

RICHLAND COUNTY COUNCIL



HOSPITALITY TAX REVIEW COMMITTEE

Damon Jeter
District 3

Greg Pearce
District 6

Torrey Rush
District 7

Jim Manning
District 8

Norman Jackson
District 11

Tuesday, October 1, 2013

5:15 PM

Council Chambers

- 1. Call to Order**

- 2. Recommend a percentage amount for allowable operating and maintenance expenditures. It was recommended that the County allow organizations that operate tourism facilities be allowed to use a portion of H-Tax funds for facility operations and maintenance as described in the State Statute. It was also recommended that the H-Tax Guidelines be revised to include specifically that H-Tax funds can be used for operation and maintenance of (a) tourism-related buildings including, but not limited to, civic centers, coliseums, and aquariums and (b) tourism-related cultural, recreational, or historic facilities [PAGES 3-6]**

- 3. Adding New Ordinance Agencies: [PAGE 7]**
 - a. Township**

 - b. Renaissance Foundation**

- 4. Create a new funding category under Community Promotions to be titled "Special County Promotions". Place organizations that annually receive additional funding through the motions process out of the competitive cycle since Council is providing additional funding for these organizations every year. These organizations would receive base funding each year at the previous FY level with any funding increases based on CPI. The following organizations will be placed: Olive Branch Network of South Carolina and South East Rural Community Outreach (SERCO) [PAGES 8-9]**

RICHLAND COUNTY COUNCIL



HOSPITALITY TAX REVIEW COMMITTEE

5. Other Items

6. Schedule Next Meeting

7. Adjournment

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Memo

May 13, 2013

To: Richland County Council

From: Hospitality Tax Committee

RE: Recommendations for the Hospitality Tax County Promotions Grant Program

Please accept the following recommendations for the County Promotions grant program. After reviewing the applications and making funding recommendations for the FY14 budget year, the Committee offers the following:

- Increase the amount of funds allocated to the County Promotions (and therefore to the H-Tax Committee for awards) line item. In FY14, the H-Tax grant program received 43 applications requesting a combined \$2.1 million. However, the H-Tax Committee was only allocated \$321,650 to make recommendations against requests almost 6 times as large. (H-Tax Review Committee made no recommendation)
- Related, take organizations that annually receive additional funding through the motion process out of the competitive cycle as they are funded each year through a motion during the budget (e.g. SERCO, Sweet Potato Festival). The \$30,000+ funds in Committee recommendations allocated to these organizations could fund other organizations. Council motions and out of cycle funding for projects that have already gone through the grant process could have the unintended effect of undermining the grant process. (H-Tax Review Committee made no recommendation)
- Remove the 25/75% split rule where 25% of the funds are allocated for incorporated programs and 75% are allocated for unincorporated and regional tourism programs. This rule is difficult to work with and Council does not follow this rule when making budget motions. (H-Tax Review Committee made no recommendation)
 - For FY14, 22 applications were received for incorporated programs requesting \$890,935 and \$80,419 was available to allocate for recommendations.
 - On the unincorporated/regional tourism side, 21 applications requesting \$1.2 M were vying for \$241,256.
 - In FY13, County Council allocated an additional \$141,000 in H-Tax funds to incorporated programs through the motion process to organizations who received a Committee recommendation. This number does not include motions provided to organizations that did not apply or programs in the unincorporated areas.
- Allow organizations that operate tourism facilities be allowed to use a portion of H-Tax funds for facility operations and maintenance. An example of this is the Columbia Music Festival Association's ArtSpace that is a venue for cultural and arts organizations. In 2011 Council voted on changes to the H-Tax program that included restricting funds to paying for marketing, promotions, entertainment and public safety. The H-Tax Committee applauds Council for those changes, particularly regarding its renewed emphasis on marketing to attract more non-residents to the County, but we believe some additional and limited flexibility for operations and maintenance for true tourist facilities may be warranted. The true test of these and other changes will be reviewed once final reports are received in July 2013. (H-Tax Review Committee made a recommendation to County Council)

STATE STATUTE
ARTICLE 7
LOCAL HOSPITALITY TAX

SECTION 6-1-700. Short title.

This article may be cited as the "Local Hospitality Tax Act".

HISTORY: 1997 Act No. 138, Section 9.

SECTION 6-1-710. Definitions.

As used in the article:

- (1) "Local governing body" means the governing body of a county or municipality.
- (2) "Local hospitality tax" is a tax on the sales of prepared meals and beverages sold in establishments or sales of prepared meals and beverages sold in establishments licensed for on-premises consumption of alcoholic beverages, beer, or wine.
- (3) "Positive majority" means a vote for adoption by the majority of the members of the entire governing body, whether present or not. However, if there is a vacancy in the membership of the governing body, a positive majority vote of the entire governing body as constituted on the date of the final vote on the imposition is required.

HISTORY: 1997 Act No. 138, Section 9.

SECTION 6-1-720. Imposition of local hospitality tax.

(A) A local governing body may impose, by ordinance, a local hospitality tax not to exceed two percent of the charges for food and beverages. However, an ordinance imposing the local hospitality tax must be adopted by a positive majority vote. The governing body of a county may not impose a local hospitality tax in excess of one percent within the boundaries of a municipality without the consent, by resolution, of the appropriate municipal governing body.

(B) All proceeds from a local hospitality tax must be kept in a separate fund segregated from the imposing entity's general fund. All interest generated by the local hospitality tax fund must be credited to the local hospitality tax fund.

HISTORY: 1997 Act No. 138, Section 9.

SECTION 6-1-730. Use of revenue from local hospitality tax.

(A) The revenue generated by the hospitality tax must be used exclusively for the following purposes:

- (1) tourism-related buildings including, but not limited to, civic centers, coliseums, and aquariums;

- (2) tourism-related cultural, recreational, or historic facilities;
- (3) beach access and renourishment;
- (4) highways, roads, streets, and bridges providing access to tourist destinations;
- (5) advertisements and promotions related to tourism development; or
- (6) water and sewer infrastructure to serve tourism-related demand.

(B)(1) In a county in which at least nine hundred thousand dollars in accommodations taxes is collected annually pursuant to Section 12-36-920, the revenues of the hospitality tax authorized in this article may be used for the operation and maintenance of those items provided in (A)(1) through (6) including police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to those facilities.

(2) In a county in which less than nine hundred thousand dollars in accommodations taxes is collected annually pursuant to Section 12-36-920, an amount not to exceed fifty percent of the revenue in the preceding fiscal year of the local hospitality tax authorized pursuant to this article may be used for the additional purposes provided in item (1) of this subsection.

HISTORY: 1997 Act No. 138, Section 9; 1999 Act No. 93, Section 14; 2006 Act No. 314, Section 2, eff June 1, 2006; 2010 Act No. 290, Section 36, eff January 1, 2011.

SECTION 6-1-740. Cumulative rate of local hospitality tax.

The cumulative rate of county and municipal hospitality taxes for any portion of the county area may not exceed two percent, unless the cumulative total of such taxes was in excess of two percent or were authorized to be in excess of two percent prior to December 31, 1996, in which case the cumulative rate may not exceed the rate that was imposed or adopted as of December 31, 1996.

HISTORY: 1997 Act No. 138, Section 9.

SECTION 6-1-750. Local hospitality tax revenue upon annexation.

In an area of the county where the county has imposed a local hospitality tax that is annexed by a municipality, the municipality must receive only that portion of the revenue generated in excess of the county local hospitality tax revenue for the previous twelve months in the area annexed.

HISTORY: 1997 Act No. 138, Section 9.

SECTION 6-1-760. Ordinances prior to March 15, 1997; calculation; revenue.

(A) With respect to capital projects and as used in this section, "tourist" means a person who does not reside in but rather enters temporarily, for reasons of recreation or leisure, the jurisdictional boundaries of a municipality for a municipal project or the immediate area of the project for a county project.

(B) Notwithstanding any provision of this article, any ordinance enacted by county or municipality prior to March 15, 1997, imposing an accommodations fee which does not exceed the three percent maximum cumulative rate prescribed in Section 6-1-540, is calculated upon a base consistent with Section 6-1-510(1), and the revenue from which is used for the purposes enumerated in Section 6-1-530, remains authorized and effective after the effective date of this section. Any county or municipality is authorized to issue bonds, pursuant to Section 14(10), Article X of the Constitution of this State, utilizing the procedures of Section 4-29-68, Section 6-17-10 and related sections, or Section 6-21-10 and related sections, for the purposes enumerated in Section 6-1-530, to pledge as security for such bonds and to retire such bonds with the proceeds of accommodations fees imposed under Article 5 of this chapter, hospitality fees imposed under this chapter, state accommodations fees allocated pursuant to Section 6-4-10(1), (2), and (4), or any combination thereof, and the pledge of such other nontax revenues as may be available for those purposes for capital projects used to attract and support tourists.

HISTORY: 1997 Act No. 138, Section 10; 2010 Act No. 284, Section 1, eff upon approval (became law without the Governor's signature on June 28, 2010).

SECTION 6-1-770. Remitting tax to local governing body; frequency determined by estimated average amounts.

The tax provided for in this article must be remitted to the local governing body on a monthly basis when the estimated amount of average tax is more than fifty dollars a month, on a quarterly basis when the estimated amount of average tax is twenty-five dollars to fifty dollars a month, and on an annual basis when the estimated amount of average tax is less than twenty-five dollars a month.

HISTORY: 1998 Act No. 419, Part II, Section 63B.

**CRITERIA FOR ADDING NEW AGENCIES TO THE
RICHLAND COUNTY HOSPITALITY TAX ORDINANCE**

From time to time, Richland County Council may amend the Hospitality Tax Ordinance in order to include new Agencies for annual appropriations. As a general policy, only Agencies that meet the following criteria, at a minimum, shall be considered for inclusion in Hospitality Tax Ordinance:

- a. The Agency shall have a record of generating significant levels of tourism in Richland County, with a special emphasis on promoting tourism in the unincorporated areas of the county;
- b. The Agency shall offer programs that will generate tourism throughout the year;
- c. The Agency shall add to, or otherwise reflect, the diversity of the citizens of Richland County;
- d. The Agency shall be recognized by the South Carolina Secretary of State and be in good standing as a non-profit organization;
- e. The Agency must be deemed eligible to receive funding from the county under all applicable state and federal laws;
- f. The Agency shall have a proven history of fundraising ability, and shall not be reliant on county funding to sustain its annual operations or capital costs;
- g. The Agency shall devote a minimum of 67% of its annual expenses toward programs and services;
- h. The Agency must not receive a significant portion of its annual budget from any other sources of county revenue, including, but not limited to: general fund sources, dedicated taxes, or fees. This requirement shall be waived if the purpose of including the Agency in the Hospitality Tax Ordinance is to replace the existing funding source with Hospitality Tax dollars; and
- i. The Agency must have the organizational capacity to meet all other requirements of the Hospitality Tax Ordinance, including detailed reporting requirements.

ATTACHMENT 4

Hospitality Tax Budget

	FY10 Approved	FY11 Approved	FY12 Approved	FY13 Approved	FY14 Approved
Annual Appropriations					
<i>Expenditure Detail</i>					
Columbia Museum of Art	695,002	648,437	667,890	687,926	702,372
Historic Columbia Foundation	267,309	249,399	256,881	264,587	270,143
EdVenture	106,923	99,759	102,752	105,834	108,057
County Promotions (Grant Program)	328,203	296,558	330,454	340,368	347,516
<i>Sub-total Annual Agency Commitment</i>	<i>1,397,437</i>	<i>1,294,153</i>	<i>1,357,977</i>	<i>1,398,715</i>	<i>1,428,088</i>

Township Maintenance	50,078	50,078	68,728	68,728	70,171
Cost Allocation		433,989	433,989	433,989	770,000

Other Discretionary Council Promotions:

Note: Some amounts were in addition to Promotions award amount

Appearance Commission - Ft. Jackson Entry	40,000				
Auntie Karen Foundation				13,030	
Benedict College			6,877		
Black Expo			16,000		
Black Pages				35,044	45,600
Blythewood BBQ Event					25,000
Broad River Fest/3 Rivers				5,000	95,725
Carolina Sunsplash					65,000
Caughman Pond Property			900,000		1,400,000
Columbia Chamber of Commerce - Friends of Our Forces					27,479
Columbia Classical Ballet				4,978	
Columbia International Festival			13,224	23,000	42,500
Columbia Metropolitan Convention & Visitor	200,000				50,000
Diamond Day					15,000
EdVenture			250,000	130,000	
Famously Hot New Year				15,000	
Fight Night					30,000
Glow in the Dark Golf Tournament					50,000
Historic Columbia Renovations			750,000	250,000	
Kingville Historic Foundation				16,018	81,000
Lake Murray Tourism	56,162			50,000	49,000
Lower Richland Sweet Potato Festival			50,000	50,044	50,000
Main St. Latin Fest					41,000
Nickelodeon			250,000		125,000
North Columbia Business Association Cornbread Fest					11,000
Office of Public Information	100,000				
Palmetto City Classic				20,000	
Parenting Solo				45,000	
Recreational Complex (From designated fund balance)			250,000		
Renaissance Foundation	200,000	100,000	100,000	100,000	100,000
SCALE, Inc.					56,000
SC HIV/AIDS Council					7,000
SC State Museum Capital Campaign	250,000	250,000	250,000	250,000	

SERCO	237,500		185,000	178,883	253,800
SERCO Subrecipients		237,500			
SIAC Tournament				25,000	
Sparkleberry Country Fair				2,883	8,800
St. Andrews BBQ Event					25,000
Township	281,448		200,000	250,000	229,829
Unallocated					
Woodcreek Classic				650	
<i>Sub-total Other Discretionary</i>	<u>1,365,110</u>	<u>587,500</u>	<u>3,221,101</u>	<u>1,464,530</u>	<u>2,883,733</u>
Sub-total	2,812,625	2,365,720	5,081,795	3,365,962	5,151,992
<u>Debt Service Capital Projects:</u>	<u>1,966,920</u>	<u>1,962,392</u>	<u>1,966,352</u>	<u>1,968,368</u>	<u>1,500,000</u>
(Township Renovations (\$12m), Farmers Market - Land (\$3.5m), Farmers Market - Land refunded w/vendor payments (\$1m), Recreation Complex Land)					
Debt Service for New Project			1,072,954	1,072,954	
Professional Services - Caughman Pond				50,000	
Reserved for Future Use				250,000	
Total Expenditure	4,779,545	4,328,112	8,121,101	6,707,284	6,651,992