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Date: 12/18/2014 6:22:16 PM
Subject: ED LS: Misuse of ATAX \$\$?

News 3 Special Report: Breaking Down SC's Accommodations Tax

Posted: Nov 25, 2014 4:42 PM EST <em class="wnDate">Tuesday, November 25, 2014 4:42 PM EST *Updated: Nov 25, 2014 6:30 PM EST* <em class="wnDate">Tuesday, November 25, 2014 6:30 PM EST

By Ashleigh Holland, Reporter



Jasper County, S.C. - In a special investigation, News Three is tracking how some tax dollars are being spent in Jasper County.

If you've ever stayed in a hotel, motel, or bed and breakfast, you've paid taxes on your bill. In South Carolina, that's called the Accommodations Tax. A portion of it is mandated for tourism advertising and promotion.

But, who makes sure that money truly goes to tourism advertising and promotion? News Three has been searching documents and asking questions. The bottom line, the system of accountability appears to be broken.

"The legislature created a law that was clearly designed to be a slush fund for the counties," Ashley Landess, Director of the South Carolina Policy, says.

Landess believes a state ruling is flawed. Her government watchdog group, the South Carolina Policy Council, worries the state legislature has thus created the potential for legal corruption.

Landess is using the Jasper County Chamber of Commerce as an example.

"All public expenditures are supposed to be itemized and made available to the public," Landess says.

News Three first asked Jasper County to show where \$28,953.14 in the Accommodations Tax designated for tourism advertising and promotion was spent in the fiscal year 2012-2013.

South Carolina Department of Revenue Ruling #98-22 reads: "...municipalities and counties that receive more than \$25,000 in Accommodations Tax funds must submit information concerning how they spent Accommodations Tax funds were collected."

Jasper County Attorney Marvin Jones says the county did not have reconciliation reports, or receipts and invoices to show how the \$28,953.14 was spent, upon News Three's request.

That same state ruling also says the same information is also to be sent to the South Carolina Tourism Expenditure Review Committee, of which Ed Riggs is chairman.

"Our responsibility is to oversee the proper expenditure of the Accommodations Tax funds," Riggs says.

So, how was the near \$29,000 spent?

“We, at this point, have assumed that the local governments would be... mindful of how this money is spent,” Riggs says.

In fact, Riggs says his committee never checks the expenditures of tourism advertising and promotion funds, unless there's a complaint filed.

“We don't intend to look into that money, because we've got plenty on our plate right now. Obviously, we'd look at it. We'd consider it. But with all the cities and counties, it's a big, big task to review all these,” Riggs says.

With the big task, comes big money, too. Landess sees another big problem. After a state code was repealed, Riggs' committee answers to no one at the state level.

“So, you've got quite a reporting structure in here, and none of it's enforceable,” Landess says.

When News Three took concerns to the Jasper County Chamber of Commerce, its director gave an accounting of the fiscal year 2012-2013 tourism advertising and promotion expenditures. Although Director Kendall Malphrus did not have the documents available immediately, there were invoices to show \$1,737 in brochures, \$538 for a visitor's center event sign, small amounts for phones, postage, an E-newsletter, and more than \$25,000 to supplement the salaries of Malphrus and her administrative assistant. That portion for salaries takes up 87% of the money designated for tourism and advertising promotion.

Should salaries fall under the heading of tourism advertising and promotion?

“The problem is these people are left to interpret the law however they wish. No one is overseeing how they're spending this money,” Landess says.

The Policy Council is now calling for change, not only in Jasper County, but statewide.

“I think the legislature needs to step in very quickly. We've obviously got millions of dollars potentially misspent, and they need to fix this mistake,” she says.

News Three asked the Jasper County Chamber of Commerce, Malphrus, and its President Marty Sauls for interviews or statements, but they declined.

Though she won't be interviewed, Malphrus says her office is an ‘open book,’ and that all the public needs to do is ask, and she's willing to answer.

To Landess, that's not good enough. The Policy Council wants a better system of oversight and accountability in South Carolina.

Senator Tom Davis agrees better oversight is necessary. He doesn't believe money in the tourism advertising and promotion fund should go toward employee salaries.

News Three is working on a full report with Davis, and will have that in the near future

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