

From: Baker, Josh <JoshBaker@gov.sc.gov>
To: Soura, Christian <ChristianSoura@gov.sc.gov>
Date: 6/10/2014 9:08:54 AM
Subject: RE: Municipality Accommodations Tax Withholdings

This proviso changes the process for withholding accommodations tax revenues from local governments who have used these funds for unauthorized expenditures. It was introduced in response to a South Carolina Supreme Court ruling earlier this year against the City of Myrtle Beach, which was found to have misallocated hundreds of thousands of dollars in accommodations tax revenues directly to the City's general fund. When the City did not get the desired outcome in the courts, it turned to the legislature for relief from the loss of revenue.

Accommodations taxes exist in large part to fund the infrastructure and public service activities necessary to support our state's thriving tourism industry, not to feed local bureaucracies. Allowable uses at the local level are clearly laid out in statute, as is the process for statewide oversight and consequences for local governments who choose not to comply. Withholding revenues from local governments because of unauthorized expenses is intended to disincentivize such expenditures and direct the revenue to governments who use accommodations tax funds more effectively and appropriately.

The effect of this proviso would be to allow local governments to pay back disallowed expenses only if they get caught and with no other consequence for ignoring state law. We should not support the efforts of individuals or local governments to avoid fiscal accountability because they find compliance with the law to be inconvenient.

From: Soura, Christian
Sent: Monday, June 09, 2014 1:41 PM
To: Baker, Josh
Subject: Municipality Accommodations Tax Withholdings

Veto 12 Part IB, Page 460; Section 97, Office of State Treasurer; Proviso 97.14, Municipality Accommodations Tax Withholdings

I think you've looked into this one a little – you wanna take a shot at the veto message? Thanks.

CLS

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