

City of Isle of Palms, SC Accommodations Task Force

March 17, 2022

1. Welcome and acknowledgement that the press and the public have been duly notified of this meeting in accordance with the Freedom of Information Act.
2. Approval of previous meeting's minutes – February 24, 2022
3. Presentation by the Charleston Visitor's Bureau – Helen Hill, CEO
4. Questions & Answers
5. Discussion of what additional data/research/information needed by taskforce
6. Next steps/assignments
7. Next meeting date



**Accommodations Task Force Meeting
10:00am, Thursday, February 24, 2022
1207 Palm Boulevard, Isle of Palms, SC and
broadcasted live on YouTube: <https://www.youtube.com/user/cityofisleofpalms>**

MINUTES

1. Call to Order

Present: Rusty Streetman, Sam Parris, Sarah Vega, Ray Burns, Curtis Kay, Bret Jones, Katrina Limbach, Randy Walker

Absent: Melissa Simbana

Staff Present: Administrator Fragoso, Director Kerr

2. Introduction

Council Member Streetman read the letter all members of the Accommodations Task Force received from Mayor Pounds thanking them for agreeing to be on the task force. He also thanked the Accommodations Tax Advisory Committee for their recommendations. Members of the Task Force introduced themselves.

3. Purpose

Council Member Streetman said, "We do have a purpose for this task force and that is to research, evaluate, and develop a go-forward business model with specific recommendations for the expenditure of accommodations tax revenue specific to tourism, advertisement, and promotion. That is what our purpose is, and again as I mentioned earlier, the Task Force will have up to six months to research and come back with specific recommendations to City Council, and I am hoping we can do that in a much shorter time frame than that."

4. Overview of State Accommodations Tax

Administrator Fragoso gave a presentation about the State Accommodations Tax including the legal definition of State Accommodations Tax, the difference between local and State ATAX, what local ATAX funds can be used on (which is not the focus of this Task Force), restrictions on the use of State ATAX, the formula for how the funds are allocated for use within a municipality, definition and examples of tourism-related expenses, a spreadsheet detailing the receipt of State ATAX funds from FY18 to the present, and where State ATAX revenues are generated on the island.

She also reviewed the existing structure for the expenditure of the 30% required for tourism, advertising, and promotion. Currently, the only DMO option available is the Charleston Visitor's Bureau. Administrator Fragoso said of the CVB: "Their focus has always been to create an

overnight visitor, somebody that comes and stays the night. That is what technically, ultimately impacts accommodations tax because that 2% is only levied on those people that stay overnight on the island in any time of sleeping accommodation. They've been focused on the resort and short-term rentals."

She gave a brief overview of the plans the CVB has for the Isle of Palms including: an IOP-specific website highlighting all island businesses, group sales and business sales specifically in Wild Dunes, wedding group business, media relations and social media, local guides and campaigns, and visitor services. She said Helen Hill, the CEO of the CVB, would be willing to speak to the Task Force if they would like.

She added that concerns were expressed by the ATAX Committee "about the CVB's business model and how much money is spent on Isle of Palms' specific advertisement. Their model is very much a regional model based with Charleston and Charleston beaches, and there is the belief that they should be doing more advertisement that is just specific to Isle of Palms. When you look at the contributions of the City of Isle of Palms for that 30% compared to other communities in the region that also use the CVB, which includes Sullivan's Island, Mt. Pleasant, Charleston County, Kiawah, there seemed to be a disparity in how much money the City was providing as part of that 30%, and how much content was Isle of Palms specific. So in response to that concern, they have come back with a proposal that talks about more IOP-specific advertisement...at no extra cost to any of the businesses that would take advantage of all the traffic that ExploreCharleston already gets."

5. Overview of ATAX Advisory Committee research and recommendations

Mr. Ray Burns, Chairman of the ATAX Advisory Committee, gave an overview of the work done by the ATAX Committee in recent months at the behest of City Council. He suggested that Task Force members visit the Department of Revenue website and look for Ruling 98.22, the TERC website, and ExploreCharleston.com.

He reviewed the history and formation of Folly Beach's own DMO as well as its current efforts on behalf of the City of Folly Beach. He also suggested that Task Force members look at VisitiFolly.com.

He shared the recommendations of the ATAX Committee to City Council which included the City considering the formation of its own DMO, not approving the CVB budget, and withholding funds allocated to the CVB until they receive a legal opinion on the City forming its own DMO. He said he believed the City had received an opinion that the monies could not be held.

He gave a brief overview of how the City of Isle of Palms might form its own DMO.

He said the ATAX Committee believes that there is a role for the CVB and the City's own DMO with regards to the allocation of the 30% funds.

Mr. Burns noted that the Isle of Palms will pay the CVB over \$700,000 this year while the City of Folly Beach will pay around \$20,000 and Sullivan's Island less than \$10,000. Administrator Fragoso noted that Sullivan's Island generates less ATAX dollars since it has no hotels or short-

term rentals, and Folly Beach only has one hotel. Mr. Burns said all the beach communities are treated the same in CVB advertising.

Mr. Walker noted that it is the Charleston name that attracts people to the region, not any one specific island.

Task Force members briefly discussed more advertising in the shoulder seasons to keep business year-round or focusing on advertising in the season so there is a break in the volume of visitors to the island.

Ms. Limbach believes the newly formed Chamber of Commerce could qualify to receive some of the 30% funds. Mr. Burns referred to the section of the law that defines what kind of organization can receive the 30% funds: “For selection, the organization must be organized as a non-profit organization and it shall demonstrate to the municipality or county that has an existing, ongoing tourism promotion program or that it can develop and effective tourism promotion program.”

Administrator Fragoso said further legal clarification and interpretation is needed on that portion of the law as there are several opinions already “out there.” She added, “This would be an action from legal. Can the City create one if one exists? What would be the criteria to determine that one does not exist that meets our needs that would then allow the City to create a specific, separate organization?”

Should the Task Force request legal opinion or advice, it would be done so within the context of Executive Session.

Ms. Vega said that it is necessary to examine the administrative burden of all options and factor that into the final decisions made by the Task Force.

Regarding the 30% funds, Administrator Fragoso said the law is “specific that it must be used exclusively for advertisement and promotion and for the development of tourism. I think the conversation would be better if you focus on goals. What is the goal of the tourism advertisements and promotion piece, and can the City achieve that goal with the current structure, with the CVB, or do we think we can do better or different through another structure before thinking of reinventing the whole wheel...This task force needs to articulate what does success look like, what do we want that we are not getting today, can we get there with our current structure? If not, what are our options?”

6. Miscellaneous Business

The next regular meeting of the Accommodations Task Force will be on Wednesday, March 9, 2022 at 9:00am.

7. **Adjournment**

The meeting was adjourned at approximately 10:35am.

Respectfully submitted,

Nicole DeNeane
City Clerk