



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 1122 As amended by the House Ways and Means Licenses, Fees, Insurance Tax and Other Charges Subcommittee on May 3, 2016

Author: Rankin

Subject: Local Option Tourism Fee

Requestor: Senate Finance

RFA Analyst(s): Wren

Impact Date: May 12, 2016

Estimate of Fiscal Impact

	FY 2016-17	FY 2017-18
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	Undetermined	\$0

Fiscal Impact Summary

The bill as amended would have no state expenditure or revenue impact on the General Fund, Federal Funds, or Other Funds.

Due to the permissive nature of this bill, the local revenue impact is undetermined.

Explanation of Fiscal Impact

Explanation of Amendment by the House Ways and Means Licenses, Fees, Insurance Tax and Other Charges Subcommittee on May 3, 2016

State Expenditure

N/A

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

The bill as amended makes changes to Section 4-10-930(A), which states the provisions for imposing a local option tourism development fee. Currently, Subsection 1 allows for an ordinance adopted by a supermajority of the municipal council, which must be at least two-thirds

of the members of a municipal council. Subsection 2 allows for imposition by a referendum called by a majority of the members of the municipal council and requires approval of a majority of qualified electors. The amendment deletes the first provision in Subsection 1 as stated above.

Also, the bill adds Section 4-10-980, which provides that the local option tourism development fee may be renewed and imposed within a municipality in the same manner as authorized for the initial imposition of the fee. Any reimposition of the fee is effective immediately upon the termination of the fee previously imposed. The impact of this section as detailed below is unchanged from the bill as filed on February 25, 2016.

The tourism development tax may only be imposed by a municipality located in a county where revenue from the state accommodations tax is at least \$14 million in a fiscal year. Based upon the Department of Revenue's Information letter #16-3, currently only Horry County meets this criteria. Therefore, only municipalities in Horry County may impose this tax and Myrtle Beach is the only municipality that imposes the local option tourism development fee. The bill provides for the method by which a qualifying municipality may impose or reimpose an existing fee. However, this will be dependent upon the outcome of the required referendum. Due to the permissive nature of the bill as amended, the local revenue impact is undetermined.

Explanation of Bill Filed on February 25, 2016

State Expenditure

N/A

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

This bill adds Section 4-10-980, which states that the local option tourism development fee may be renewed and imposed within a municipality in the same manner as authorized for the initial imposition of the fee. Any reimposition of the fee is effective immediately upon the termination of the fee previously imposed.

The tourism development tax may only be imposed by a municipality located in a county where revenue from the state accommodations tax is at least \$14 million in a fiscal year. Based upon the Department of Revenue's Information letter #16-3, currently only Horry County meets this criteria. Therefore, only municipalities in Horry County may impose this tax and Myrtle Beach is the only municipality that imposes the local option tourism development fee. The bill provides for the method by which a qualifying municipality may reimpose an existing fee. Upon expiration, the bill would allow for Myrtle Beach to reimpose the fee. However, this will be dependent upon the outcome of the required referendum. Due to the permissive nature of this bill, the local revenue impact is undetermined.



Frank A. Rainwater, Executive Director