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City of Myrtle Beach v. Tourism Expenditure Review Committee

Supreme Court of South Carolina - February 5, 2014 - S.E.2d - 2014 WL 464070

City appealed a determination of the Tourism Expenditure Review Committee (TERC) certifying City's grant of local accommodation tax (A-tax) funds to outside agencies as noncompliant with the Accommodations Tax Act (Act). The Administrative Law Court reversed TERC's noncompliance certification. TERC appealed.

The Supreme Court of South Carolina held that City's award of local A-tax funds, which were part of 65 percent of remaining A-tax funds allocated to a separate fund pursuant to the Accommodations Tax Act to be used for special purpose of promoting and accommodating tourism, to outside agencies as tourism-related expenditures, violated the Act.

City characterized the funds it awarded to the outside agencies as "general funds," but city's internal documents unmistakably revealed that it decided to sweep A-tax funds to its general fund to cover tourism-related public services, and Act did not permit this, but required oversight of A-tax funds by TERC.