

Dear Business Owner:

Effective August 1, 2005 The Town of Summerville adopted ordinance 04-1103 which established a two percent (2%) Hospitality Tax on prepared meals, food, and beverages. You have received this hospitality packet because your business is anticipated to be one that will collect this tax.

Please find enclosed information on the hospitality tax, including the actual ordinance adopted by Council, a copy of the SC State Code outlining allowable uses of the monies, a clarification of "prepared meals, food and beverages" covered by the ordinance, and a blank coupon to be used to report and remit the Hospitality Tax to the Town of Summerville.

The hospitality tax applies to all gross receipts collected on sales of prepared meals, food and beverages sold in establishments, or sales of prepared meals, food and beverages sold in establishments licensed for on "premise consumption of alcoholic beverages, beer or wine.

The **two percent (2%)** is imposed on every person engaged in business of furnishing food and beverage services, whether dine in or take out, within the municipal limits of Summerville. The tax applies to all restaurants, convenience stores, fast food outlets, grocery stores, and any other establishment preparing and/or serving food and /or beverages within the municipal limits of Summerville.

Payment of the hospitality tax shall be the liability of the consumer of the services. The tax shall be paid at the time of delivery of the services to which the tax applies, and shall be collected by the provider of the service. The provider of the services shall remit the hospitality tax due by the 20th of the following month. **Failure to pay on time carries a 5% penalty per month, and fines up to \$500.00.**

Each coupon must be signed by the preparer. The preparer's signature certifies that all information submitted is correct and in accordance with the requirements of the Town of Summerville.

Please mail coupons to:
Town Of Summerville
Hospitality Tax
200 South Main St
Summerville, SC 29483

We hope to be able to assist you with any information that will prepare you for the collection of this tax. If you have any questions, please feel free to call me at Town Hall at 843-851-4215 or pwike@summervillesc.gov.

Sincerely,

Pamela Wike

Revised 5/8/2015

Clarification of “Prepared Meals, Food, and Beverages”

This includes:

1. Food which is made, prepared, or cooked in your establishment
2. Made, prepared, or cooked within the Town of Summerville and sold in your establishment
3. Made, prepared, or cooked outside the Town of Summerville but re-packaged or modified and served by your establishment
4. Drinks which are served, ie Fountain, coffee maker, cappuccino, or other dispensed or mixed drinks

Examples of typical items prepared or modified by establishments affected by the 2% Hospitality Tax

- Doughnuts, pastries, cookies, and candies made in your establishment
- Deli meats and cheeses sliced and packaged in your establishment for individual or catered sales
- Served drinks like fountain drinks, coffee, or cappuccino
- Soup or salad bar sales
- Sandwiches, pizza, or hot dogs prepared, heated, or packaged at your establishment
- Vegetable or meat trays prepared or packaged at your establishment
- Popcorn which is popped at your establishment
- Pretzels which are baked or heated at your establishment
- Bags of chips, pretzels, nuts, candies that are served for consumption at your establishment
- Canned or bottled drinks that are served for consumption at your establishment

Items that are EXEMPT from the Hospitality Tax

- Canned, or bottled drinks sold, not for consumption at your establishment
- Cans, boxes, or jars of food which are prepackaged
- Bags of chips, pretzels, nuts, candies, or other prepackaged food items sold, not for consumption at your establishment
- Salads which are prepared outside of the Town and are not modified in any way at your establishment
- Bakery items which are prepared outside of the Town and are not modified in any way at your establishment

SC Code of Laws Title 6 Chapter 1 General Provisions

www.scstatehouse.net

ARTICLE 7.
LOCAL HOSPITALITY TAX

SECTION 6-1-700. Short title.

This article may be cited as the "Local Hospitality Tax Act".

SECTION 6-1-710. Definitions.

As used in the article:

- (1) "Local governing body" means the governing body of a county or municipality.
- (2) "Local hospitality tax" is a tax on the sales of prepared meals and beverages sold in establishments or sales of prepared meals and beverages sold in establishments licensed for on-premises consumption of alcoholic beverages, beer, or wine.
- (3) "Positive majority" means a vote for adoption by the majority of the members of the entire governing body, whether present or not. However, if there is a vacancy in the membership of the governing body, a positive majority vote of the entire governing body as constituted on the date of the final vote on the imposition is required.

SECTION 6-1-720. Imposition of local hospitality tax.

(A) A local governing body may impose, by ordinance, a local hospitality tax not to exceed two percent of the charges for food and beverages. However, an ordinance imposing the local hospitality tax must be adopted by a positive majority vote. The governing body of a county may not impose a local hospitality tax in excess of one percent within the boundaries of a municipality without the consent, by resolution, of the appropriate municipal governing body.

(B) All proceeds from a local hospitality tax must be kept in a separate fund segregated from the imposing entity's general fund. All interest generated by the local hospitality tax fund must be credited to the local hospitality tax fund.

SECTION 6-1-730. Use of revenue from local hospitality tax.

< Section effective until January 1, 2011. See, also, section effective January 1, 2011. >

(A) The revenue generated by the hospitality 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 and renourishment;
- (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.

(B)(1) In a county in which at least nine hundred thousand dollars in accommodations taxes is collected annually pursuant to Section 12-36-920, the revenues of the hospitality tax authorized in this article may be used for the operation and maintenance of those items provided in (A)(1) through (6) including police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to those facilities.

(2) In a county in which less than nine hundred thousand dollars in accommodations taxes is collected annually pursuant to Section 12-36-920, an amount not to exceed twenty percent of the revenue in the preceding fiscal year of the local hospitality tax authorized pursuant to this article may be used for the additional purposes provided in item (1) of this subsection.

SECTION 6-1-730. Use of revenue from local hospitality tax.

< Section effective January 1, 2011. See, also, section effective until January 1, 2011. >

(A) The revenue generated by the hospitality 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 and renourishment;
- (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.

(B)(1) In a county in which at least nine hundred thousand dollars in accommodations taxes is collected annually pursuant to Section 12-36-920, the revenues of the hospitality tax authorized in this article may be used for the operation and maintenance of those items provided in (A)(1) through (6) including police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to those facilities.

(2) In a county in which less than nine hundred thousand dollars in accommodations taxes is collected annually pursuant to Section 12-36-920, an amount not to exceed fifty percent of the revenue in the preceding fiscal year of the local hospitality tax authorized

pursuant to this article may be used for the additional purposes provided in item (1) of this subsection.

SECTION 6-1-740. Cumulative rate of local hospitality tax.

The cumulative rate of county and municipal hospitality taxes for any portion of the county area may not exceed two percent, unless the cumulative total of such taxes was in excess of two percent or were authorized to be in excess of two percent prior to December 31, 1996, in which case the cumulative rate may not exceed the rate that was imposed or adopted as of December 31, 1996.

SECTION 6-1-750. Local hospitality tax revenue upon annexation.

In an area of the county where the county has imposed a local hospitality tax that is annexed by a municipality, the municipality must receive only that portion of the revenue generated in excess of the county local hospitality tax revenue for the previous twelve months in the area annexed.

SECTION 6-1-760. Ordinances prior to March 15, 1997; calculation; revenue.

(A) With respect to capital projects and as used in this section, "tourist" means a person who does not reside in but rather enters temporarily, for reasons of recreation or leisure, the jurisdictional boundaries of a municipality for a municipal project or the immediate area of the project for a county project.

(B) Notwithstanding any provision of this article, any ordinance enacted by county or municipality prior to March 15, 1997, imposing an accommodations fee which does not exceed the three percent maximum cumulative rate prescribed in Section 6-1-540, is calculated upon a base consistent with Section 6-1-510(1), and the revenue from which is used for the purposes enumerated in Section 6-1-530, remains authorized and effective after the effective date of this section. Any county or municipality is authorized to issue bonds, pursuant to Section 14(10), Article X of the Constitution of this State, utilizing the procedures of Section 4-29-68, Section 6-17-10 and related sections, or Section 6-21-10 and related sections, for the purposes enumerated in Section 6-1-530, to pledge as security for such bonds and to retire such bonds with the proceeds of accommodations fees imposed under Article 5 of this chapter, hospitality fees imposed under this chapter, state accommodations fees allocated pursuant to Section 6-4-10(1), (2), and (4), or any combination thereof, and the pledge of such other nontax revenues as may be available for those purposes for capital projects used to attract and support tourists.

SECTION 6-1-770. Remitting tax to local governing body; frequency determined by estimated average amounts.

The tax provided for in this article must be remitted to the local governing body on a monthly basis when the estimated amount of average tax is more than fifty dollars a month, on a quarterly basis when the estimated amount of average tax is twenty-five dollars to fifty dollars a month, and on an annual basis when the estimated amount of average tax is less than twenty-five dollars a month.