

City of Isle of Palms, SC Accommodations Task Force

March 31, 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 – March 17, 2022
3. Presentation and discussion with the City of Folly Beach and Folly Beach Tourism and Visitor Promotion Committee (FBTVPC) – Tim Goodwin, Mayor of Folly Beach and Carl Hally, Chair of the FBTVPC
4. Presentation of all IOP tourism related revenues – Debbie Suggs, IOP Finance Director
5. Questions & Answers
6. Discussion of what additional data/research/information needed by taskforce
7. Next steps/assignments
8. Next meeting date



**Accommodations Task Force Meeting
10:00am, Thursday, March 17, 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, Curtis Kay, Bret Jones, Katrina Limbach, Randy Walker

Absent: Melissa Simbana, Ray Burns

Staff Present: Administrator Fragoso, Director Kerr

2. Approval of Previous Meeting's Minutes – February 24, 2022

MOTION: Ms. Vega made a motion to approve the minutes of the February 24, 2022 meeting, and Ms. Limbach seconded the motion. The motion passed unanimously.

3. Presentation by Helen Hill, CEO of the Charleston Visitor's Bureau

Ms. Helen Hill, CEO of the Charleston Visitor's Bureau, gave a presentation speaking to the relationship between the CVB and the Isle of Palms. The overarching goal of the CVB, she said, is to create overnight visitors in the Charleston area at the highest nightly rate possible. She explained how and where ATAX funds are created and how they flow from the taxpayer to the individual municipalities. She said that 87% of their \$22M budget is spent on marketing, media, and public relations. The CVB is the second largest DMO in the state just after Myrtle Beach. She also reviewed some of the more recent initiatives of the CVB, one of which is a new IOP-specific website for IOP business owners.

This IOP-specific website is not yet up and running as they are awaiting more island businesses to request space on the site. Any island business with an active business license that is interested in visitor-related business qualifies for placement on the website. The City has been contacting business owners and will continue to speak about the effort at the quarterly meetings with business owners.

Ms. Hill spoke about the regional marketing model employed by the CVB to attract visitors to the Charleston area. Ms. Limbach mentioned the growing relationship between the CVB and the newly formed IOP Chamber of Commerce. Council Member Streetman noted that some of the 65% ATAX Funds can also be used for tourism promotion. Ms. Hill said that it is possible to take some of the 30% funds and create IOP-specific advertising. She added that any IOP-specific

advertising such as suggested by Ms. Limbach and Ms. Vega would need to be approved by their Board.

Council Member Streetman asked how the CVB felt about the effect of inflation and fuel prices on visitors coming to the area. Ms. Hill said that an increase in gas prices is not likely to affect the plans of a family or group already spending a lot of money to come here.

Council Member Streetman shared that the CVB is a platinum sponsor of the newly formed LENS program on the island.

4. Discussion of what additional data/research/information is needed

Mr. Parris suggested learning about the City's budget, understanding wholistically how ATAX fits into the budget, and what it helps to fund. Administrator Fragoso said she would give a presentation at the next meeting about the financial impact of ATAX funds on the City's budget.

Administrator Fragoso said the Attorney General has not yet responded to TERC's request for an opinion about using another or creating a new DMO. She is unsure of the process by which an organization can qualify to be considered a DMO and receive ATAX funds.

Council Member Streetman said he would also like to have a representative from Folly Beach's DMO come speak to the Task Force.

5. Next steps/assignments

Council Member Streetman encouraged Task Force members to review the ATAX meeting videos and or the minutes from previous meetings that are found on the City's website.

6. Miscellaneous Business

The next regular meeting of the Accommodations Task Force will be on Thursday, March 31, 2022 at 9:00am.

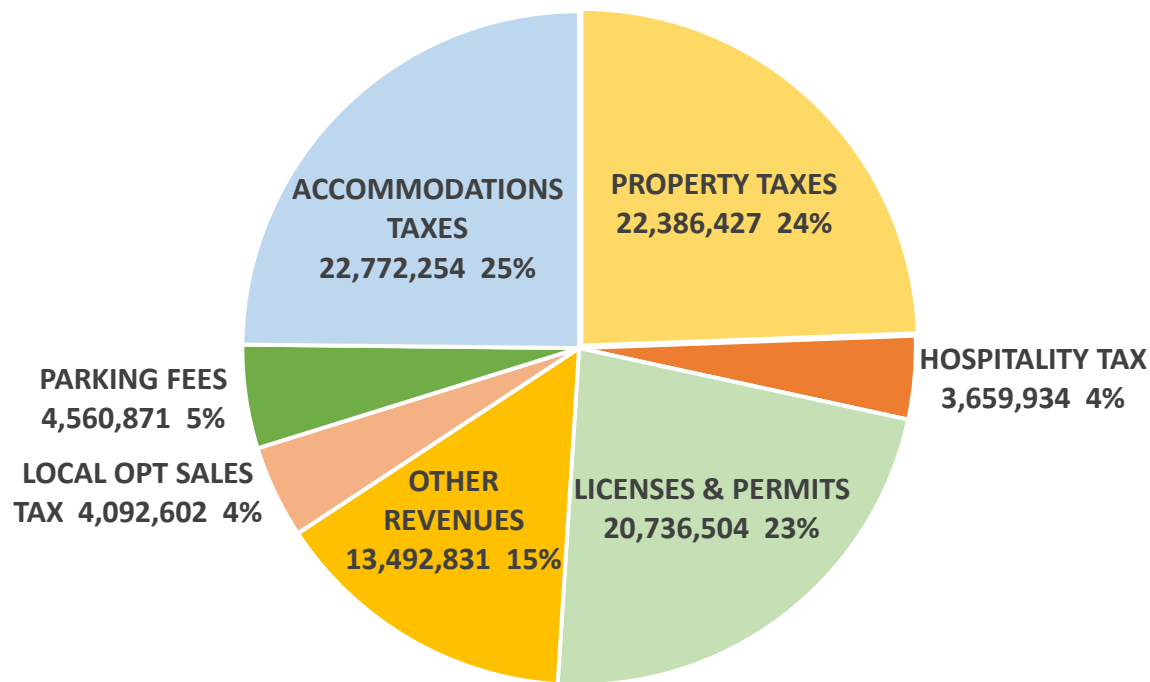
7. Adjournment

Ms. Limbach made a motion to adjourn, and Ms. Vega seconded the motion. The meeting was adjourned at approximately 10:07am.

Respectfully submitted,

Nicole DeNeane
City Clerk

City of Isle of Palms 5-Year Total Revenues



REVENUE SOURCE	FY2017	FY2018	FY2019	FY2020	FY2021	5-YEAR TOTAL	% of TOTAL
GENERAL							
PROPERTY TAXES	4,301,352	4,340,013	4,422,931	4,517,683	4,804,448	22,386,427	24%
LICENSES & PERMITS*	3,462,262	3,781,583	4,367,442	4,319,364	4,805,853	20,736,504	23%
PARKING FEES	708,293	676,009	932,766	972,258	1,271,544	4,560,871	5%
LOCAL OPTION SALES TAX*	731,540	772,357	817,962	799,984	970,759	4,092,602	4%
HOSPITALITY TAX*	746,402	785,452	794,303	603,275	730,503	3,659,934	4%
ALL OTHER REVENUES <i>includes grants, court fines, Rec Dept revenues, Marina revenues, debt proceeds & interest income</i>	2,067,493	1,235,364	2,922,044	2,357,771	4,910,160	13,492,831	15%
SUBTOTAL GENERAL	12,017,342	11,590,778	14,257,447	13,570,335	17,493,266	68,929,169	75%
% INCREASE FY17 TO FY21					46%		
ACCOMMODATIONS REVENUE							
STATE ACCOMMODATION TAXES <i>Approx 2% of Accommodations Sales</i>	1,822,939	1,880,136	2,022,250	1,707,133	2,469,730	9,902,188	11%
COUNTY ACCOMMODATION FEE <i>20% of County's Accom Fee from IOP</i>	520,000	437,000	508,000	370,500	508,000	2,343,500	3%
CITY ACCOMMODATION FEE <i>1% of Accommodations Sales</i>	969,974	1,069,429	1,042,551	863,187	1,318,141	5,263,283	6%
CITY BEACH PRESERVATION FEE <i>1% of Accommodations Sales</i>	969,974	1,069,429	1,042,551	863,187	1,318,141	5,263,283	6%
SUBTOTAL ACCOMMODATIONS TAX	4,282,887	4,455,995	4,615,353	3,804,007	5,614,013	22,772,254	25%
% INCREASE FY17 TO FY21					31%		
GRAND TOTAL	16,300,229	16,046,773	18,872,800	17,374,342	23,107,279	91,701,423	100%
% INCREASE FY17 TO FY21					42%		
PAYMENT TO CHARLESTON CVB	539,382	556,541	599,175	504,640	733,416	2,933,153	
% OF TOTAL ACCOMMODATIONS REVENUE	13%	12%	13%	13%	13%	13%	

*These General revenues are also substantially impacted by overnight tourism activity. For example, all short-term rentals pay Business License Fees based on approximately .46% of annual gross earnings and all accommodations purchases generate the 1% Local Option Sales Tax, of which the City's share is approximately .34%.

City of Isle of Palms

Accommodations Revenue Sources

1. State Accommodations Tax

The South Carolina State Accommodations Tax was first imposed in 1983. The SC Department of Revenue collects the tax and state law specifies the distribution of the funds. The law includes a "Robin Hood" provision that diverts a portion of the tax collected in high tourism areas to areas of the state with little or no accommodations revenue. In FY21, the amount withheld from the City of Isle of Palms was approximately \$179,000. The City receives a quarterly payment of the taxes generated on the Isle of Palms, less the "Robin Hood" amount. State law dictates that the 1st \$25,000 of the amount received annually by the City goes to the General Fund. Of the remainder, 5% goes to the General Fund, 65% is retained by the City for tourism-related activities as defined by the law and 30% goes to a Designated Marketing Organization (DMO) that is approved by City Council.

2. Charleston County Local Accommodations Fee

In 1993 Charleston County established an Accommodations Fee of 2%. In May 1996, County Council authorized Council Directive 96-130 to "provide monies to municipalities with lodging establishments within their boundaries to offset operations expense of tourism promotion and support as follows:

- 20% of the Accommodations Tax collected from lodging establishments within the municipality for municipalities not receiving funds from the County in support of Capital Projects; or
 - 5% of the Accommodations Tax collected from lodging establishments within the municipality for municipalities receiving funds from the County in support of Capital Projects.
- Charleston County Accommodations Tax"

Historically, the City has received 20% of County accommodations taxes generated on the Isle of Palms.

The contract between the County and the City of Isle of Palms provides for quarterly payments and requires that the monies sent to the Isle of Palms be spent only for tourist-related activities as defined in the SC Code 6-1-530 *Use of revenue from Local Accommodations Tax*. This is the same law that governs the spending of the City's Municipal Accommodations Fee.

Because the transfers from the County are made at County Council's discretion and not required by State or County Code, the County has specifically reserved the right, at any time, to change the amount of the payment or make no payments whatsoever. The County exercised this option in FY20 due to revenue declines related to Covid-19.

3. City of Isle of Palms Local Accommodations Fee

In 1996, Isle of Palms City Council established an Accommodations Fee of 1%. The amount of the tax was set at 1% because State Law 6-1-520 restricted a local accommodations tax to 3%, and the County had previously imposed its 2% accommodations fee. State law provides for use of revenue from the local accommodations tax in SECTION 6-1-530. Charleston County collects this tax on behalf of the City and remits monthly payment.

4. City of Isle of Palms Local Beach Preservation Fee

In 2014, due in large part to the efforts of Mayor Dick Cronin, City Council and other coastal SC communities, the SC General Assembly passed the Beach Preservation Act which allowed qualified coastal municipalities to pass an additional 1% accommodations tax for beaches. The Act specified that a successful local referendum was required before the tax could be imposed. The Act also specified that the proceeds of the tax be restricted for beach renourishment, beach maintenance and public access. The City held a successful referendum in November 2014 and Council enacted the additional 1% accommodations tax. The County collects this tax on the City's behalf and remits monthly payment along with the 1% Municipal Accommodations Fee.