
1 **R2020-47: TO RATIFY AND RETROACTIVELY CONSENT TO CERTAIN HORRY**
2 **COUNTY ORDINANCES (COLLECTION OF 1.5% HOSPITALITY FEE).**

3 **Applicant/Purpose:** CFO / To give retroactive consent for the County to resume collection of
4 its 1.5% hospitality fee inside the corporate limits per the terms of the Settlement Agreement
5 dated September 4, 2020.
6

7 **Brief:**

- 8 • The County's 1.5% hospitality fee was adopted in 1996 w/ the consent of municipalities
9 to fund the RIDE program. Each municipality gave consent to the County to collect the
10 fee within their corporate limits, provided:
 - 11 ▪ The fee would be used to fund the RIDE program.
 - 12 ▪ The fee would sunset upon the maturity of the projected debt issue for the RIDE
13 program (01/01/2017).
- 14 • In 2016 & 2018, the County took unilateral action to continue collecting the fee beyond
15 01/01/2017, & the final retirement of the RIDE debt.
- 16 • Legal action followed & eventually culminated in a Settlement Agreement in Principle
17 (SIP) between all parties (and subsequently approved by the Circuit Court.
- 18 • The issues of class certification and distribution of the common are on appeal, but that
19 appeal does not affect any other provisions of the SIP.
20

21 **Issues:**

- 22 • In compliance w/ the SIP:
 - 23 ▪ The cities will give retroactive consent to the County to resume collections of
24 the 1.5% hospitality fee & its rental car fee inside their corporate limits.
 - 25 ▪ After withholding 1.0% of the collections as an administrative fee, the County
26 will then return those collections to each municipality for uses defined in
27 statutes governing Local Accommodations and Hospitality Taxes.
 - 28 ▪ The City will continue collecting taxes at current rates through 12/31/2020.
- 29 • The County will resume collecting its 1.5% hospitality fee from City businesses on
30 01/01/2021.
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32 **Public Notification:** Standard advertisement of resolution.
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34 **Alternatives:** Any alternative would violate the SIP & is not recommended.
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36 **Financial Impact:**

- 37 ▪ The resulting inflow of hospitality fees from the 1.5% is projected to increase City
38 revenues by \$9 - \$10 million next fiscal year.
- 39 ▪ In a year w/out a pandemic or other economic interruption, the increase should raise ~
40 \$18 million.
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42 **Manager's Recommendation:** I recommend 1st reading (12/1/2020).
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44 **Attachment(s):** Proposed resolution.