
1 **AN ORDINANCE ENACTING IN CHAPTER 2, ARTICLE VI, A NEW DIVISION**
2 **7, LOCAL HOSPITALITY TAX, TO INSTITUTE A TWO PERCENT TAX,**
3 **EFFECTIVE IMMEDIATELY WITH IMPLEMENTATION TO BE EFFECTIVE**
4 **JULY 1, 2019.**

5 **Applicant/Purpose:** Staff/adopt 2% hospitality tax per SC Code §6-1-700 et. seq.
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7 **Brief:**

- 8 • This ordinance adopts a local hospitality tax at the rate of 2.0%.
 - 9 • Ordinance would be effective immediately; tax levy beginning July 1, 2019.
 - 10 • In Council’s discretion, local hospitality tax revenue may be used:
 - 11 ○ To provide local funding for highways, roads, streets, & bridges providing
 - 12 access to tourist destinations, such as I-73 project.
 - 13 ○ To finance certain operations & maintenance costs, including police, fire
 - 14 service, emergency medical & emergency preparedness operations attendant
 - 15 to facilities for which funds may be spent.
 - 16 • South Carolina Code §6-1-530, also provides for certain other uses:
 - 17 ○ Tourism-related buildings such as civic centers, coliseums, & aquariums.
 - 18 ○ Tourism-related cultural, recreational, or historic facilities.
 - 19 ○ Beach access, renourishment, & other tourism lands & water access.
 - 20 ○ Advertisements & promotions related to tourism development.
 - 21 ○ Water & sewer infrastructure to serve tourism-related demand.
- 22

23 **Issues:**

- 24 • Under §6-1-720, a local governing body may adopt, by positive majority vote (in
 - 25 City Council’s case, at least 4 votes), a local hospitality tax not to exceed 2%.
 - 26 • A county may not impose a local hospitality tax in excess of 1% within the
 - 27 boundaries of a municipality without the consent, by resolution, of the appropriate
 - 28 municipal governing body.
 - 29 • Cumulative rate of county & municipal local hospitality taxes is limited to 20%.
 - 30 • Horry County has no local hospitality tax.
 - 31 • County’s uniform service charge (“hospitality fee” of 1.5%) adopted in 1996 with
 - 32 the consent of the municipalities for a period 20 years, expired in 2017.
- 33

34 **Public Notification:** Normal meeting notification.
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36 **Alternatives:** Do not adopt the amendment.
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38 **Financial Impact:** When taken together with companion ordinance 2019-024 providing
39 a credit for City hospitality fee payers, this tax is expected to yield about \$5.4 million
40 in new revenue to the City.
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42 **Manager’s Recommendation:** The previous agreement, by which County collects its
43 1.5% hospitality fee inside the MB corporate limits, expired in 2017. Together with
44 approval of the credit in proposed Ordinance 2019-24, this tax does not increase the
45 total amount of the tax burden on any given taxpayer, just the distribution between
46 the City and the County. I recommend 1st reading.
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48 **Attachment(s):** Proposed ordinance.

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CITY OF MYRTLE BEACH
COUNTY OF HORRY
STATE OF SOUTH CAROLINA

**AN ORDINANCE ENACTING IN
CHAPTER 2, ARTICLE VI, A NEW
DIVISION 7, LOCAL HOSPITALITY
TAX, TO INSTITUTE A TWO
PERCENT TAX, EFFECTIVE
IMMEDIATELY WITH
IMPLEMENTATION TO BE EFFECTIVE
JULY 1, 2019.**

IT IS HEREBY ORDAINED THAT Chapter 2, Article VI of the Code of Ordinances of the City of Myrtle Beach is hereby amended by enacting Division 7, Local Hospitality Tax, in Sections 2-315 through 2-321.

Sec. 2.315. - Municipal local hospitality tax pursuant to South Carolina Code 6-1-700 through 6-1-770.

There is hereby imposed a uniform tax of two (2) percent on the gross proceeds derived from the sales of prepared meals, food, and beverages sold in or by establishments, or sales of prepared meals, food and beverages sold in or by establishments licensed for on-premises consumption of alcoholic beverages, beer or wine.

Sec. 2.316. - Payment of municipal hospitality tax.

The tax imposed by this section shall be collected from any patron when he tenders payment for his meal, food, or beverage and shall be held in trust for the benefit of the city until the same is paid to the director of the revenue collections division as hereinafter provided. Every establishment subject to this section shall, on the date or within the time period hereinafter prescribed, make a return to the revenue collections division of the city on forms provided by the office delineating gross proceeds of sales of prepared meals, food, and beverages for the previous month, and the amount of any tax due by virtue of this section. At the time the return is filed, the full amount of any tax due hereunder shall be remitted. Taxes and required reports shall be submitted to the Revenue Collections Division by the twentieth (20) day of the month and shall cover sales of the previous month. If the due date for reporting and payment falls on a Saturday or Sunday, or a federal, state, or City of Myrtle Beach observed holiday then reporting and payment are considered timely on the following business day. Furthermore, if the due date for reporting and payment falls during the period of a natural disaster which directly precluded the responsible party from timely submitting the reports and payments, an additional ten (10) day extension may be granted upon written request by the taxpayer to the director of the revenue collections division. A natural disaster is defined as a hurricane,

1 earthquake, flood, or tornado. The responsible party is considered directly
2 precluded from timely submitting reports and payments if their offices are
3 deemed by emergency officials to be damaged to the extent of being unsafe
4 or unavailable for use due to the disaster or postal service to the immediate
5 area is suspended during the due date. Any taxes not timely remitted shall be
6 subject to a penalty of twenty-five (25) percent. The failure to collect from
7 patrons the tax imposed by this section shall not relieve any establishment
8 subject to this section from making the required remittance.

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10 Sec. 2-317. - Hospitality tax account.

11 There is hereby established a special account, to be known as the hospitality
12 tax account, into which all monies remitted to the city under this section
13 shall be deposited. Any and all funds in the hospitality tax account, including
14 any interest as may accrue thereon, shall be used only for the purposes as set
15 forth in S.C. Code Ann. Sec. 6-1-730, as the same may from time to time be
16 amended.

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18 Sec. 2-318. - Inspections, audits and administration.

19 For the purpose of enforcing this section, the director of the revenue
20 collections division or other authorized agent of the city is empowered to
21 enter upon the premises of any person or entity subject to this section and to
22 make inspections, and examine and audit books and records. It shall be
23 unlawful for any person or entity to fail or refuse to make available the
24 necessary books and records during normal business hours upon twenty-four
25 (24) hours' written notice. In the event an audit reveals that false information
26 has been filed by the remitter, the cost of the audit shall be added to the
27 correct amount of taxes determined to be due. The director of the revenue
28 collections division or other authorized agent may make systematic
29 inspections of all establishments within the city to ensure compliance with
30 this section. The director of the revenue collections division shall administer
31 the provisions of this section and make reasonable regulations relating to its
32 administration.

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34 Sec. 2-319. - Violations. It shall be a violation of this section to:

- 35 1. Fail to collect the municipal hospitality tax in connection with the sale of
- 36 meals, food, and beverages;
- 37 2. Fail to remit to the city the taxes collected pursuant to this section on a
- 38 monthly basis;
- 39 3. Provide false information on the form of return submitted to the city;
- 40 4. Fail to provide or make available books and records to the director of
- 41 revenue or other authorized agent for the purpose of an audit upon twenty-
- 42 four (24) hours' written notice; or,
- 43 5. Fail to comply with any other specific provision/requirement of this
- 44 section.

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1 Sec. 2-320. - Violations a misdemeanor.
2 The failure of an establishment subject to this section to remit to the city the
3 taxes required by this section, as and when due, shall constitute a
4 misdemeanor, punishable by a fine of not more than five hundred dollars
5 (\$500.00) or imprisonment for up to thirty (30) days, or both. Notwithstanding
6 the foregoing, any misrepresentation of the information required by return(s)
7 as set forth in subsection (b) hereof or the failure to collect or timely remit
8 to the city the taxes imposed by this section shall result in the suspension
9 and/or revocation of the business license of the offending establishment, or
10 the business license of the offending establishment shall not be renewed, as
11 may be determined, after a hearing by the business license committee. At
12 least ten (10) days' notice of such hearing shall be provided to the owner of
13 the applicable establishment.

14
15 Sec. 2-321. - Severability.
16 If any section, phrase, sentence or portion of this section is for any reason
17 held invalid or unconstitutional by any court of competent jurisdiction, such
18 portion shall be deemed a separate, distinct, and independent provision, and
19 such holding shall not affect the validity of the remaining portions herein.

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24 _____
25 BRENDA BETHUNE, MAYOR
26

27 ATTEST:

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30 _____
31 Jennifer Stanford, City Clerk

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33 1st Reading _____

34 2nd Reading _____

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