

DRAFT LETTER

Dear

In the past few months the Taxation Realignment Committee (TRAC) , a Committee appointed by various State Senators, has recommended that the Tourism Expenditure Review Committee (TERC) have oversight responsibility for *local* ATAX and hospitality taxes as well. Local ATAX and hospitality taxes are statutorily limited to promoting tourism. TRAC stated there have been considerable media reports that local governments have been using local ATAX and hospitality taxes to balance their budgets and other non-tourism uses. This may be true with some municipalities, but certainly not true of all. Folly Beach is audited annually by external auditors and has always been found to be compliant. To give TERC oversight of our local hospitality and a-tax fund is ludicrous and unnecessary.

There is no Board in Columbia who could determine local needs as well as a local governing body who have been elected by the citizens of its municipality. A one-size-fits-all state formula, with oversight by a non-elected body in Columbia, doesn't make sense; just as the City of Folly Beach has no idea what Isle of Palms or Sullivan Island needs. The City has been fortunate in the past to have tourism funds, accommodation and hospitality taxes, to fund different needs which benefit the city and which would otherwise be paid through property taxes or other funds. One such expenditure which is paid through accommodation taxes is renourishment. A viable beach is crucial to tourism; therefore funding renourishment is mandatory. Therefore, each and every year \$150,000 is budgeted and placed in a reserve fund to pay the city's share of the renourishment project.

I urgently request you to oppose anything which would change the status of the Tourism taxes which are needed by the local municipalities. Please allow all accommodation and hospitality taxes to remain status quo, with no changes. Thanking you in advance for granting my request.

Sincerely,

For example, renourishment in the amount of \$150,000 annually is one of the needed items funded with these taxes. Also funded are the following; a portion of the Fire Program, Beach Management which includes the Civilian Beach Patrol, repair of walkovers, putting up sandfencing, and other important items. However, recently we were advised that the Tax Realignment Commission has been given a proposal from the Accommodation and Hospitality Tax Sub-Committee. If this proposal goes into effect, the City would lose the 65% A-Tax Discretionary Funds which helps fund Sea 'n Sand, Folly Palooza, the Arts Festival, Tides of March, surfing events, etc. In addition, the proposal the Governor's appointed Board called the Tourism Expenditure Review Committee (TERC) located in Columbia called TERC will be given oversight of the city's local accommodation and hospitality taxes. We will have to have their approval before funds can be spent and they will be given a management fee out of the funds. Now is the time Folly needs to pull together and contact your representatives in Columbia or the Charleston County Legislative Delegation and ask them to stop this proposal. The contact information can be obtained either through the web site or call Robin at 513-1837 or Mary at 513-1836 for the numbers.