including, but not limited to, businesses that primarily serve visitors such as lodging facilities, restaurants, attractions, recreational amenities, transportation facilities and services, and travel information and promotion entities.
- (4) "Travel" and "tourism" mean the action and activities of people taking trips outside their home communities for any purpose, except daily commuting to and from work.

#### **SECTION 6-4-10. Allocation to general fund; special fund for tourism; management and use of special fund.**

The funds received by a municipality or a county in county areas collecting more than fifty thousand dollars from the local accommodations tax provided in Section 12-36-2630(3) must be allocated in the following manner:

- (1) The first twenty-five thousand dollars must be allocated to the general fund of the municipality or county and is exempt from all other requirements of this chapter.
- (2) Five percent of the balance must be allocated to the general fund of the municipality or county and is exempt from all other requirements of this chapter.
- (3) Thirty percent of the balance must be allocated to a special fund and used for advertising and promotion of tourism to develop and increase tourist attendance through the generation of publicity. To manage and direct the expenditure of these tourism promotion funds, the municipality or county shall select one or more organizations, such as a chamber of commerce, visitor and convention bureau, or regional tourism commission, which has an existing, ongoing tourist promotion program. If no organization exists the municipality or county shall create an organization with the same membership standard in Section 6-4-25. To be eligible for selection the organization must be organized as a nonprofit organization and shall demonstrate to the municipality or county that it has an existing, ongoing tourism promotion program or that it can develop an effective tourism promotion program. Immediately upon an allocation to the special fund, a municipality or county shall distribute the tourism promotion funds to the organizations selected or created to receive them. Before the beginning of each fiscal year, an organization receiving funds from the accommodations tax from a municipality or county shall submit for approval a budget of planned expenditures. At the end of each fiscal year, an organization receiving funds shall render an accounting of the expenditure to the municipality or county which distributed them.
- (4)(a) The remaining balance plus earned interest received by a municipality or county must be allocated to a special fund and used for tourism-related expenditures. This section

does not prohibit a municipality or county from using accommodations tax general fund revenues for tourism-related expenditures.

(b) The funds received by a county or municipality which has a high concentration of tourism activity may be used to provide additional county and municipal services including, but not limited to, law enforcement, traffic control, public facilities, and highway and street maintenance, as well as the continual promotion of tourism. The funds must not be used as an additional source of revenue to provide services normally provided by the county or municipality but to promote tourism and enlarge its economic benefits through advertising, promotion, and providing those facilities and services which enhance the ability of the county or municipality to attract and provide for tourists.

“Tourism-related expenditures” include:

1. advertising and promotion of tourism so as to develop and increase tourist attendance through the generation of publicity;
2. promotion of the arts and cultural events;
3. construction, maintenance, and operation of facilities for civic and cultural activities including construction and maintenance of access and other nearby roads and utilities for the facilities;
4. 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;
5. public facilities such as restrooms, dressing rooms, parks, and parking lots;
6. tourist shuttle transportation;
7. control and repair of waterfront erosion;
8. operating visitor information centers.

(c) Allocations to the special fund must be spent by the municipality or county within two years of receipt. If the allocations are not spent within two years, the municipality or county is subject to the provisions of Section 6-4-30(6). However, the time limit may be extended upon the recommendation of the county or municipality and approval of the South Carolina Accommodations Tax Oversight Committee in Section 6-4-30. An extension must include provisions that funds be committed for a specific project or program.

(d) In the expenditure of these funds, counties and municipalities are required to promote tourism and make tourism-related expenditures primarily in the geographical areas of the county or municipality in which the proceeds of the tax are collected where it is practical.

#### **SECTION 6-4-15.** Use of revenues to finance bonds.

A municipality or county may issue bonds, enter into other financial obligations, or create reserves to secure obligations to finance all or a portion of the cost of constructing facilities for civic activities, the arts, and cultural events which fulfill the purpose of this chapter. The annual debt service of indebtedness incurred to finance the facilities or lease payments for the use of the facilities may be provided from the funds received by a municipality or county from the accommodations tax in an amount not to exceed the amount received by the municipality or county after deduction of the accommodations tax funds dedicated to the general fund and the advertising and promotion fund. However, none of the revenue received by a municipality or county from the accommodations tax may be used to retire outstanding bonded indebtedness unless accommodations tax revenue was obligated for that purpose when the debt was incurred.

#### **SECTION 6-4-20.** Administration account established; State Treasurer’s duties; distribution of account revenues; exceptions to tourism spending mandate.

(A) An accommodations tax account is created to be administered by the State Treasurer.

(B) At the end of each fiscal year and before August first a percentage, to be determined by the State Treasurer, must be withheld from those county areas collecting four hundred thousand dollars or more from that amount which exceeds four hundred thousand dollars from the tax authorized by Section 12-36-2630(3), and that amount must be distributed to assure that each county area receives a minimum of fifty thousand dollars. The amount withheld from those county areas collecting four hundred thousand dollars or more must be apportioned among the municipalities and the county in the same proportion as those units received quarterly remittances in Section 12-36-2630(3). If the total statewide collections from the local accommodations tax exceeds the statewide collections for the preceding fiscal year then this fifty thousand dollar figure must be increased by a percentage equal to seventy-five percent of the statewide percentage increase in statewide collections for the preceding fiscal year. The difference between the fifty thousand dollars minimum and the actual collections within a county area must be distributed to the eligible units within the county area based on population as determined by the most recent United States census.

(C) At the end of each fiscal year and before August first, the State Treasurer shall distribute to each county area collecting more than fifty thousand dollars but less than four hundred thousand dollars an additional fifteen thousand dollars. If the total statewide collections from the local accommodations tax exceed the statewide collections for the preceding fiscal year, this fifteen thousand dollar figure must be increased by a percentage equal to seventy-five percent of the statewide percentage increase in statewide collections for the preceding fiscal year. This amount must be distributed in the same manner as the fifty thousand dollars in subsection (B). The amount paid those qualified county areas under this subsection must be paid from the account created under this section.

(D) The amount withheld in excess must be distributed to the county areas whose collections exceed four hundred thousand dollars based on the ratio of the funds available to the collections by each county area.

(E) The accommodations tax funds received by a municipality or county in county areas collecting fifty thousand dollars or less are not subject to the tourism-related provisions of this chapter.

(F) Two percent of the local accommodations tax levied pursuant to Section 12-36-2630(3) must be remitted quarterly and equally to the eleven agencies designated by law and regional organizations to administer multi-county tourism programs in the state tourism regions as identified in the promotional publications of the South Carolina Department of Parks, Recreation and Tourism. This remittance is in addition to other funds that may be allocated to the agencies by local governments.

(G) The State Treasurer may correct misallocations to counties and municipalities from accommodations tax revenues by adjusting subsequent allocations, but these adjustments may be made only in allocations made in the same fiscal year as the misallocation.

**SECTION 6-4-25.** Advisory Committee; guidelines for expenditures; annual reports; reports to Accommodations Tax Oversight Committee.

(A) A municipality or county receiving more than fifty thousand dollars in revenue from the accommodations tax in county areas collecting more than fifty thousand dollars shall appoint an advisory committee to make recommendations on the expenditure of revenue generated from the accommodations tax. The advisory committee consists of seven members with a majority being selected from the hospitality industry of the municipality or county receiving the revenue. At least two of the hospitality industry members must be from the lodging industry where applicable. One member shall represent the cultural

organizations of the municipality or county receiving the revenue. For county advisory committees, members shall represent the geographic area where the majority of the revenue is derived. However, if a county which receives more in distributions of accommodations taxes than it collects in accommodations taxes, the membership of its advisory committee must be representative of all areas of the county with a majority of the membership coming from no one area.

(B) A municipality or county and its advisory committee shall adopt guidelines to fit the needs and time schedules of the area. The guidelines must include the requirements for applications for funds from the special fund used for tourism-related expenditures. A recipient's application must be reviewed by an advisory committee before it receives funds from a county or municipality.

(C) Advisory committees shall submit written recommendations to a municipality or county at least once annually. The recommendations must be considered by the municipality or county in conjunction with the requirements of this chapter.

(D) Municipalities and counties annually shall submit to the South Carolina Accommodations Tax Oversight Committee:

(1) end-of-the-year report detailing advisory committee accommodations tax recommendations;

(2) municipality's or county's action following the recommendations;

(3) list of how funds from the accommodations tax are spent, except for the first twenty-five thousand dollars and five percent of the balance in Section 6-4-10(2) allocated to the general fund. The list is due before October first and must include funds received and dispersed during the previous fiscal year;

(4) list of advisory committee members noting the chairman, business address if applicable, and representation of the hospitality industry including the lodging industry and cultural interests.

(E) The regional tourism agencies in Section 6-4-20 annually shall submit reports on their budgets and annual expenditure of accommodations tax funds pursuant to this chapter to the Accommodations Tax Oversight Committee.

**SECTION 6-4-30.** Repealed by 2003 Act No. 96, Section 3.MM, eff June 18, 2003.

**SECTION 6-4-35.** Tourism Expenditure Review Committee.

(A) There is established the Tourism Expenditure Review Committee consisting of eleven members as follows:

(1) one member appointed by the Speaker of the House;

(2) one member appointed by the President Pro Tempore of the Senate;

(3) the Director of the South Carolina Department of Parks, Recreation and Tourism, or his designee, ex officio;

(4) eight members appointed by the Governor as follows:

(a) one member on the recommendation of the South Carolina Association of Tourism Regions;

(b) one member on the recommendation of the South Carolina Association of Convention and Visitors Bureaus;

(c) one member on the recommendation of the South Carolina Travel and Tourism Coalition;

(d) one member on the recommendation of the Municipal Association of South Carolina;

- (e) one member on the recommendation of the South Carolina Association of Counties;
- (f) one member on the recommendation of the Hospitality Association of South Carolina;
- (g) one member on the recommendation of the South Carolina Arts Commission;
- and
- (h) one member at large.

Appointed members shall serve for terms of four years and until their successors are appointed and qualify, except that of those first appointed by the Governor, four shall serve for a term of two years and the term must be noted on the appointment. Regardless of the date of appointment, all terms expire July first of the applicable year. Members shall serve without compensation but may receive the mileage, subsistence, and per diem allowed by law for members of state boards, committees, and commissions. Vacancies must be filled in the manner of original appointment for the unexpired portion of the term.

(B)(1)(a) The Tourism Expenditure Review Committee shall serve as the oversight authority on all questionable tourism-related expenditures and to that end, all reports filed pursuant to Section 6-4-25(D)(3) must be forwarded to the committee for review to determine if they are in compliance with this chapter. The municipality or county must be notified if an expenditure is questioned, and the committee may consider any further supporting information the municipality or county may provide. If the committee finds an expenditure to be in noncompliance, it shall certify the noncompliance to the State Treasurer, who shall withhold the amount of the expenditure found in noncompliance from subsequent distributions in accommodations tax revenue otherwise due the municipality or county. An appeal from an action of the committee under this subitem lies with the Administrative Law Judge Division.

(b) If the committee determines that a municipality or county has failed to file the reports required pursuant to Section 6-4-25(D)(3), it may impose a fee of five hundred dollars a month or part of a month for each month the report is not filed, but not more than five thousand dollars. The committee shall certify the penalty to the State Treasurer, who shall withhold the amount of the penalty from subsequent distributions otherwise due the municipality or county. An appeal from an action of the committee under this subitem lies with the Administrative Law Judge Division.

(c) Allocations withheld must be reallocated proportionately to all other recipients.

(2) The committee has jurisdiction to investigate and research facts on written complaints submitted to it with regard to the appropriate tourism-related expenditures and resolve these complaints as provided in item (1) of this subsection.

(3) The committee shall forward copies of information submitted by the local governments and regional tourism agencies pursuant to Section 6-4-25 arising under the tourism provisions of this chapter to the Department of Parks, Recreation and Tourism, which shall publish an annual report on the information submitted.