

**COUNTY OF GREENVILLE
DEPARTMENT OF FINANCE & ADMINSTRATIVE SERVICES
GUIDELINES FOR DISTRIBUTION OF FUNDS OBTAINED FROM
SOUTH CAROLINA ACCOMMODATIONS TAX LAW**

I. SOUTH CAROLINA ACCOMMODATIONS TAX LAW

A. BACKGROUND AND PURPOSE

The South Carolina General Assembly enacted Bill H2186 in July of 1984 and amended the Bill seven years later in July of 1991. The Bill imposes a 2% tax on all accommodations within the state of South Carolina in an effort to acquire funds that can be redistributed to local governments to directly assist the development of innovative, effective tourism promotion projects at the local level. These funds allow for the utilization of advertising as a means to attract and ultimately capitalize upon the economic benefits of a flourishing tourism industry. Additionally, the supplemental resources generated by this tax allow local governments to make available those facilities and services which enhance the ability of governmental entities to attract tourists. The implementation of such proposals should present the state and its counties with an effective means to assist in the development of a strong tourism industry throughout South Carolina.

B. LEGISLATIVE ALLOCATIONS

1. General Fund

Each component of local government receiving the Accommodations Tax Revenue is entitled to expend the first \$25,000 on any general revenue expenses. The remaining funds will be referred to as the "Balance" which is distributed on a scale of 5%, 30%, and 65%, described below.

2. 5%: General Fund

5% of the "Balance" is eligible to be used by local government for any general fund expense.

3. 30%: Advertising and Promotion Special Fund

30% of the "Balance" is to be distributed quarterly upon receipt to a preapproved, designated organization with an ongoing tourism promotion program.

4. 65%: Tourism Related Activities Special Fund

65% of the "Balance" is to be used for activities or projects directly relating to tourism. The acquisition of these funds requires the submission of an application for each project for which funds are requested. These funds may be held for two years before spending.

C. COUNCIL ALLOCATIONS

1. Convention and Visitors Bureau (CVB)

In addition to the legislative allocation set forth in the Advertising and Promotion Special Fund (Section B 3 above), the Greenville Convention and Visitors Bureau ("CVB") will also receive an amount equal to forty percent (40%) of available funds after mandated allocations of the annual Tourism Related Activities Special Fund (Section B 4 above).

2. **See Attached October 18, 2011 Policy Amendment**

D. ELIGIBLE ACTIVITIES

1. **General Fund Special Funds**

To be used for any governmental expenses. Does not have to be related to tourism, but may if the government so chooses.

2. **Advertising and Promotion Special Fund**

To be used towards:

- Media advertising
- Brochures
- Travel Shows
- Maps
- Other efforts deemed conducive to increasing visitation

3. **Tourism-Related Special Fund**

To be used towards:

- Advertising and promotion
- Promotion of the arts and cultural events
- Construction, maintenance and operation of facilities for civic and cultural activities
- Criminal justice system, law enforcement, fire protection, solid waste collection and health facilities where required to serve tourist and tourism facilities
- Public facilities such as restrooms, dressing rooms, parks and parking lots
- Tourist shuttle transportation
- Control and repair of waterfront erosion
- Operating visitor information centers
- Bonded indebtedness

II. COUNTY OF GREENVILLE ACCOMMODATIONS TAX ADVISORY COMMITTEE

The Advisory Committee is responsible for making recommendations to the County Council on the expenditure of the state's 2% accommodations tax. This is required by Chapter 4, SC Code, Title 6 of the 1976 Code; amended and adopted H.3280 in July of 1991. The Advisory Committee advises the County on tourism-related activities, strategies, and programs. These funds are administered by the Department of Finance and Administrative Services and are disbursed by the County Treasurer.

The County Council of Greenville adopted the following plan on October 5, 1999 to accomplish its purpose to provide guidelines for the selection of projects, events, etc. to receive accommodations tax funding. The plan provides the following funding categories for tourism-related projects and activities.

Promotions Advertising: The funding of activities that directly promote tourism in Greenville County by attracting local, regional, state, and/or national audiences through events such as festivals, events of the arts, Convention & Visitors Bureau.

Arts and Culture: Funding directed towards the establishment of Greenville County as a center for arts as well as cultural events.

Special Development: Funding to supplement long-range activities and projects that can be attributed to future development. Examples of qualified projects include construction, advertising and promotions for long-range projects, as well as maintenance.

Characteristics of special development projects/activities

- Tourism worthy
- Expandable and on-going
- Unique to enhance the overall image of the County
- Creates interest and identity
- Non-operational
- Capital project or projects that can be attributed to future development

A. ALLOCATION PRIORITIES

The Advisory Committee will use the following priorities in the allocation of the annual Accommodations Tax budget.

The Advisory Committee recognizes that the annual receipts are generated within the geographical boundaries of Greenville County. For this reason, the Committee's first priority in allocating the funds will be for projects and activities that *directly promote tourism in Greenville County*. Secondly, projects and activities *must address/attract local, regional, state, and/or national audiences*.

The Advisory Committee shall develop and maintain a Rating System for evaluating projects and activities for Tourism Related Activities Special Fund allocations. The Rating System will provide grading of proposals on an A, B, C, D basis, with "A" being the highest score and "D" being the lowest score. All timely submitted projects will receive a grade from the Advisory Committee to appear in its report and recommendations to County Council. This excludes the annual allocation to the Convention and Visitor's Bureau established in Section I C 1. In lieu of submitting an application and receiving an Advisory Committee score, the Convention and Visitor's Bureau will file and present an annual report to County Council on its activities, the economic impact of those activities, and use of Accommodations Tax monies.

B. INELIGIBLE PROJECTS

The Advisory Committee will not consider funding projects or activities that contain any part of the following criteria:

1. Programs or activities that do not address/attract local, regional, state or national audience.
2. Programs or activities that do not promote tourism.
3. Projects whose purpose is the direct or indirect solicitation of funds for donation.

III. ACCOMMODATIONS TAX FUNDING APPLICATION PROCEDURES

Applicants should read and be familiar with the following guidelines before submitting an application to the Advisory Committee. All applications must be post-marked no later than January 31 for the project year under consideration. Additional applications may be obtained from the Department of Finance and Administrative Services.

Applications for Special Capital Projects can be reviewed, considered, and approved by the County Council and the Advisory Committee at any time. For purposes of these Guidelines, "Special Capital Projects" means those proposals involving capital improvements and construction that entail an appropriation or a pledging of revenues to secure funding through bonds or other financial instruments.

A. APPLICATION PROCEDURES

Applications must be completed in full by providing the following information:
(see attached application)

1. Name of Project

Give the project a concise title that aptly describes its scope.

2. Sponsor

If the sponsor is an organization, give its full name, mailing address and phone number, as well as its representative responsible for the project. If an organization is to be listed as a sponsor, approval must be obtained from the officers and directors of the organization. If the sponsor is an individual, simply list the name, address and phone number of the individual.

3. Project Director and Telephone Number

The project director is responsible for administering the project. It is important that this individual is available during normal working hours.

4. Duration of Project

This time should reflect the date of the initial preparation for your project through the date of completion. These dates are established by you. However, the project itself or the event being promoted must occur between July 1 and June 30 of the year following application.

5. Date of Project

Actual date(s) of event being promoted (if applicable).

6. Location of Project

Where project will occur or the distribution area affected.

7. Total Budget

This figure should indicate the total and categorical cost of the project.

8. Type of Organization

- a. Government agency, board, commission or political subdivision.
- b. Not-for-profit organization registered with the South Carolina Secretary of State.
- c. Eleemosynary organization exempt from federal income tax.
- d. A community service club, church, etc.

9. Date Funds needed

Actual date that funds will need to be acquired by.

10. Description of Project

- a. **General Description** – As completely as possible, describe the total project, and what is intended to be accomplished.
- b. **Benefit to Tourism and the Greenville County Community** – As stated under Eligibility, the funds are to be expended for tourism related activities. It is important in this section to relate the project's benefit to both tourism and the Greenville County Community.
- c. **Room Nights Generated** – Record the number of overnight accommodations your project/facility/organization created during the previous year. Be as specific as possible.
- d. **Permits Required** – Many projects require approval to proceed. This could include permits of approval from Federal, State, or Local authorities. If applicable, include a list of all permits necessary for the completion of your project, as well as a description of how obtainable these permits are.
- e. **Additional Comments** – Any additional comments you may have that you find relevant to the approval of your project belong here. Include any available drawings, graphs, photographs, or other information to assist the Advisory Committee in evaluating the worth of your project.
- f. **Cost of Project and Application of Funds** – (1) All costs must be listed including the cost of maintenance, operations, repairs, etc. (2) All sources of funds must be listed including those requests from Accommodations Tax, Federal, State, or Local funds, private funds, as well as any revenue generated by the project.

11. Certification Signature

By virtue of the signatures on the application, the applicant certifies compliance with all applicable Project guidelines.

B. PROJECT APPROVAL

Applications will be reviewed by the Greenville County Accommodations Tax Advisory Committee and its recommendations for funding will be made to the Greenville County Council before September of the year of application. In approving qualified project applications, prime consideration will be given to projects meeting the eligibility requirements in Section III, parts B & C. In making its recommendations the Advisory Committee shall apply its Rating System described in Section II A and will: 1) allocate ninety percent (90%) of the remaining Tourism Related Activities Special Funds to projects receiving a score of A or B; 2) allocate ten percent (10%) of the remaining funds to projects receiving a score of C; and 3) will not allocate funds to projects receiving a D score.

Once the Advisory Committee and County Council have acted, applicants will be notified in writing of their approval/denial. Applicants will be notified of conditions, if any, relative to the project (i.e., items designated for the expenditure of funding). Applicants must sign a Project Funding Agreement sheet and return it to the Department of Finance & Administrative Services following their notification of approval. **The amount of funds awarded to approved applicants will be determined based upon those funds available and merits of the individual projects.**

C. PROJECT DEVELOPMENT

1. **Purchasing Procedures** – Applicants must follow the purchasing procedures set forth in the Greenville County Purchasing Ordinance #2736.
2. **Project Payment** - APPLICANTS WILL BE REIMBURSED QUARTERLY. THE COUNTY TREASURER WILL ADVISE APPLICANTS OF THE AMOUNT AVAILABLE AND REQUEST DOCUMENTATION OF EXPENSES FOR THAT AMOUNT.
3. **Project Completion** – The project director is responsible to provide the Advisory Committee through the Department of Finance and Administrative Services, with the following information** within sixty (60) days of the project completion date in order to receive your payment:
 - a. List of businesses contacted for bids
 - b. Invoices of receipts (photocopies)
 - c. Canceled checks (photocopies)
 - d. Project evaluation
 - e. Printed promotional material

** (Staff Note – include supporting documents for expenditures incurred - receipts, invoices, etc.)

A checklist of these items and a funding request sheet will be mailed to approved applicants with approval notification. The final check will be mailed to the applicants when the funding request sheet, along with the above items, are returned and approved.

Photocopies of all items above must be legible.

If the project will not be completed until after December 1 of the project year, a status report of the progress-to-date must be forwarded by December 1 to the Department of Finance and Administrative Services for review. Future projects will not be funded until progress on pending projects are submitted for review by the Advisory Committee.

FAILURE TO PROVIDE INFORMATION CAN DISQUALIFY THE APPLICANT FROM RECEIVING ACOMMODATIONS TAX SUPPORT.

**GREENVILLE COUNTY ACCOMMODATIONS TAX POLICY
AMENDMENT ADOPTED OCTOBER 18, 2011**

This policy is designed to achieve the expressed wishes of Council Members to administer accommodations tax revenue in a fair and balanced manner, and to benefit a wide array of qualified events in the County by complimenting the City of Greenville's funded events which are concentrated in the City.

SC Law prohibits events from receiving accommodations tax funds if the event raises money and distributes funds for or to other non-profit or charitable entities.

This new policy will be phased-in through the transitional year of 2012. The attached pro-forma shows the projected A-Tax revenue and the statutory and other required allocations before reaching the net amount available for discretionary distribution to applicant events based on the recommendations of the Greenville County Accommodations Tax Advisory Committee. Please refer to the pro-forma which will illustrate how the policy will achieve council's goals. This addresses council members' desires to encourage events to become self-sufficient.

After mandated allocations of the Tourism Related Activities Special Fund (proceeds of Accommodations Tax Revenue – section B4), an event (up to a maximum of two) may be designated by County Council as a "Signature Event" for the County. The total funds allocated for a single "Signature Event" shall not exceed \$50,000 or 30% of available funds for two events in total in one calendar year. The funding proceeds may be allocated by Council in varying proportional amounts if two events are designated as such.

A "Signature Event" must demonstrate a background of hotel room utilization and a large number of out of county visitors and have an out-of-market Marketing Plan. In the event that the organization applying for the funds is newly created and without historic evidence of past hotel room utilization, a well written Marketing Plan can be accepted by the County to serve as an estimate of the approximate number of hotel room nights that can be expected. Any event that is not in its first year of operation should have historical figures that can be proven and available for review by the Accommodations Tax Committee and County Council upon request.

A "Signature Event" shall be defined as one that:

- Has the potential to draw a large number of out of market visitors for that year's event based on historical records from previous years (unless first year of event).
- Is based in Greenville County
- Is capable of attracting state, regional and national or international press exposure
- Has a paid staff of not more than 10% of the event's budgets
- Has been in existence for two years and has a proven record of not operating in a deficit situation for a period of two (2) consecutive years

The grant may not be more than 25% of the total event budget; and in subsequent years, demonstrate best efforts to become either self sufficient or capable of attracting private funding sources. The event must also make an effort, as much as possible, to promote and direct participants and attendees to accommodations in the unincorporated part of the county.

GREENVILLE COUNTY ACCOMMODATIONS TAX Pro-forma:

FY 2011-2012 Projections:

Projected A-Tax Receipts	\$650,000
Less Greenville County (by state law)	<u>25,000</u>
Balance	\$625,000

Less:

1. Greenville County 5% (by state law)	\$ 31,250	
2. CVB 30% (state law)	187,500	
3. GCRD (GO Bonds NW Little League)	50,000	
4. Capital allocation (Heritage Green bond)	<u>146,320</u>	
		<u>(415,070)</u>
Available for discretionary allocation		\$209,930

A. Current County Policy:

Less current County Council Policy Allocations:

• CVB 40%	\$83,972	
• Freedom Weekend Aloft	50,000	
• Scottish Games	<u>50,000</u>	
		<u>(183,972)</u>

Balance of funds for all other applicants **\$25,958**

B. Proposed new county policy:

Available for discretionary allocation **\$209,930**

Less proposed county policy

- CVB 40% \$83,970
 - Signature Events 30% 62,979*
- (Max \$50,000 if only 1 Sig Event) (146,949)

**2012 (transitional year) Signature Events shall be as follows with designated allocations:*

Greenville Scottish Games and Highland Festival \$50,000

Freedom Weekend Aloft \$12,972

\$62,979

Balance of funds for all other applicants **\$62,981**