

Millions More Proposed by S.C. House for ‘Tourism Marketing’

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By Rick Brundrett - The Nerve

Nearly \$30 million in tax dollars could flow next fiscal year through the state tourism agency to regional tourism organizations for “tourism marketing” – with reduced or no private grant matches in contrast to larger matches required in prior years.

The S.C. House version of the state budget for fiscal year 2022 calls for \$14 million in recurring general funds – the amount that has been appropriated annually in recent years – plus another \$15 million in non-recurring, state surplus funds for “Destination Specific Tourism Marketing” (DSTM) grants awarded by the S.C. Department of Parks, Recreation and Tourism (SCPRT).

The proposed additional taxpayer-funded spending purportedly is needed to counter the loss of tourism dollars with the coronavirus outbreak in South Carolina.

To put the collective \$29 million in context, it’s more than the overall proposed budgets of at least 48 state agencies or major divisions, budget records show. The new fiscal year starts July 1; the House this week approved a \$31.1 billion total state budget, which includes state, federal and “other” funds.

“Public-private” partnerships between the state and economic development and tourism organizations have been common in recent years in South Carolina, supposedly to ensure that taxpayers don’t pay most of the cost of promoting the Palmetto State to companies or tourists.

But as The Nerve in 2019 [revealed](#), taxpayers are making up more of the “private match” than they should be doing.

Under a new proviso in the House version of the fiscal 2022 state budget, SCPRT would require no private match for DSTM grants drawn from non-recurring funds, and allow agency director Duane Parrish to reduce private matches for those grants funded with recurring money.

An annually renewed proviso sets the minimum grant award at \$250,000, though no maximum amount is specified. Typically, every state dollar must be matched with two dollars of “private funds,” which isn’t defined.

SCPRT acknowledged for the 2019 Nerve story that tourism groups receiving DSTM grants don’t provide the agency with lists specifically identifying each contributor and individual amounts collected for the required private matches.

The grants, which go to convention and visitors bureaus or chambers of commerce in larger tourism markets in the state, are awarded at the “discretion of SCPRT’s Director,” an agency spokeswoman said in 2019. Under state law, the governor appoints the department director, with consent of the Senate.

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Organizations receiving grants must "certify" that the matching private funds are "new dollars specifically designated for the purpose of matching state funds," under the annually renewed proviso. In the 2019 Nerve story, representatives of the Charleston, Columbia, Greenville and Hilton Head tourism organizations each said that participating hotels in their areas assess a room fee toward their private matches.

But The Nerve raised questions then about whether the charged fees were voluntary and transparent, based on spot checks at several resorts and hotels.

The Nerve [reported](#) last October that Gov. Henry McMaster was seeking – as proposed by Parrish – to spend \$20 million for tourism marketing, using funds from the "COVID-19 Response Reserve" account, which was created by lawmakers in May with \$155 million in state surplus money.

In a letter to longtime state Sen. Hugh Leatherman, R-Florence, supporting the \$20 million proposal, McMaster contended the state's tourism industry has "borne the brunt of the COVID-19 damage to our economy."

Under the proposal, \$15 million of the \$20 million would be divided among the following five tourism organizations, records show:

- Myrtle Beach Area Chamber of Commerce: \$6.88 million;
- Charleston Area Convention and Visitors Bureau: \$4.08 million;
- Hilton Head Island-Bluffton Chamber of Commerce: \$1.43 million;
- Visit Greenville SC: \$1.33 million;
- Columbia Metropolitan Convention and Visitors Bureau: \$1.28 million.

The grants would be separate from state or local accommodation taxes that the organizations receive annually for tourism promotion, or other public funding. The Myrtle Beach Area Chamber of Commerce, for example, received a total of \$47.6 million in "government grants" in 2018, which represented 88.5% of its total revenues that year, according to its annual federal tax return.

Last October, the legislative Joint Bond Review Committee (JBRC), which is chaired by Leatherman, approved McMaster's request for the \$20 million, \$5 million of which would be used by SCPRT to "implement a tourism recovery advertising strategy," according to agency documents provided to the JBRC.

The House version of the fiscal 2022 budget for SCPRT separately lists \$15 million for DSTM grants and \$5 million for "tourism advertising," all of which would be covered with surplus funds.

SCPRT annually spends millions of tax dollars on tourism promotion. Out of the agency's total nearly \$146.4 million budget for next fiscal year as proposed by the House, more than \$58 million would be designated for "tourism sales and marketing," budget records show.

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The Nerve on Thursday sent written questions to SCPRT about the DSTM grant program and related budget matters, but did not receive a response by publication of this story.

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The debate on next fiscal year’s state budget now moves to the Senate Finance Committee, chaired by Leatherman. After the full Senate passes its budget version, any differences with the House plan are expected to be worked out in a joint conference committee. McMaster will consider whether to issue any vetoes after the Legislature passes its final version.

The Nerve has repeatedly [pointed out](#) that lawmakers have ignored a longstanding state law requiring that the legislative budget-writing committees – Senate Finance and House Ways and Means committees – hold joint public hearings on the governor’s proposed budget version at the beginning of the budget process. A House bill that would repeal the law is before the Senate Finance Committee.

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