

INFORMATION REGARDING PAYMENT OF LOCAL HOSPITALITY TAX.

The City of York implemented a 2% hospitality tax on all prepared foods and beverages on November 4, 2003. Following are answers to some frequently asked questions:

1. What is the Local Hospitality Tax?

The local Hospitality Tax is a tax in the amount of two percent (2%) applied to the total amount charged for prepared or modified foods and beverages intended for immediate consumption and sold within the municipal limits of the City of York.

2. Where do I send the taxes collected under the 2% hospitality tax?

The taxes collected under the 2% Hospitality Tax should be sent to the following address:

City of York Hospitality Tax
P.O. Box 500
York, SC 29745

Do not send these revenues to the State of South Carolina as part of your normal monthly reporting to the Department of Revenue

3. What are the benefits of the Local Hospitality Tax?

The State Code specifies that the Local Hospitality Tax may fund the following projects:

- a. Construction, repair, and other capital-related needs of tourism-related buildings, including, but not limited to, civic centers, coliseums, and aquariums;
- b. Construction, repair, and other capital-related needs of tourism-related facilities, including, but not limited to, cultural, recreations, or historic facilities;
- c. Tourism-related beautification projects;
- d. Construction, repair, and other capital-related needs of highways, roads, streets, and bridges to serve tourism-related demand;
- e. Advertisements and promotions related to tourism development;
- f. Construction, repair, and other capital-related needs of water and sewer infrastructure to serve tourism-related demand

The City of York's Capital Improvement Plan includes repairs and enhancements to recreation facilities, beautification of the gateways leading into the city, and improvements to Highway 5/161 Business (East Liberty Street), downtown, and municipal facilities.

4. What sales are subject to the Local Hospitality Tax?

All food, beverage, and alcohol sales in bars, restaurants, and other food establishments are subject to the Local Hospitality Tax. Specifically, all food and beverage items that are prepared or modified by convenience stores, grocery stores, and other similar establishments, and that are intended for immediate consumption, are subject to the Local Hospitality Tax. In establishments such as arcades and theaters, the sale of prepared or modified foods and beverages such as fountain drinks, popcorn, and nacho's are subject to the Local Hospitality Tax. Caterers are not subject to the 2% tax.

5. Who is responsible for collecting and remitting the Local Hospitality Tax?

The establishments providing the prepared or modified foods and beverages are responsible for the collection of this tax from patrons and are liable to remit collections to the City of York.

6. How will the Local Hospitality Tax be remitted to the City of York?

Each establishment providing such prepared or modified foods and beverages must submit, each month, the City of York’s Local Hospitality Tax Reporting form to the City of York. This form will require the establishment to disclose its monthly gross proceeds from the sale of foods and beverages subject to the Local Hospitality Tax, even if that amount is zero.

For those establishments that owe the City of York an amount in excess of fifty dollars (\$50.00) per month, the establishment must remit the amount owed on a monthly basis, along with the City of York’s Local Hospitality Tax Reporting Form. For those establishments that owe the City of York an amount between twenty –five dollars (\$25.00) and \$50.00 per month, the amount must be remitted quarterly, by the twentieth day of each of the following months, for the preceding quarter: January, April, July, and October. For those establishments that owe the City of York less than \$25.00 per month, the amount must be remitted annually, by the twentieth day of January, for the preceding calendar year.

7. What if an establishment’s payment to the Coty of York is late?

A penalty of five percent (5%) of the unpaid amount for each calendar month or portion thereof shall apply. **Please note the form provides for a 3% discount for timely payment.**

8. What is the implementation schedule for the Hospitality Tax?

The fee will be implemented with the following schedule: *First reading of Ordinance, October 7, 2003; Second Reading/Public Hearing of Ordinance, November 4, 2003; Mail Notification Letters/Reporting forms to Businesses, November 13, 2003; Effective Date of Tax Collections, December 1, 2003; First 2% Revenue Report Due to City, January 20, 2004.*

9. How will the funds generated by the Hospitality Tax be allocated in future budgets?

The allocation of funds will be designated each year during the review of the Capital Improvement Plan. The City Manager will bring a recommendation to the City Council on how the funds may be allocated. City Council will consider that recommendation and determine whether or not any changes need to be made prior to the adoption of the City Budget.

10. How do I calculate the taxes to be remitted to the City under the 2% Hospitality Tax?

Example of how to calculate tax:

Total of all revenue for all foods and beverages prepared for immediate consumption:	\$50, 000.00
Multiply this number by 2%.....	x. 02
<u>Subtotal</u>	<u>\$1,000.00</u>
If the payment is made by the 20 th of the month, subtract 3% from the subtotal. (Subtotal x 3%).....	\$30.00
The result is the amount to be remitted to the City of York:.....	<u>\$970.00</u>

Not the SC Department of Revenue

If you have any questions regarding the collection procedures on the Hospitality Tax, please direct them to Martie Bailes at 803-684-2341.