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Date: 6/16/2014 10:14:46 AM

Subject: Veto 25 - Duane

From our notes it says to possibly ask Duane to see if he would help with Jimmy speaking on this veto?
KV

**Veto 25 Part IB, Page 460; Section 97, Office of State Treasurer; Proviso 97.14, Municipality
Accommodations Tax Withholdings**

Earlier this year, the Supreme Court ruled in *City of Myrtle Beach v. Tourism Expenditure Review Committee* that the City of Myrtle Beach had illegally diverted hundreds of thousands of dollars of accommodations tax proceeds directly into the City's General Fund.

The accommodations tax exists to promote tourism and related industries, not to subsidize local government's own operations. There are longstanding penalties in permanent law for local governments that misallocate these funds.

This proviso is essentially a get-out-of-jail-free card for municipalities that are caught breaking the law, because it would allow those local governments that are caught misusing these funds to put the money back where it belongs, without penalty.

I have vetoed this proviso because it circumvents the Supreme Court's ruling and undermines the law.

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