

**COUNTY OF SPARTANBURG
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 methods 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. Spartanburg County has maintained, since the law's enactment in 1984, the Spartanburg Area Chamber of Commerce's Convention and Visitors Bureau as its designated organization. The designated organization will be required to submit an annual report regarding the use of the Advertising and Promotion Special Fund.

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 by the County for two years before spending.

C. ELIGIBLE ACTIVITIES

1. General Fund

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, cultural events, and sporting 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 SPARTANBURG ACCOMMODATIONS TAX ADVISORY COMMITTEE

The Advisory Committee is responsible for making recommendations to the County Council on the expenditure the Tourism Related Activities Special Fund portion 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.

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 Spartanburg County. For this reason, the Committee's first priority in allocating the funds will be for projects and activities that *directly promote tourism in Spartanburg 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.

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. The required application form is included in Exhibit A.

A. PUBLIC NOTIFICATION OF APPLICATION PERIOD

The County will advertise the Accommodations Tax application period annually, on or about January 15th of each year through use of an Accommodations Tax webpage on the County's website. Additionally, the County will notify the public through an advertisement in a paper of general circulation in the County. Applicants from the prior funding cycle will be notified by email or mail when the application period opens.

B. APPLICATION DUE DATE

All applications for funding requests are **due no later than 5:00 PM on March 1st of each year**. Should March 1st fall on a Saturday or Sunday, applications will be due no later than 5:00 PM on the Monday immediately following the 1st. Application packets must either be delivered in person or electronically by the due date to be considered on time. If an application packet is mailed, the packet must be postmarked by the United States Postal Service on or before the due date. If upon review, a component of the application packet is determined to be missing, the County will notify the applicant of the missing components. The applicant will be granted 5 business days from the date of notification to complete the packet. **Late submittal of an application packet or failure to provide missing packet components within the 5 day window will disqualify an applicant from funding consideration for that funding cycle.**

C. FUNDING CYCLE

Accommodations tax grants are provided on a County fiscal year basis. The County fiscal year begins July 1 and ends June 30 of the following calendar year. Applications will be accepted until 5:00 PM March 1st for projects and events that occur between July 1st following the application due date through June 30. For instance, applications due on March 1, 2016 will cover events/projects occurring from July 1, 2016 – June 30, 2017. Events/projects that occur prior to, or after, this time period will not be considered for funding in that funding cycle.

D. APPLICATION PACKET

For funding consideration applications packets must be complete. A complete application packet will include each of the following:

1. **Funding application, completed and signed**
2. **Project budget, if separate from the application, showing all funding sources and expenditures**
3. **Completed W-9**
4. **Copy of your organization's most recently completed financial audit. The Committee, at its discretion, may allow unaudited financial statements on a case by case basis.**

E. APPLICATION INSTRUCTIONS

All applications must be completed in full. The application is divided into six (6) sections:

1. **General Project Information** – the section provides general information including contact information for the project organizer:
 - a. **Organization/Event/Project Name** - provide a concise title that aptly describes its scope
 - b. **Event/Project/Activity location** – where the project will be located or the distribution area affected - must be within Spartanburg County for funding consideration
 - c. **Event/Project/Activity Date(s)** – include beginning and end date – the project beginning date must fall within funding cycle, described above
 - d. **Amount Requested** – list the amount of Accommodations Tax funding requested from Spartanburg County only – do not include other funding sources in this box
 - e. **Contact Name** – individual responsible for responding to questions, scheduling presentations, reporting use of funds (if application approved)
 - f. **Contact phone** – phone number of individual identified above
 - g. **Contact email** – email address of individual identified above
 - h. **Mailing address** – mailing address of individual identified above
 - i. **Tax Status** – please identify the federal tax status of the organization (eg. 501 (c) (3) nonprofit)

2. Project Category

Select all that apply to the proposed activity for which funding is being requested. Chapter 6 of Title 4 of the South Carolina Code of Laws specifies that Accommodations Tax funding must be used for tourism related expenditures in the identified categories. If the event/project is not related to the promotion of tourism, where a tourist is defined as having traveled more than 50 miles from their home, the proposed activity is ineligible for funding.

3. Projected Tourism Impact

This section contains estimated tourism impact information in order to help assess the benefit of your proposed activity. Event attendees are only considered tourists if they have traveled more than 50 miles from their home to attend. Measurers of tourism impact include:

- a. **Total Attendance** – includes both tourists and locals
- b. **Total # Tourists** – how many of total attendees will travel from more than 50 miles to attend the proposed activity
- c. **Estimated number of room nights generated** – if tourists will **not** overnight in an area hotel, this number will be zero. If tourists will overnight in the area, this figure is calculated by multiplying the number of tourists staying the night in a hotel by the number of nights. Occupancy of a hotel room by more than one guest only counts as one room night.

- d. **Estimated tourism spend** - the estimated amount of funds that tourists will spend on lodging, food, entertainment/attractions, souvenirs/shopping, fuel, etc while they are in Spartanburg County.
- e. **County cost per tourist** – Amount of accommodations tax funding being requested divided by the number of expected tourists
- f. **County cost per room night** – amount of accommodations tax funding being requested divided by the number of room nights.

4. Proposed Activity Description

This section provides non-financial information about the proposed event/project, its benefit to tourism in Spartanburg County, required permits, prior funding, and any additional comments that the applicant feels are relevant in the board's consideration of this application.

- a. **General Description** – as completely as possible, describe the total project/activity and what is intended to be accomplished.
- b. **Benefit to Tourism and Community** – As stated under Eligibility, the requested funds are to be expended on tourism activities. It is important in this section to identify the benefit of the project/activity from a tourism standpoint, elaborate on how you estimated the figures provided in the tourism impact section, and relate these to the overall benefit to the Spartanburg County Community.

Applicants who are requesting an allocation of \$25,000 or more must submit a description of an economic impact analysis which includes information regarding accommodations to be conducted by a third party along with the qualifications of the organization who will be conducting the analysis. This requirement can be waived by the Committee for those applicants who request an allocation for an established event which has completed an economic impact analysis in the previous year(s) and excludes the designated recipient of the Advertising and Promotion Special Fund.

An economic impact analysis traces the flows of spending associated with tourism activity in a region to identify changes in sales, tax revenues, income and jobs due to tourism activity. The principal methods utilized are visitor spending surveys, analysis of secondary data from government economic statistics, economic base modes, input-output models and multipliers (Frechtling 1994).

Applicants can enlist the assistance of the Spartanburg Convention and Visitors Bureau in order to conduct the economic impact analysis. Should the applicant decide to enlist the assistance of the Spartanburg Convention and Visitors Bureau for the analysis, a letter from the Spartanburg Convention and Visitors Bureau indicating that the assistance of the Spartanburg Convention and Visitors Bureau has been requested to conduct the analysis must accompany the application.

- c. **Permits required** – Many projects require approval to proceed. This could include permits from local, state, or federal authorities. If applicable, provide a listing of all permits required for the completion of the project, as well as a description of how obtainable these permits are.
- d. **Prior Funding** – In the spaces provided, include the amount of funding received from or award by Spartanburg County for the current fiscal year and two prior fiscal years.

- e. **Additional comments** – Please include any additional comments that you have that are relevant to the approval of the requested funding level for your proposed activity. You may include graphs, drawings, or other information to assist the committee in evaluating the tourism benefit of your project.

5. Financial Information

This section provides the budget for the proposed activity, including proposed sources of funding (revenue) and proposed activity expenditures. Additionally, this section also includes a detailed breakdown of the proposed expenditure of requested Spartanburg County Accommodations Tax funding. **Failure to provide a budget will disqualify applicants.**

a. Event/Project Budget

- i. Proposed Activity Revenues – Provide a breakdown of each expected revenue source for the activity, listing one revenue source per line along with the expected amount. This will include the amount of requested accommodations tax funding. Provide the total of all listed revenue sources for the activity.
- ii. Proposed Activity Expenditures – Provide a breakdown of each type of expected expenditure (staffing/personnel, utilities, rentals, advertising, supplies, maintenance, capital expenditures, etc.) for the proposed activity. Provide the total of all listed expenditures, including those to be funded by accommodations tax, for the activity.

- b. **Accommodations tax expenditures** – Provide detailed list of the expenditures for which the requested accommodations tax funds will be used. These expenditures will encompass a portion of those expenditures outlined in the total project/activity budget

6. Certification and Signature

Certify that all stated information is accurate and true to the best of the applicant's knowledge by signing and dating application.

IV. ACCOMMODATIONS TAX ADVISORY COMMITTEE PROCEDURES

A. APPLICATION REVIEW PROCESS

Spartanburg County Administration will compile and distribute copies of each application to the members of the Accommodations Tax Advisory Committee.

- 1. **Applicant Presentations** - The Committee, in consultation with Administration, will set a date and time for a meeting to hear presentations from each grant applicant. Each applicant will be notified by letter and email of their scheduled date and time. Notification letters will be transmitted both by mail and email at least two weeks in advance of the meeting date. **Failure to show for a scheduled presentation will disqualify a grant applicant for funding for that funding cycle. Each applicant will be allowed up to 8 minutes to present with a 2 minute question and answer period to follow. Additional time may be granted at the sole discretion of the Advisory Committee.**

All applicant presentations are expected to address and be formatted as follows:

- a. Overview of event/project
- b. Impact on tourism
- c. Use of funds

- d. Brief discussion of financials
- e. Historical tourism impact

2. Deliberations and Funding Recommendations – The Committee will meet within one month of the presentations to discuss and deliberate. The Committee will develop funding recommendations and will communicate these recommendations to County Council via letter.

B. FUNDING DECISIONS – Final funding allocations will be made by County Council, however any grant applicants that have been disqualified due to failure to follow these procedures will not be funded for that funding cycle.

C. FUNDING NOTIFICATIONS – All applicants will be notified by letter, prior to the start of the funding cycle (July 1), as to the funding decision of County Council.

V. GRANT DISBURSEMENT PROCEDURE

In order to receive disbursement for a grant award, the following procedures must be followed.

A. PURCHASING PROCEDURES – Applicants must follow the purchasing procedures set forth in the Spartanburg County Purchasing Ordinance 0-06-09. Major requirements are as follows:

- Purchases \$1,000 - \$4,999 – two competitive quotes
- Purchases \$5,000 - \$29,999 – three competitive quotes
- Purchases \$30,000 or greater – sealed bids

B. PROJECT PAYMENT – Funding will be disbursed to applicants as close to the date requested in the application as is possible. Since the County receives payment from the State on a quarterly basis, the County cannot guarantee that funds will be available to disburse to the event/project on the date requested.

C. PROJECT FINAL REPORTS – The project director is responsible to provide the Advisory Committee through County Administration, with the Final Report and other supporting documents within thirty (30) days of the project completion date, but not later than July 31st following the end of the funding cycle. Failure to provide a complete final report, to include the supplemental information listed below, will result in a loss of funding for the following fiscal cycle regardless of whether an approval has already been granted for that cycle by Council.

1. List of businesses contacted for bids or quotes
2. Invoices (photocopies)
3. Canceled checks (photocopies)
4. Final report
5. Printed promotions material
6. An economic impact analysis which includes information regarding accommodations conducted by an independent third party for any applicant who received an allocation totaling \$25,000 or more. This requirement can be waived by the Committee for those applicants who request an allocation for an established event which has completed an economic impact analysis in the previous year(s) and excludes the designated recipient of the Advertising and Promotion Special Fund.

Photocopies of all items above must be legible. The Final Report form is included in Exhibit B. In addition to certifying compliance with the County's procurement ordinance, applicants must maintain proof of compliance (quotes, contracts, sole source, etc.) for a period of three years past the conclusion of the fiscal cycle for auditing purposes.

If the project will not be completed until after March 1 of the project year, a status report of the progress-to-date must be forwarded by March 1 to the Advisory Committee for review. Future projects will not be funded until progress on pending projects is submitted for review by the Advisory Committee.