



Understanding Accommodations and Hospitality Taxes

State Accommodations Taxes

- *The Tourism Expenditure Review Committee Staff of the SC Department of Revenue oversee the expenditures of these taxes*
- *The state levies a 2% tax on the rental of rooms within the state. The tax collected is returned to the counties/municipalities in which they are collected with each county getting a minimum distribution as defined by law.*
- *Municipalities in counties that collect more than \$50,000 (which includes Clinton) are governed by the following guidelines:*
 1. **Advisory Committee**
 - a. The municipality must appoint a seven-member advisory committee to make recommendations on how to spend the state accommodations tax revenue. The majority of the committee members must represent the municipality's hospitality industry, with at least two members from the lodging industry. One member must represent the area's cultural organizations.
 2. **Allocation of Funds**
 - a. The first \$25,000 to the General Fund
 - b. The remaining balance allocated as follows:
 - i. 5% to the General Fund
 - ii. 30% of balance to a **special fund for advertising and promotion of tourism** (see 3)
 - iii. 65% of balance, plus interest to **special fund for tourism-related expenditures** (see 4)
 3. **Special Fund for Advertising and Promotion (30%)**
 - a. Council must select one or more organizations to manage this fund, such as chamber of commerce, convention and visitor bureau, or regional tourism commission. *Clinton divides this among Main Street Clinton and the Laurens County Chamber of Commerce*
 4. **Tourism-Related Expenditures (65%). The advisory committee makes the recommendations on how these funds are spent and council approves their recommendations:**
 - a. Advertising and tourism promotion to develop and increase tourist attendance through publicity
 - b. Arts and cultural events promotion
 - c. Construction, maintenance and operation of facilities for civic and cultural activities, including construction and maintenance of access and other nearby roads and utilities for the facilities
 - d. Criminal justice system, law enforcement, fire protection, solid waste collection and health facilities when required to serve tourists and tourist facilities. The amount is based on the *estimated percentage of costs directly attributed to tourists*.
 - e. Public facilities such as restrooms, dressing rooms, parks and parking lots used to service tourism
 - f. Tourist shuttle transportation
 - g. Control and repair of waterfront erosion
 - h. Operation of visitor information centers
 5. **Tourist** is any person traveling outside of their home community for a purpose other than work or school.

In April of 2007 City Council passed an ordinance establishing a local hospitality tax and a local accommodations tax that went into effect August 2017. These funds are collected into a separate account.

Local Accommodations Taxes

The city levies a 3% tax on the rental of rooms within the city. The tax is collected from the customer at the time of rental and remitted to the city monthly.

Council must use the revenue **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, beach renourishment or other tourism-related lands and water access;
 4. Highways, roads, streets and bridges providing access to tourist destinations;
 5. Advertisements and promotions related to tourism development; or
 6. Water and wastewater infrastructure to serve tourism-related demand.
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Local Hospitality Taxes

The city levies a 2% tax on prepared meals and beverages sold in establishments within the city. The tax is collected from the customer at the time of the sale and remitted to the city monthly or quarterly, depending on the amount of the tax.

Council must use the revenue **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, beach renourishment or other tourism-related lands and water access;
 4. Highways, roads, streets and bridges providing access to tourist destinations;
 5. Advertisements and promotions related to tourism development; or
 6. Water and wastewater infrastructure to serve tourism-related demand.
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Additional Uses of Local Accommodations and Hospitality Taxes

1. Counties collected at least \$900,000 in state accommodations taxes annually, may also use local accommodations and hospitality taxes for the operation and maintenance of the authorized purposes above including police, fire protection, emergency medical services, and emergency-preparedness operations directly related those purposes or facilities. *(As of 2019 this does not apply to the City of Clinton.)*
2. Effective January 1, 2011 other counties **may use** up to **50% of the revenue in the preceding fiscal year for local accommodations and hospitality taxes for the purposes described above.** Also effective January 1, 2011 the code was changed to specifically allow local accommodations and hospitality tax proceeds to be pledged as security for revenue bonds. *(As of 2019 this DOES apply to the City of Clinton.)* *****keep in mind the IF the city has to make payments on the facility we won't have as much funds available for operations and maintenance*****

Sources: City of Clinton Local Accommodations Tax and Local Hospitality Tax Ordinances
SC Code of Laws Section 6-1-700 et.seq.