

Statement of Estimated Local Revenue Impact

Date: April 29, 2013

Bill Number: S. 503

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Committee Requesting Impact: Senate Finance

Bill Summary

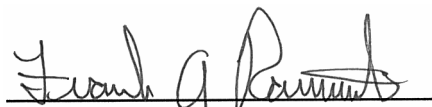
A bill to amend Chapter 1, Title 6 of the 1976 Code, by adding Article 6 to enact the "Beach Preservation Act", to allow a qualified coastal municipality to impose a fee not to exceed one percent on the gross proceeds derived from the rental or charges for accommodations furnished to transients subject to the municipality's local accommodations tax, to provide that the municipality may impose the fee only after its approval in a referendum held in the municipality, to provide that the fee is in addition to all other local accommodations taxes imposed and must not be deemed cumulative to other local accommodations taxes imposed by the municipality, to provide uses for which the fee revenue must be applied, to provide for reporting and for remittance of these fees, and to provide definitions.

REVENUE IMPACT ^{1/}

This bill is not expected to impact State revenues. Local revenue for a beach preservation fee would be approximately \$8,000,000 in FY 2013-14 if all qualifying cities imposed the maximum fee of 1%.

Explanation

This bill would allow a municipality that imposes a local accommodations tax of not more than one and one-half percent with a public beach to impose a beach preservation fee of up to one percent. The fee would apply in the same manner as accommodations tax as outlined in Section 12-36-920(A) and would not be subject to the maximum local accommodations tax limitations of Section 6-1-540. The bill does not specify a definition of public beach, so we have included any municipality with public beach access. We have identified the following municipalities that have public beach access as listed on the Department of Health and Environmental Control South Carolina Public Beach Access Guide: Hilton Head Island, Charleston, Folly Beach, Isle of Palms, Kiawah Island, Sullivan's Island, Edisto Beach, Pawley's Island, Atlantic Beach, Myrtle Beach, North Myrtle Beach and Surfside Beach. Based upon our research, Hilton Head already imposes a 2% beach preservation fee, Charleston and Edisto Beach impose a 2% accommodations tax and Pawley's Island imposes a 3% accommodations tax and would all be excluded. Based upon collections for local accommodations tax reported to our office by the qualifying cities on the Annual Local Municipal Financial Report, we estimate that if all qualifying municipalities imposed a 1% beach preservation fee they would generate approximately \$8,000,000 in FY 2013-14.



Frank A. Rainwater
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Analyst: Jolliff

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.