

# Spartanburg County

# Local Hospitality Tax Guide



Spartanburg County Government  
366 N. Church St.  
Spartanburg, SC 29303  
[www.spartanburgcounty.org](http://www.spartanburgcounty.org)

# Local Hospitality Tax Guide

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# County of Spartanburg

Post Office Box 5666  
TELEPHONE (864) 596-2526  
Fax (864) 596-2232

Spartanburg, South Carolina 29304

D. GLENN BREED  
COUNTY ADMINISTRATOR

January 1, 2008

## RE: LOCAL HOSPITALITY TAX

Dear Business Owner:

On October 15, 2007, Spartanburg County Council passed an Ordinance establishing a two percent (2%) local hospitality tax on prepared meals and/or beverages. The taxes are imposed on gross proceeds. The ordinance states that all affected businesses shall be responsible for collecting local hospitality taxes beginning, January 1, 2008.

Workshops have been scheduled for *Tuesday, January 15, 2008 at 2 P.M. and Thursday, January 17, 2008 at 5 P.M.* to answer any questions that you may have regarding the implementation of the local hospitality tax. The workshops will take place at Spartanburg County Government, County Council Chambers, 366 N. Church Street, Spartanburg, SC 29303.

A *Local Hospitality Tax Guide* is included in this packet. This guide provides helpful information about the local hospitality tax and includes forms that you will need to submit your taxes. A *Business Registration Form* and a *Local Hospitality Tax Reporting and Computation Form* is included in the guide. The *Local Hospitality Tax Reporting and Computation Form* must be completed when you submit the hospitality taxes collected in your establishment.

All payments for hospitality taxes are due by the 20th of the following month. For example, all hospitality taxes collected as of January 31, 2008 are due no later than February 20<sup>th</sup>, 2008. A five percent (5%) penalty applies if taxes are paid or the U. S. Post Office postmarks the remittance after the 20th. The remittance must be accompanied by Spartanburg County's Local Hospitality Tax Computation Form. The computation form must be submitted every month, even if the amount of tax your business collects is zero.

A *Business Change Notification Form* is included in your Local Hospitality Tax Guide to report future address changes, closure of a business, or a change in ownership. Changes must be registered in Spartanburg County Budget Office within five (5) days prior to its legal transfer or closure. The form can be faxed to us at (864) 562-4050.





# **HOSPITALITY TAX REGISTRATION FORM**

Is this a new business?  New  Existing      Is food your primary business?  Yes  No

### ***Business Information***

- Business Name: \_\_\_\_\_
- Federal Tax ID #: \_\_\_\_\_ SC Sales & Use Tax #: \_\_\_\_\_
- Physical Address: \_\_\_\_\_
- Tax Map Number: \_\_\_\_\_
- Mailing Address: \_\_\_\_\_
- Date Business Opened: \_\_\_\_\_
- Work Phone: \_\_\_\_\_
- Alternative Phone: \_\_\_\_\_
- Projected Monthly Revenue: \_\_\_\_\_
- DHEC Permit #: \_\_\_\_\_ Is Business Seasonal?  Yes  No

### ***Owner Information***

- Owner \_\_\_\_\_
- Partnership or Corporate Name (If different): \_\_\_\_\_
- Mailing Address: \_\_\_\_\_
- Contact Number: \_\_\_\_\_
- Fax Number: \_\_\_\_\_
- E-mail Address: \_\_\_\_\_

### ***Hospitality Tax Responsibility***

- Name of Person Responsible for Hospitality Tax Payments: \_\_\_\_\_
- Mailing Address: \_\_\_\_\_
- Phone: \_\_\_\_\_
- E-mail address: \_\_\_\_\_

### ***Applicant Information***

*I certify that all information on this registration form, including any attachments, is true and accurate.*

Signature of Applicant: \_\_\_\_\_

Printed Name of Applicant: \_\_\_\_\_

Title of Applicant: \_\_\_\_\_ Date: \_\_\_\_\_

**Please fax this form to:** Budget Management Office at (864) 562-4050 or **Mail to:** Budget Management Office, P.O. Box 5666, Spartanburg, SC 29304

## **FREQUENTLY ASKED QUESTIONS**

1. **What is the Local Hospitality Tax?**

A Local Hospitality Tax is a tax, not to exceed two percent, on the sale of prepared meals and beverages sold in establishments. The tax is authorized in Article 7 of Chapter 1 of Title 6 of the Code of Laws of South Carolina, 1976, as amended, generally referred to as the "Local Hospitality Tax Act". Spartanburg County Council has imposed a two percent (2%) Local Hospitality Tax to provide a dedicated source of revenue and an appropriate and efficient means of funding tourist-related infrastructure and capital improvement projects. It is the Council's intent to enhance the County's appeal to tourists through further development of the County as a destination for tourist related activities.

2. **What is considered a prepared meal?**

A prepared meal is any food and /or beverage, inclusive of alcoholic beverages, beer and wine, prepared or modified by an establishment, which at the time of sale is ready for consumption.

3. **Who is responsible for collecting and remitting the Local Hospitality Tax?**

Restaurants, bars and lounges, private clubs, hotels and motels, caterers, grocery stores, convenience stores and other food establishments are responsible for collecting this tax from patrons and are required to remit such collections to the local government. Failure to collect taxes does not relieve any business from making the required remittances to the local government.

4. **How should the tax be remitted?**

The Local Hospitality Tax Act requires that taxes be remitted to Spartanburg County on a Monthly basis when the estimated amount of average tax is more than fifty (\$50.00) dollars a month, on a Quarterly basis when the estimated amount is twenty-five (\$25) to fifty (\$50) dollars a month and Annually when the estimated amount of average tax is less than twenty-five (\$25) dollars a month.

5. **When will the Hospitality Fee/Tax go into effect and when will my first remittance be due?**

Spartanburg County's two percent (2%) Local Hospitality Tax is effective on January 1, 2008. The deadline for remittance of the first month's collections will be 5:00 p.m. on the 20th of February 2008.



# LOCAL HOSPITALITY TAX REPORTING & COMPUTATION FORM

Year: \_\_\_\_\_

 Reporting Period:  Monthly  Quarterly  Annually  
 (Please check one)

 Month:  Jan  Feb  Mar  Apr  May  June  July  Aug  Sept  Oct  Nov  Dec  
 (Please check one)

Business Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Hospitality Tax Registration#: \_\_\_\_\_

## Computation of Local Hospitality Taxes Due to Spartanburg County:

1. Gross Sales of Food and/or Beverages	1.
2. Computation of 2% Local Hospitality Tax (Line 1 x .02)	2.
3. Penalty if remitting after the 20 <sup>th</sup> of month (Line 2 x .05*)	3.
<b>TOTAL LOCAL HOSPITALITY TAXES DUE</b>	\$

**Please Note:** This return covers the period through the last day of the month and becomes delinquent on the 21<sup>st</sup> day of the following month.

**\*PENALTY:** A penalty of five percent (5%) of the unremitted fees applies for each calendar month or portion thereof after the due date until paid.

*I certify that all information on this form, including any attachments, is a true and accurate report.*

Signature: \_\_\_\_\_

Name of Person Completing Form: \_\_\_\_\_

Date: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

PLEASE MAKE CHECKS PAYABLE TO:  
 SPARTANBURG COUNTY, P. O. Box 5666, Spartanburg, SC 29304  
 Phone: (864) 596-3397 • Fax: (864) 562-4050

**AN ORDINANCE TO ESTABLISH AND COLLECT A LOCAL HOSPITALITY TAX IN SPARTANBURG COUNTY, SOUTH CAROLINA.**

**WHEREAS**, Spartanburg County, South Carolina (the "County") wishes to further develop tourism and tourism related activities through the capital construction and enhancement of facilities that serve tourists who visit the county; and

**WHEREAS**, Article 7 of Chapter 1 of Title 6 of the Code of Laws of South Carolina, 1976, as amended (the "Act"), authorizes local governing bodies by ordinance to impose a Local Hospitality Tax (as defined herein) not to exceed two percent (2%) on the gross proceeds of sales of prepared meals and beverages; and

**WHEREAS**, the County finds that a Local Hospitality Tax upon the sales of prepared meals and beverages sold in establishments in the County will result in revenues that will be used for the dedicated purpose of improving services and facilities for tourists and the citizens of the County, which constitutes a public purpose of the County; and

**WHEREAS**, the County finds that projects and similarly related expenditures as denoted in Exhibit A of the attached constitute an appropriate use of proceeds derived from Hospitality Tax Revenue;

**BE IT THEREFORE ORDAINED BY SPARTANBURG COUNTY COUNCIL:**

**SECTION 1. Definitions.**

*County* means Spartanburg County, South Carolina and all of the unincorporated areas and the incorporated municipalities within the geographical boundaries of Spartanburg County, South Carolina.

*Local Hospitality Tax* means a tax on the sales of prepared meals and beverages sold in establishments within the County.

*Obligations* means bonds, certificates of participation, leases or other forms of obligations approved by the County Council of the County payable or secured by the proceeds of the Local Hospitality Tax issued to defray the cost of one or more projects authorized under this Ordinance and the Act.

*Prepared meals and beverages* means the products sold ready for consumption either on or off premises in businesses classified as eating and drinking places under the Standard Industrial Code Classification Manual and including but not limited to lunch counters and restaurant stands; restaurants, lunch counters, and drinking places operated as a subordinate facility by other establishments; convenience stores, grocery delicatessens, and bars and restaurants owned by and operated for members of civic, social, and fraternal associations.

**SECTION 2. Local Hospitality Tax.**

A Local Hospitality Tax is hereby imposed on the sales of prepared meals and beverages sold in establishments within the County. The Local Hospitality Tax shall be in an amount equal to two percent (2%) of the gross proceeds of sales of prepared meals and beverages sold in establishments located within the unincorporated areas of the County. The Local Hospitality Tax shall be in an amount equal to one percent (1%) of the gross proceeds of sales of prepared

food and beverages sold in establishments located within the boundaries of any incorporated municipalities within the County which have not imposed a local hospitality tax prior to January 1, 2008. Provided, however, the County shall not impose a local hospitality tax on those municipalities that have adopted a two percent (2%) Local Hospitality Tax prior to January 1, 2008; further, provided, however that the cumulative rate of the County and municipal Local Hospitality Taxes imposed for any portion of the County may not exceed two percent (2%).

**SECTION 3. Payment of Local Hospitality Tax.**

(a) Payment of the Local Hospitality Tax established herein shall be the liability of the consumer of the prepared meals and beverages. The Local Hospitality Tax shall be paid at the time of purchase of prepared meals and beverages to which the Local Hospitality Tax applies, and shall be collected by the provider of prepared meals and beverages (also known as the "provider of the services" or "service providers"). The County shall promulgate a form of return that shall be utilized by the provider of the services to calculate the amount of the Local Hospitality Tax collected and due to the County. This form shall contain a sworn declaration as to the correctness thereof by the provider of the services.

(b) The Local Hospitality Tax provided for in this Ordinance must be remitted to the County on a monthly basis when the estimated amount of average Local Hospitality Tax is more than fifty dollars (\$50.00) a month, on a quarterly basis when the estimated amount of average Local Hospitality Tax is twenty-five dollars (\$25.00) to fifty dollars (\$50.00) a month, and on an annual basis when the estimated amount of average Local Hospitality Tax is less than twenty-five dollars (\$25.00) a month. The closing date for monthly payments is the last day of the month; the closing dates for quarterly payments are the last days of the months of March, June, September and December, and the closing date for annual payments is the last day of December.

(c) The provider of the services shall remit the Local Hospitality Tax collected, when due, to the County by the 20<sup>th</sup> day of the month following the closing date of the period for which the Local Hospitality Tax payment is to be remitted. A payment is considered to be timely remitted to the County if the return has a U.S. Mail postmark date on or before the date the report form is due. If the 20<sup>th</sup> day of the month falls on a Sunday or postal service holiday, then payments postmarked on the next business day will be accepted as timely filed.

**SECTION 4. Local Hospitality Tax Special Revenue Fund.**

An interest-bearing, segregated and restricted account to be known as the "Spartanburg County Local Hospitality Tax Special Revenue Fund" (the "Fund") is hereby established. All revenues received from the Local Hospitality Tax shall be deposited into the Fund. The principal and any accrued interest in the Fund shall be expended only as permitted by this Ordinance and the Act.

**SECTION 5. Distribution of Funds.**

The County Council of the County shall distribute amounts in the Fund in accordance with the breakdown and listing appearing in Exhibit A attached hereto; provided, however, that such purposes are permitted under the Act. These purposes include but are not limited to tourism related capital projects, the support of tourism and tourist services in a manner that will best serve the tourists from whom it was collected including being used as a funding source to pay Obligations issued by the County for public purposes. It shall be the responsibility of the

County Council and the County Administrator as their designee to ensure that any and all money expended from the Fund shall be spent for the purposes permitted under the Act.

It is the intent of County Council to pursue the capital projects and operational expenditures enumerated in Exhibit A. Additionally, amounts in the Fund may be expended pursuant to the Act in order to finance projects appearing in Exhibit A.

The amounts in the Fund, including investment earnings accumulated therein, shall be allocated, subject to annual appropriation by the County Council, in the following manner:

- (1) Should Local Hospitality Tax funds be used to defray the cost of Obligations, the amount necessary for debt service shall take precedence over all allocations;
- (2) If any balance remains, then to provide for expenditures related to operational and maintenance costs and for the provisions of additional County services including but not limited to law enforcement, traffic control, emergency management and emergency medical services which enhance the ability of the County to attract and provide for tourists. The funds must not be used as an additional source of revenue to provide services normally provided by the County, and provided that the amount of accommodations taxes collected annually in the County pursuant to Section 12-36-920 of the Code of Laws of South Carolina 1976, as amended, is less than nine hundred thousand dollars, then the amount of Local Hospitality Tax Funds used for operation and maintenance as described in this subsection (2) cannot exceed twenty percent (20%) of the Local Hospitality Tax revenue collected in the preceding fiscal year; and
- (3) The remaining balance, plus interest earned shall be allocated to provide for expenditures related to operating and maintenance costs associated with tourism related programs and to defray the cost of capital projects that qualify for such funds under the Act and this Ordinance.

#### **SECTION 6. Oversight and Accountability.**

Any organization or agency receiving Local Hospitality Tax funds must submit a report of expenditures and the impact on tourism for the preceding calendar year and a plan for the upcoming year to the County Administrator on or before March 1 of each year. Such report shall be on a form provided by the County.

#### **SECTION 7. Inspections, Audits and Administration.**

For the purpose of enforcing the provisions of this Ordinance, the County Administrator or other authorized agent of the County is empowered to require annual registration of businesses operating in the County for purposes of determining the applicability of this Ordinance, enter upon the premises of any person subject to this Ordinance and to make inspections and to examine and audit books and records. It shall be unlawful for any person to fail or refuse to make available the necessary books and records during normal business hours upon twenty-four (24) hours' notice. In the event that an audit reveals that the provider of the services has filed false information, the costs of the audit shall be added to the correct amount of Local Hospitality Tax determined to be due. All operational and administrative costs associated with the billing and collection of the Local Hospitality Tax will be charged to the Fund. The County Administrator or other authorized agent of the County may make systematic inspections of all service providers that are governed by this Ordinance to ensure compliance with this Ordinance. Records of inspections shall not be deemed public records.

**SECTION 8. Violations and Penalties.**

- (a) It shall be a violation of this Ordinance to:
1. fail to collect the Local Hospitality Tax as provided in this Ordinance,
  2. fail to remit to the County the Local Hospitality Tax collected, pursuant to this Ordinance, or
  3. knowingly provide false information on the form of return submitted to the County, or
  4. fail to provide books and records to the County Administrator or other authorized agent of the County for the purpose of an audit upon twenty-four (24) hours' notice.
- (b) Any unpaid assessment of Hospitality Tax shall be subject to a five percent (5%) per month penalty, charged on the original amount of the Local Hospitality Tax due.
- (c) Any person violating any provision of this ordinance shall be guilty of a misdemeanor and, upon conviction, shall be punished by a fine not to exceed Two Hundred and No/100 (\$200.00) Dollars or imprisoned for a term of not to exceed thirty (30) days.

**Section 9. Obligations**

So long as any Obligation is outstanding that the County has designated as being secured by or payable from the Local Hospitality Tax, the Local Hospitality Tax shall continue to be collected by the County.

**Section 10. Severability.**

If any section, subsection, or clause of this ordinance shall be deemed to be unconstitutional or otherwise invalid, the validity of the remaining sections, subsections, and clauses shall not be affected thereby.

**Section 11. Effective Date.**

This Ordinance shall become effective upon third reading. The Local Hospitality Tax shall commence being collected by the providers of the services on January 1, 2008, and remittance of the Local Hospitality Tax shall commence in the manner referenced in Section 3 herein.

DONE IN MEETING DULY ASSEMBLED THIS 15<sup>TH</sup> DAY OF OCTOBER, 2007.

SPARTANBURG COUNTY COUNCIL

By: Jeffrey A. Holt  
Chairman

ATTESTED:  
[Signature]  
D. Glenn Breed  
County Administrator

First Reading: August 20, 2007  
Second Reading: September 17, 2007  
Public Hearing: September 17, 2007  
Third Reading: October 15, 2007

**EXHIBIT A**

**LOCAL HOSPITALITY TAX REVENUES**

**PROJECT AND EXPENDITURE LIST**

**CAPITAL PROJECTS DESCRIPTION**

Regional Park Development including but not limited to Va-Du-Mar Park (est. value \$6.9 million), West Spartanburg Park (est. value \$18.9 million), Holston Creek Park (est. value \$12 million), Pacolet River Park (est. value \$4.3 million), projects associated with acquisition of waterway access and recreational trail development (est. value \$3.3 million), and those capital improvements permissible according to provisions of Article 7 of Chapter 1 of Title 6 of the Code of Laws of South Carolina, 1976, as amended and authorized within the Spartanburg County Capital Improvement Plan.

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**ELIGIBLE OPERATING COSTS**

Those costs and expenditures permitted by and subject to provisions of Article 7 of Chapter 1 of Title 6 of the Code of Laws of South Carolina, 1976, as amended which may include appropriated allocations to the Spartanburg County Parks and Recreation Commission, public safety operations, hospitality tax administration and operational costs related to capital projects.

## **ITEMS SUBJECT TO or EXCLUDED FROM TAX**

### **What items are taxed?**

All food and/or beverage sales prepared or modified for immediate consumption. The following are examples of taxable items:

- Produce (Vegetables, Fruit) cut, sliced, cored, etc., or prepared/modified on site (Ex: Vegetable and Fruit Trays)
- Meats and cheeses cut, sliced, or prepared on site (Ex: Meat and Cheese Trays)
- Salads made on site
- Sandwiches/subs prepared on site
- Bakery items cooked/baked on site
- Coffee brewed on site
- Popcorn made on site
- Ice cream prepared on site
- Seafood steamed/cooked on site
- Grilled hamburgers and hot dogs, pizza, nachos, chicken, etc.
- Packaged dinners cooked on site (Thanksgiving Dinner, etc.)
- Fountain drinks
- Any food prepared, modified, or cooked on site by an employee or contractor
- Any prepared foods or meals that are subject to South Carolina Sales Tax
- Any served beverage, inclusive of beer, wine, and liquor

\*This list serves as an example only and is not an all-inclusive list of taxable items.

### **What items are exempt from the tax?**

- Cold, canned or bottled drinks in a vending machine on site
- Consolidating fruit into a basket (Fruit baskets)
- Prepackaged items (not prepared or modified on site) consolidated into a larger container to make one package (Gift Basket)
- Repackaged, ready-to-consume meats, cheeses, and deli salads
- Packaged dinners that are not cooked or modified on site
- Items cooked or baked off site without modifications on site
- Ready-to-eat prepackaged food that a customer re-heats on site (Customer is making the food consumable)
- Prepackaged cans, boxes, or jars of food
- Bags of chips, pretzels, nuts, candy or other prepackaged food items

\*This list serves as an example only and is not an all-inclusive list of exempt taxable items.



# **BUSINESS CHANGE NOTIFICATION FORM**

Please complete the applicable information in PRINT and sign below.

Current Business (DBA): \_\_\_\_\_

Name: \_\_\_\_\_

Hospitality Tax Registration#: \_\_\_\_\_

Business Sold: \_\_\_\_\_

New Owners: \_\_\_\_\_

## **BUSINESS PERMANENTLY CLOSED**

- Date of Sale: \_\_\_\_\_
- Date of Closure: \_\_\_\_\_
- New Owners: \_\_\_\_\_
- Phone Number: \_\_\_\_\_
- Address: \_\_\_\_\_

## **CHANGE OF BUSINESS LOCATION ONLY**

- Date of Change: \_\_\_\_\_
- New Location Address: \_\_\_\_\_

## **OTHER BUSINESS CHANGES**

- Date of Change: \_\_\_\_\_
- New Corporation - Name: \_\_\_\_\_
- Phone # or E-mail Address: \_\_\_\_\_
- New Contact Person: \_\_\_\_\_
- Change in Mailing Address: \_\_\_\_\_
- Change in Business Name Only - New Name: \_\_\_\_\_

***The information below is required. Please sign and return.***

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_ Phone #: \_\_\_\_\_

**Please fax this form to:** Budget Management Office at (864) 562-4050 or **Mail to:** Budget Management Office, P.O. Box 5666, Spartanburg, SC 29304



## LOCAL HOSPITALITY TAX EXEMPTION FORM

If your establishment does not sell prepared meals and/or beverages intended for immediate consumption, please sign below and fax this form to (864) 562-4050.

**Business Name:** \_\_\_\_\_

**Physical Address:** \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**Telephone Number:** \_\_\_\_\_

*I certify that the above referenced establishment within Spartanburg County does not have for sale prepared meals and/or beverages intended for immediate consumption.*

**Signature:** \_\_\_\_\_

**Name/Title of Person Completing Form:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Telephone Number:** \_\_\_\_\_

**Please fax this form to:** Budget Management Office at (864) 562-4050 or **Mail to:** Budget Management Office, P.O. Box 5666, Spartanburg, SC 29304

## CONTACT INFORMATION

Spartanburg County Government  
Budget Management Office  
**Attn: Kanettanee Haynes, Budget Analyst**  
366 N. Church St.  
Spartanburg, SC 29303  
Phone: 864-596-3397  
Fax: 864-562-4050  
[khaynes@spartanburgcounty.org](mailto:khaynes@spartanburgcounty.org)

Please visit our website at: [www.spartanburgcounty.org](http://www.spartanburgcounty.org)



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