

THE IMPACT OF LOCAL HOSPITALITY TAXES IN THE CITY OF CAYCE



WHAT THE LAW SAYS

SC Code of Laws §6-1-530

Municipalities may impose up to a 2% local hospitality sales tax and counties can impose up to 1% hospitality sales tax. The combined City and County hospitality tax cannot exceed 2%. The revenue generated by the local accommodations tax must be used exclusively for the following purposes:

- (1) *tourism-related buildings including, but not limited to, civic centers, coliseums, and aquariums;*
- (2) *tourism-related cultural, recreational, or historic facilities;*
- (3) *beach access, renourishment, or other tourism-related lands and water access;*
- (4) *highways, roads, streets, and bridges providing access to tourist destinations;*
- (5) *advertisements and promotions related to tourism development; or*
- (6) *water and sewer infrastructure to serve tourism-related demand.*

- **92 municipalities in South Carolina** collect local hospitality taxes. In Columbia, more than \$8 million in hospitality taxes are collected annually while the Town of Forest Acres collects \$817,000. One of the best examples about the positive impact of hospitality taxes for a local government entity is **\$21 million Falls Park in the City of Greenville**.

HOSPITALITY TAX IN CAYCE

- **A Local Hospitality Tax does not reduce a restaurant's earnings.** Similar to how state sales taxes are structured, local hospitality taxes are simply a pass through source of revenue that goes from the establishment's patrons to the City. In Richland County, an estimated 60% of their hospitality taxes are paid for by those who live outside of the County.
- A 2% hospitality tax on food and beverages served in the City of Cayce would yield a steady annual revenue source of **approximately \$644,308**. Half of that revenue could be used for the operation and maintenance of capital facilities that are tourism related such as the Historical Museum and the Cayce Riverwalk. This would mean a **\$335,000 reduction in expenditures for the General Fund** that could be redirected to strengthen and improve the City's core functions like Public Safety and Sanitation.
- The cost to the City of Cayce for the final phase of the Riverwalk in 2014 will be approximately \$486,755. This phase will extend the Riverwalk to I-77. The first three phases of **the Riverwalk bring more than 600,000 visitors to Cayce** each year and it is therefore important to complete the final phase of the expansion; however, salaries, equipment and security at the Riverwalk cost the City more than \$220,000 each year.
- Another way that the H-Tax could help the City attract more visitors and potential businesses is by providing much-needed funds for **our streetscaping efforts along the City's major corridors and by providing better signage to direct visitors to our city from the Interstate**. A large portion of the H-tax revenue comes from folks who do not live in Cayce.

PRACTICAL IMPLICATIONS

If the Local Hospitality Tax is adopted, a meal costing \$20.00 in the City of Cayce will include a charge of only **an additional 40 cents on your bill**.

A COMMITMENT TO THE FUTURE OF OUR CITY

As compared to other Midland's cities and other cities around our state, the City of Cayce has a long-standing reputation of being a City with an **extremely low cost of living while still operating as a full service City**. In order to continue providing these services to our residents and to attract new businesses and residential developments to our City, it is critical that we find a way to supplement the declining revenue sources from the federal and state government.

Rediscover Cayce, A New Kind of City