

## ACCOMMODATIONS TAX ADVISORY COMMITTEE

11:00 a.m., Wednesday, October 6, 2010

The regular quarterly meeting of the Accommodations Tax Advisory Committee was held at 11:00 a.m., Wednesday, October 6, 2010 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Malcolm Burgis, Rick Linville, David Nelson and Chair Ward, City Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland. The absence of members Sandy Ferencz and Margaret Miller was excused, and a quorum was present to conduct business.

1. Chair Ward called the meeting to order and acknowledged that the press and public had been duly notified of the meeting in accordance with the Freedom of Information Act.

### 2. Approval of Previous Meeting's Minutes

**MOTION: Mr. Burgis moved to approve the minutes of the regular meeting of July 7, 2010 as submitted; Mr. Nelson seconded and the motion PASSED UNANIMOUSLY.**

3. Citizens' Comments – None

### 4. Quarterly Financial Statement – Treasurer Suggs

Treasurer Suggs began her presentation with the schedule headed "SC State Accommodations Tax – Distribution of Funds Received;" she stated that this schedule was a three-year (3 yr.) review of State ATAX receipts. The Treasurer pointed out that receipts for FY10 were up by just over thirteen thousand dollars (\$13,000) from FY09, but FY10 was lower than FY08. As a side note, Treasurer Suggs reported that the County Municipal Accommodations Fees for July had been the highest that the City has ever received; therefore, she was optimistic about the quarter's State ATAX receipts.

The Treasurer distributed copies of the Accommodations Tax Reporting Form that was submitted to the Accommodations Tax Expenditure Review Committee (TERC) on October 1, 2010; she reminded the Committee that TERC is the state government entity that reviews the City's expenditures of ATAX funds and ensures that they are acceptable under the law.

On the financial statement for the quarter ending September 30, 2010, the only receipts have been interest on funds, the bulk of which are invested with the Local Government Investment Pool earning 0.4523%. The Treasurer brought expenditures for repairs and maintenance at the Public Restroom to the attention of the Committee; the facility is aging and, according to the Public Works Director, requiring more work. The Beach Run received more in registration fees that it spent for supplies. Other major expenses were for vehicle leases, new handheld ticketing devices for the Police Department, ATVs for both the Fire and Police Department and portions of fireworks displays in 2010 and 2011. Total expenditures for the first quarter of FY11 were one hundred seventy-one thousand dollars (\$171,000).

The last schedule was the "Revenue and Expense Projection for the Year Ending 6/30/2011," which projects an ending balance of eight hundred forty-six thousand one hundred eight dollars (\$846,108).

**MOTION: Mr. Nelson moved to approve the financial statement as presented; Mr. Linville seconded and the motion PASSED UNANIMOUSLY.**

5. **Old Business - None**

6. **New Business**

**Consideration of Request for \$15,000 for 2011 Spoleto Festival, USA**

Stephenie Steele, Writing and Research Manager for Spoleto, was present to answer questions the Committee might have about the 2011 Spoleto Festival. As she approached the podium, Ms. Steele thanked the Committee and the City for its support in 2010 and stated that Spoleto had a great season, i.e. the budget balanced and the festival eliminated some accumulated deficit. The festival appears to be facing permanent reductions in funds from the state, forcing it to rely more on local municipalities for funding; therefore, she urged the Committee to recommend FY11 support at the same level as FY10 – fifteen thousand dollars (\$15,000).

Ms. Steele reported that she had worked with Marla Loftus for the program selection last year and she was confident that the City had received good exposure through Spoleto website and its link to the City. Spoleto will be revamping its website in January 2011, and it could present more opportunities for the City; she suggested that the City's website coordinator work with the Spoleto coordinator to look into methods of tracking hits which has been important to the Committee Chair in the past. Ms. Steele reported that traffic on the Spoleto website has increased and a much higher percentage of tickets have been sold on-line.

**MOTION: Mr. Linville moved to approve \$15,000 for the 2011 Spoleto Festival, USA; Mr. Nelson seconded.**

Chair Ward asked Ms. Steele for additional information on tracking, because he wants to know how many Spoleto attendees stay on the island.

Ms. Steele stated that the majority of people who attend the festival stay downtown for the ease of walking to Spoleto events, but many of the artists do stay on the island. She indicated that the information on how many hotel rooms were booked County-wide for the festival was available, but she did not have information specific to the Isle of Palms. Ms. Steele commented that the Spoleto staff hopes to better track website traffic and persons who go to the visitor information sites from the Spoleto website to know how much web traffic is being driven to the various links from Spoleto. Ms. Steele noted with confidence that the festival brings visitors to the area and that the average Spoleto patron has visited the Charleston area ten (10) times.

Chair Ward thanked Ms. Steele for the strong effort being made by Spoleto to address his concerns; he indicated that he would like to know how many "clicks" the City's website gets from the Spoleto site.

The Chair referenced the Spoleto budget where three hundred thousand dollars (\$300,000) is projected to come from government entities; he asked Ms. Steele which communities, other than the Isle of Palms, contributed to Spoleto. She reported that seventy-five percent (75%) of

that comes from the City of Charleston, some from Charleston County; Ms. Steele commented that Mount Pleasant and North Charleston do not support Spoleto financially although North Charleston has contributed in the past. In addition, some funds come from the South Carolina Arts Commission and the federal government.

Mr. Linville commented that businesses he is associated with on Front Beach are having a record year; he expressed confidence that the island gets "spinoff" revenue from the festival. He voiced his opinion that the funds were available and that the Committee should support Spoleto for the full fifteen thousand dollars (\$15,000) requested.

**VOTE: The motion PASSED UNANIMOUSLY.**

## **7. Miscellaneous Business**

Chair Ward referred to an article in *The Post and Courier* recently about the proposed realignment of ATAX funds, i.e. IOP ATAX funds going to the state for tourism promotion throughout the state; he asked for an update from Assistant Dziuban and/or Perris Lawson of the Charleston Visitors Bureau (CVB).

Assistant Dziuban reported that she had attended a MASC meeting on the proposal made to the Tax Realignment Committee; she was clear that the concept is in proposal form and not yet a piece of legislation. The sub-committee will be holding a hearing on Thursday, October 7, and both Mayor Cronin and Administrator Tucker will attend and give testimony opposing the proposal. The City's argument against the proposal is that encouraging more people to visit the island is good, but, if the City is required to cut essential services from the loss of ATAX revenue, those visitors would not make return visits. Based on the Treasurer's calculations, the City would lose approximately three hundred thousand dollars (\$300,000) in State Accommodations Taxes if this proposal was to become law.

Mr. Lawson recounted that he has spoken with a number of local officials, as well as people in the State House, regarding this ATAX proposal; he expressed confidence that this would not become legislation. He stated that this issue is one (1) of many proposals being made to the Tax Realignment Committee, and some of the proposals are good. Mr. Lawson reported that the CVB had written a letter to Bernie Maybank, Chair of the Tax Realignment Committee, outlining its opposition to this particular proposal. He commented that many municipalities in the state have problems spending ATAX legally and see it as an opportunity to put those funds into the General Fund to use as needed. The argument from the City of Charleston, Mount Pleasant and the Isle of Palms is that each has done a good job at complying with the law and funding worthwhile organizations, like Spoleto, the Blessing of the Fleet, the Wild Life Expo, etc.; in addition, areas like Kiawah and the Isle of Palms are involved in beach renourishment projects, as well as ensuring public safety for its visitors. Mr. Lawson expressed optimism that this concept would become a non-issue as a result of the hearing on Thursday.

Chair Ward thanked Mr. Lawson for the information and the support for the local municipalities; he remarked that a loss of three hundred thousand dollars (\$300,000) would certainly impact essential services as indicated from the expenditures scheduled to be paid from ATAX funds.

Ms. Steele stated that Spoleto representatives would attend the hearing and testify in opposition to the proposal as well; they would support the continuation of the present policy because the local municipalities know what they need. She agreed with Mr. Lawson that, in conversations with state legislators, they have found little support for this proposal.

**Date of Next Meeting: 11 a.m., Wednesday, January 5, 2010**

**8. Adjourn**

**MOTION: Mr. Burgis moved to adjourn the meeting at 11:35 a.m.; Mr. Linville seconded and the motion PASSED UNANIMOUSLY.**

Respectfully submitted:

Marie Copeland  
City Clerk