



Proposed Local Hospitality Tax

Town of Swansea
Spring 2025



Overview

- Definition & purpose
- How funds are collected, managed & disbursed
- Allowed & possible uses
- Benefit to the town
- Implementation timeline

What is a Local H-Tax?

- Uniform 2% tax on all sales of prepared foods/beverages within town limits
- Collected by food service businesses, then reported & remitted to the town on a regular basis
- Allowed by state code to help encourage tourism & economic development
- Funds are restricted in use & must be segregated from general fund
- **It is NOT a tax on food service businesses**

Who pays local H-Tax?

- Anyone buying prepared foods or drinks sold within town limits
- Affects all restaurants, supermarkets, convenience stores, bars/lounges, food trucks, and mobile vendors (tax paid at point of sale)



Why Implement a Local H-Tax?

- It's allowed by state law
- Most of our neighboring towns have local h-tax ordinances
- It's equitably assessed on anyone who buys prepared foods/beverages
- It helps improve the town & make it more visitor friendly
- It could generate approx. \$135K per year

How is H-Tax Collected?

- Consumer pays tax at point of sale
- Business holds those funds in trust
- Business completes and remits h-tax report/remittance form by 20th of each month
 - Must also submit SCDOR ST-3 form to substantiate entries on town's h-tax form

How is H-Tax Collected? Point of Sale Example #1:



Current:

In the Tax line on this receipt, the sales tax being collected is 7%.
($\$5.99 \times .07 = \0.42)

With Local H-Tax of 2%:
The sales tax collected would be 9%.
($\$5.99 \times .09 = \0.54)

Difference: \$0.12

How is H-Tax Collected? Point of Sale Example #2:



Current:

In the Tax line on this receipt, the sales tax being collected is 7%.
($\$18.62 \times .07 = \1.30)

With Local H-Tax of 2%:
The sales tax collected would be 9%.
($\$18.62 \times .09 = \1.68)

Difference: \$0.38

How is H-Tax Remitted? H-Tax Report to Town

LOCAL HOSPITALITY TAX REMITTANCE FORM
Reference Ordinance 2024-04, Municipal Code Chapter 12, Municipal Hospitality Tax
SCOR Form ST-3, State Sales and Use Tax Return must be submitted with this form.

Business Name & Mailing Address
Federal ID
SC Retailer Tax #
THIS RETURN REPORTS FOR
Month Year

Computation of Hospitality Tax:
Line 1 Gross Proceeds of Sales Subject to Hospitality Tax
Line 2 Balance Due (Line 1 x 2%)
Line 3 Penalty, if not received by 21st day of the following month (Line 1 x 5%)
Line 4 Total Hospitality Tax and Penalty Due

IMPORTANT: This return covers the reporting period listed above and becomes delinquent on the 21st day of the following month. Any tax not received by the 21st day of the following month will be added to a late penalty of 5% of the sum owed and shall continue to incur a monthly penalty of 5% if not received by the 21st day of each and every month thereafter until paid in full.

I hereby certify that I have examined this remittance form and, to the best of my knowledge, it is true and correct.

Signature _____ Printed Name _____
Date _____ Title _____

MAIL TO:
Town of Swainsboro
Attn: Local Hospitality Tax
PO Box 429
Swainsboro, SC 29160-0429

FOR OFFICIAL USE ONLY
Date Payment Received _____ 3/17/2025

SALES AND USE TAX
1. Total gross proceeds of sales, rentals, use tax, and wholesale for sale use from Item 3 of Sales and Use Tax Worksheet on next page
2. Total amount of deductions (from Item 1 of Sales and Use Tax Worksheet)
3. Net taxable sales and purchases (line 1 of Sales line 2)
4. State Sales and Use Tax (multiply line 3 x 4%) **6%**

ADDITIONAL TAX FROM ST-301
5. Total Sales and Use Tax (from Column 5, line 2, page 5 of 6 of the ST-301)
6. Total State and Local Taxes due (add line 4 and 5)
7. Taxpayer's liability for State and Local taxes only
8. Net proceeds (line 6 minus line 7)
9. Penalty (line 8 x 5%)
10. TOTAL AMOUNT DUE (line 8 and 9)

REMARKS: You must complete and attach the ST-301.
If this section does not apply, go to line 6.

I authorize the Director of the SCOR or delegate to discuss this return, attachments, and related tax matters with the preparer.
I hereby certify that I have examined this return and to the best of my knowledge and belief it is true and accurate.

Signature _____ Printed name _____ Date _____
Signature phone number _____ Date _____

Mail to: Balance due: SCOR, PO Box 100193, Columbia, SC 29202 Zero due: SCOR, PO Box 125, Columbia, SC 29214-0101
SBO 1507A

How is H-Tax Remitted? Remittance Frequency

- Businesses remit h-tax to town:
 - Monthly, if estimated tax is > \$50 per month (sales > \$2,500 per month)
 - Quarterly, if estimated tax is \$25-50 per month (sales \$1,250 – \$2,500 per month)
 - Annually, if estimated tax is <\$25 per month (sales < \$1,250 per month)

How is H-Tax Managed?

- Town deposits and holds h-tax revenues in a separate bank account
- Interest earned on those deposits must be credited to the h-tax account
- Town budgets revenue & expenditures in a separate H-tax fund and GL account
 - Town budgets to spend what it collected the previous fiscal year

How is H-Tax Disbursed?

- Can be disbursed as needed for projects that meet approved uses (next slide)
- Can be transferred to another account for an approved use and with proper documentation

How can H-Tax be used?

1. Tourism-related buildings
2. Tourism-related cultural, recreational, or historic facilities
3. Beach access and re-nourishment
4. Highways, roads, streets, and bridges providing access to tourist destinations
5. Advertisements & promotions related to tourism development
6. Water & sewer infrastructure to serve tourism-related demand
7. Control & repair of flooding and drainage within or on tourism-related lands/areas
8. Site preparation for any of the above (demolition, repair, or construction)

How could Swansea use H-Tax?

- Façade improvement program
- Directional roadside signage
- Street tree planting & maintenance
- Fountain park improvements & maintenance
- Rast Park improvements & maintenance
- Sewer & water infrastructure in tourism-related areas*
- Marketing campaign & materials to encourage tourism

* Council & PC should collaboratively identify & designate “tourism-related areas” within town limits

How does the Town benefit?

- Equitable revenue generation (residents & transients)
- Minimal impact on consumers (extra 2 cents per dollar spent)
- Additional \$135K in annual revenue
- Can be used in combination with other revenue sources for major projects
- Self-perpetuating revenue source
- Can help improve the town

What are the next steps?

- First reading – presentation & draft ordinance (April 14, 2025)
- Business & community awareness (May 1-22, 2025)
- Second reading & public hearing (May 29, 2025)
- Internal preparations (June 2025)
- H-Tax collections begin (July 1, 2025)
- First H-Tax payments to Town (August 20, 2025)



Questions or Comments?

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