



Town of Hilton Head Island

Accommodations Tax Advisory Committee Meeting

Thursday, July 24, 2025, 2:00 PM

**1 Town Center Court, Hilton Head Island, SC
Benjamin M. Racusin Council Chambers**

The Accommodations Tax Advisory Committee meeting will be held in person at Town Hall in the Benjamin M. Racusin Council Chambers.

- 1. Call to Order**
- 2. Introduction of Newly Appointed Members**
- 3. Adoption of the Agenda**
- 4. Approval of the Minutes**
 - a. Regular Meeting Minutes of April 3, 2025
- 5. New Business**
 - a. Election of Chairman and Vice Chairman
 - b. Overview of Accommodations Tax Advisory Committee Role, Responsibilities, and Statutory Requirements - Curtis Coltrane, Town Attorney
 - c. Review of Accommodations Tax Advisory Committee Bylaws and Rules of Procedure - Curtis Coltrane, Town Attorney
 1. Review of Election of Officers Requirement
 - d. Review of South Carolina Freedom of Information Act Requirements - Curtis Coltrane, Town Attorney
 1. Meeting Quorum
 2. Communication Among Committee Members and the Public
 3. Public Records
 4. Executive Session
 - e. Presentation Regarding 2026 Accommodation Tax Grant Application Policy and Process - Michele Bunce, Senior Grants Administrator

6. Public Comment - Non Agenda Items

7. Adjournment

FOIA Compliance: Public notification of this meeting has been published, posted, and distributed in compliance with the South Carolina Freedom of Information Act and the requirements of the Town of Hilton Head Island.

In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 ("ADA"), the Town of Hilton Head Island will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities. Auditory accommodations are available. Any person requiring further accommodation should contact the Town of Hilton Head Island ADA Coordinator as soon as possible but no later than 48 hours before the scheduled event.

Municipal Association of South Carolina (MASC) Civility Pledge:

"I pledge to build a stronger and more prosperous community by advocating for civil engagement, respecting others and their viewpoints, and finding solutions for the betterment of my city or town."



Town of Hilton Head Island
Accommodations Tax Advisory Committee

Thursday, April 3, 2025, at 9:00 a.m.

MEETING MINUTES

Present from the Committee: Stephen Arnold, *Chairman*; John Farrell, *Vice-Chairman*; Cecile Eck, Martin Lesch, Keith Schlegel, Adriaan Radder, and Thomas Dowling

Absent from the Committee: None

Present from Town Council: None

Present from Town Staff: Adriana Burnett, *Director of Finance*; Cindaia Ervin, *Assistant Town Clerk*; Shena Smith, *Finance Assistant*; and Michele Bunce, *Senior Grants Administrator*

Present from the Media: None

1. Call to Order

The meeting was called to order at 9:01 a.m.

2. Adoption of the Agenda

Chairman Arnold called for a motion to approve the agenda. Mr. Dowling moved to approve the agenda as presented, and Mr. Lesch seconded the motion. The motion passed unanimously (7-0-0).

3. Approval of Minutes

a. Regular Meeting – November 7, 2024

Chairman Arnold asked for a motion to approve the meeting minutes from November 7, 2024. Mr. Lesch moved to approve the meeting minutes. Mr. Schlegel seconded the motion. The motion passed unanimously (7-0-0).

4. New Business

a. Presentation of the Destination Marketing Organization FY26 Marketing Plan, Budget, and Industry Metrics – Ariana Pernice, Vice President of the Hilton Head Island Visitor & Convention Bureau (HHIVCB), and Chase O'Dell, Research Manager, Hilton Head Island Visitor and Convention Bureau (HHIVCB)

Heather Woolwine, Communications Director for the Town of Hilton Head Island, introduced the Visitor and Convention Bureau staff. Ariana Pernice, VP of the HHIVCB, presented their Strategic Marketing Plan to the Committee. This plan is a comprehensive approach, including a 20-Year Comprehensive Plan, Annual Community and Visitor Surveys, Annual Strategic Marketing Plan, 10-Year Management Plan, and a Community Cornerstone Plan.

Ms. Pernice reviewed the plan's five pillars of destination values (Ecotourism, History, Arts & Culture, Recreation, Wellness), target leisure traveler identity, sustainable tourism, out-of-marketing strategy, a look back at 2024, a look forward for FY 2025 – 2026 marketing plan initiatives, global trends on travel, destination goals, FY 2025 – 2026 Strategic Marketing Roadmap, and the FY 2025 – 2026 Proposed Budget. She also reviewed the Coffee Table Book, which tells a deeper story of the island and what it has to offer the visitor.

The 2024 Visitor Profile Study provided an overview of the target leisure traveler, including metrics covering demographics and personas, education and income levels, visitor's trip characteristics when visiting Hilton Head Island, top reasons for choosing their destination, and travel behaviors. The HHIVCB has adopted an always on approach focusing on who is the decision maker when it comes to travel and how they secure the right visitor to the island. Ms. Pernice pointed out that immediately after COVID, they saw a strong demand resurgence, and in the years since, they have seen metrics start to mobilize as the post-COVID boom wanes. They stated that while the number of visitors to the island has decreased, the amount of money they are spending on the island has increased.

Ms. Pernice presented a look back to 2024, which had a 3% increase of website traffic. The current social media audience consisted of 357,000 users. Website performance looked at items such as visits/sessions, partner referrals, organic growth, impressions, stories and mentions, and ads. Also, the Official Vacation Planner was distributed January through December with a fulfillment rate of 58,549.

Ms. Pernice presented a look forward to FY 2025 – 2026 focusing on the DMO Strategic Marketing Plan Initiatives. Main focal points were a look at both global trends and destination goals in addition to being able to provide a strategic marketing roadmap. This roadmap would detail efforts to protect and preserve Hilton Head's delicate ecosystem, further invest in data management platforms, host community engagement events, maintain strong partnerships with the U.S. Travel Association and Brand USA, continue to enhance website and other digital advertising, and focus on meeting and group travel.

Lastly, a FY 2025 – 2026 Proposed Budget was shared with the Committee. Ms. Pernice stated that a corrected budget needed to be sent to the committee after today's meeting. The full budget is in the FY 2025 – 2026 Hilton Head Island Destination Marketing Plan.

Committee members asked questions, made comments, and held discussions regarding the following items:

- Benefit of a bonified event space
- Partnerships with hotels and other resources
- Percentage of budget spent on social media and how it's being executed
- How economic impact is measured
- How goals and objectives are set
- How visitor demographics are determined
- Media impressions – what's trending and utilization of marketing reports
- Use of AI technology
- Flexibility in changing strategies to meet trends, and group travel – smaller vs. larger groups

Ms. Pernice stated that awareness, feedback from local businesses and other sources, new technology, and analysis of investment all play a critical role in the overall marketing approach and strategies.

Member Schlegel made a motion to recommend the Fiscal Year 2025 - 2026 VCB Marketing Plan and Budget to Town Council. Member Eck seconded the motion. The motion was approved unanimously (7-0-0).

b. Consideration and Approval of the Revised Calendar Year 2025 Accommodations Tax Advisory Committee Meeting Dates – Michele Bunce, Senior Grants Administrator

Michele Bunce, Senior Grants Administrator, presented two revisions to the adopted 2025 Meeting Schedule. She shared that the schedule is structured around an annual cycle that aligns with the ATAX funding process and key milestones.

Ms. Bunce stated that the first request is to reschedule the July 10, 2025 ATAC Meeting to July 24, 2025 (same time) in order to allow time for ATAX policy revisions to be presented to Town Council for their approval. After such approval, these revisions would then be shared and presented to the Committee.

Chairman Arnold called for a motion to change the July meeting date from July 10th to July 24. The motion was approved unanimously (7-0-0).

Ms. Bunce presented the second proposed schedule change, which was the cancellation of the August 7, 2025 ATAC Meeting in lieu of the new onboarding process to be implemented for Committee members. The onboarding process will help Committee members understand their role and provide a thorough understanding of Town policies and strategic goals. In addition, she stated that staff will schedule two ATAX workshops – one during the day and another in the evening – giving applicants the opportunity to still review the ATAX program in more detail.

Member Farrell asked about the potential for a mentorship program for ATAX applicants. Organizations could help one another through the ATAX process based on their own experiences. Member Lesch stated that this type of program would help those applicants that don't want to hire a consultant. Member Schlegel stated that this was a good idea, but he suggested we be aware and cautious of not burdening just one or two agencies who may be willing to mentor. Finance Director Burnett stated that the mentorship could be optional, not mandatory.

Member Schlegel made a motion to cancel the August 7, 2025 meeting, and Member Farrell seconded the motion. The motion was approved unanimously (7-0-0).

5. Adjournment

At 10:12 a.m. Chairman Arnold adjourned the meeting.

Submitted by: Michele Bunce, Senior Grants Administrator

Approved:



TOWN OF HILTON HEAD ISLAND

Accommodations Tax Advisory Committee

TO: Accommodations Tax Advisory Committee
FROM: Michele Bunce, Senior Grants Administrator
VIA:
CC: Shawn Colin, Town Manager
John McGowen, Assistant Finance Director
DATE: July 24, 2025
SUBJECT: Comprehensive South Carolina Accommodations Tax Program -
Application Process and Fund Distribution Policy

BACKGROUND:

At the January 14, 2025 meeting, Town Council directed staff to develop a South Carolina State Accommodations Tax (ATAX) Funds Distribution Policy to help ensure the process of allocating these public funds is transparent, consistent, and aligned with SC State law requirements and the Town's Strategic Plan.

A comprehensive South Carolina Accommodations Tax Program, including both an application process and fund distribution policy, was presented to the Finance and Administrative Committee at their June 26, 2025 Meeting. The Committee voted to forward the Resolution to Town Council with a recommendation for approval. In addition, the Committee recommended the Town Council approved program to be presented to the Accommodations Tax Advisory Committee. Town Council reviewed and approved the Comprehensive South Carolina Accommodations Tax Program, Application Process and Fund Distribution Policy at their July 15, 2025 Meeting via Resolution.

In support of both the Town Council and Finance and Administrative Committee recommendations and approvals, the following information is provided:

I. Purpose:

This memorandum provides a comprehensive overview of the Town of Hilton Head Island's policy and process for accepting, reviewing, and awarding grants funded by ATAX revenues. It includes relevant South Carolina Code provisions, outlines the application and review process, and proposes decision-making and voting protocols followed by the Accommodations Tax Advisory Committee (ATAC), the Town Council's Finance and Administrative Committee, and the full Town Council. In addition, the process provides direction for the Town Council regarding the distribution of SC ATAX funds.

By establishing clear guidelines, policy, and procedures, these measures ensure that funds are allocated appropriately, promoting tourism and related activities in accordance with state laws. This structured approach fosters accountability and public trust in the management of ATAX resources.

This policy framework shown in Exhibit A of the Resolution and outlined thoroughly below, will improve consistency, transparency, and alignment with the Town of Hilton Head's Strategic Plan.

II. Overview of the South Carolina Accommodations Tax (ATAX)

The South Carolina Accommodations Tax (ATAX) is imposed under the authority of S.C. Code Ann. § 12-36-920(A)(Supp. 2024) and has three parts, one of which is a two-percent local ATAX on all transient lodging rentals, including hotels, motels, inns, and short-term vacation rentals, which is credited to the county or municipality where the tax was paid under the authority of S.C. Code Ann. § 12-36-2630(3)(Supp. 2024). The use of the 2% local ATAX is governed by S.C. Code Ann. § 6-4-10, et seq. (Supp. 2024). The information below provides additional details to overview the South Carolina Code of Laws related to ATAX.

A. Statutory Reference

The following from Title 6, Chapter 4 of the South Carolina Code of Laws govern the collection, use, and oversight of ATAX revenues:

- Establishes the 2% state accommodations tax.
- Defines "tourism-related expenditures."
- Requires municipalities receiving more than \$50,000 in annual revenue to appoint an Accommodations Tax Advisory Committee (ATAC).
- Outlines eligible uses and restrictions for ATAX funds.
- Requires local governments to prepare a housing impact analysis prior to giving second reading to the ordinance authorizing use of ATAX funds toward the development of workforce housing.
- States that the Tourism Expenditure Review Committee (TERC) shall serve as the oversight authority on all questionable tourism-related expenditures and has statutory authority to impose fines and withhold funds.

B. Permitted Uses of Funds

ATAX revenues must be spent within two years of receipt on eligible tourism-related expenditures which include:

- Advertising and promotion of tourism
- Cultural, recreational, or historic facilities
- Beach access and renourishment
- Highways, roads, and transportation systems serving tourists
- Tourist-related public safety services (police, fire, EMS)
- Operation of visitor information centers
- Workforce housing (see Section VII)

III. ATAX Grant Program – Town of Hilton Head Island

The Town of Hilton Head Island administers an annual ATAX Grant Program to support organizations and projects that enhance tourism and benefit the local economy. This program includes a public application process, committee and staff review, and Town Council approval.

A. Application Requirements

Applicants must submit:

- Completed ATAX application form
- Detailed project description
- Budget and specific funding request
- Projected tourism impact and visitor metrics
- Marketing and outreach strategy
- Past ATAX funding history (if applicable)
- Proof of nonprofit status or qualifying entity structure

B. Submission Timeline

Generally, the submission timeline is as follows:

- Applications typically open in August with a deadline in early September
- Review and recommendation process occurs September through October
- Town Council approval occurs November, before start of the new fiscal year

The Fiscal Year 2026 ATAX calendar, as shown in Attachment 2, is as follows:

- August 4 – September 5, 2025: Application window
- September – October: Staff and ATAC review
- November 6, 2025: ATAC recommendations to Finance and Administrative Committee
- November 18, 2025: Finance and Administrative Committee recommendations to Town Council
- December 9, 2025: Town Council final approval
- December 12, 2025: Award letters distributed

IV. Grant Review and Recommendation Process

A. Staff and Technical Review

Town staff perform the initial screening for:

- Application completeness and eligibility
- Compliance with S. C. Code Ann. § 6-4-10, *et seq.* (Supp. 2024)
- Duplication of Town services or existing efforts
- Alignment with the Town's Strategic Action Plan

B. Accommodations Tax Advisory Committee (ATAC) Review

- Appointed per SC Code § 6-4-25 (Supp. 2024)
- Includes stakeholders from hospitality, lodging, cultural, and tourism sectors
- Reviews applications, may request presentations
- Scores and ranks projects based on evaluation criteria

C. Finance & Administrative Committee Review

- Reviews ATAC recommendations and evaluates fiscal implications
- Ensures alignment with Town budget policies and goals
- May adjust or seek clarification on recommendations

D. Town Council Review and Final Decision

- Reviews staff and committee recommendations
- Holds meeting for deliberation and action
- Final grant awards approved by majority vote

V. Evaluation Criteria Used in Funding Decisions

Projects are evaluated for consistency with S.C. Code Ann. § 6-4-10, *et seq.* (Supp. 2024) using the following criteria:

- Tourism impact: Expected visitor volume
- Overnight stays: Influence on lodging demand
- Marketing: Strategy effectiveness and target market reach
- Economic impact: Benefit to local businesses and tax base
- Project readiness: Timeline, leadership, and deliverability
- Matching funds: Leveraging other funding sources
- Accountability: Performance on prior grants

VI. Post-Award Requirements

Town staff:

- Distributes award letters
- Initiates grant agreements
- Processes disbursement requests

Grantees must:

- Enter into a formal agreement with the Town
- Submit regular progress and final outcome reports
- Maintain documentation of all expenditures
- Submit documentation to request reimbursements
- Return unused or misused funds

VII. Town Council Voting and Approval Process

Following staff and committee review, Town Council formally votes on grant awards at a scheduled meeting.

A. Agenda Item Placement

- Grant recommendations appear on the agenda as an action item
- Includes award list, committee summaries, and supporting documentation

B. Deliberation Procedures

- ATAC Chair presents ATAX grant funding recommendations to Town Council with Finance Director or designee support
- Town Council members may ask questions of staff, the ATAC Chair, or applicants (if present).
- Discussion may include priorities, potential funding adjustments, or requests for additional information.

C. Motions and Amendments (Standard Operating Procedure)

1. Approval as submitted:

- Motion to approve full list as presented.
- No amendments needed; proceeds to vote.

2. Partial approval with amendments:

- Motion to approve parts of the list.
- Amendments to add, reduce, or defer specific awards are voted on individually.

3. Rejection or deferral:

- Town Council may reject and request a revised recommendation from the ATAC.
- May also defer decision to a later meeting.

D. Voting Procedure

- Roll call vote conducted by the Town Clerk
- Majority vote required for passage
- Results recorded in the official meeting minutes, to include list of final awards.

VIII. Use of ATAX for Workforce Housing

A. Legislative Background

In 2024, the South Carolina General Assembly amended the ATAX statute to allow a temporary use of ATAX funds for workforce housing. This was authorized to provide a funding tool for local jurisdictions to address the challenge of providing housing options for employees.

B. Authorized Use and Limitations

- Permitted Use: Support, subsidy, or development of workforce housing

C. Sunset Provision

- This provision expires on December 30, 2030, unless extended
- All commitments must be executed within this timeframe
- Staff must track expenditures and ensure compliance

D. Implementation Considerations for Hilton Head Island

- Ensure legal compliance, reporting, and documentation

IX. FY26 Projected Revenues and Distribution Policy

A. Overview of FY26 Revenue Projections

For Fiscal Year 2026, the Town of Hilton Head Island has projected SC Accommodations Tax (ATAX) revenues totaling \$12,354,522

This estimate is based on historical revenue trends and reviewed in Attachment 3.

B. Recommended Distribution Policy

To ensure consistency, fiscal responsibility, and alignment with the Town's Strategic Plan, staff propose a SC ATAX Fund Distribution Policy outlined below and has provided details on funding distributions proposed in FY19 – FY25 in Attachment 4.

Distribution Category	Required Distribution	Proposed Distribution	Proposed \$ Distribution
First \$25,000 to General Fund	\$25,000	\$25,000	\$25,000
5% to General Fund	5%	5%	\$616,476
30% to DMO	30%	30%	\$3,698,857
ATAX Grant Awards	—	33%	\$4,076,992
General Fund (Tourism Operating Expenses)	—	20%	\$2,454,654
Capital Improvement Program (CIP)	—	7%	\$864,817
Tourism-Serving Housing Program	—	5%	\$617,726
Total	35%	100%	\$12,354,522

C. Policy Intent

This distribution policy is designed to:

- Meet statutory obligations under SC Code Title 6, Chapter 4
- Ensure a balanced and transparent allocation between grants, operational needs, capital projects, and strategic housing investment
- Reinforce alignment with the Town of Hilton Head Island Strategic Plan goals, particularly in the areas of economic development, tourism sustainability, infrastructure investment, and workforce housing

D. Strategic Outcomes

By adopting this structured distribution framework, the Town aims to:

- Provide predictable funding for eligible tourism initiatives
- Maintain strong oversight and evaluation of grant-funded projects
- Support Town-managed tourism operations through the General Fund
- Invest in tourism-related infrastructure and long-term capital needs
- Pilot and sustain targeted housing initiatives to support the tourism workforce

ATTACHMENTS:

1. South Carolina Accommodations Tax Resolution
2. FY2026 South Carolina Accommodations Tax Calendar
3. South Carolina Accommodations Tax Historical Funding Distribution FY19-FY25
4. South Carolina Accommodations Tax Proposed Funding Distribution FY19-FY25
5. Town of Hilton Head Island FY2026 Accommodations Tax Application
6. Town of Hilton Head Island Application Evaluation and Scoring Rubric Guide

THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF
HILTON HEAD ISLAND, SOUTH CAROLINA, ADOPTING AND
AUTHORIZING THE IMPLEMENTATION OF THE “TOWN OF HILTON
HEAD ISLAND COMPREHENSIVE SOUTH CAROLINA
ACCOMMODATIONS TAX (ATAX) PROGRAM, APPLICATION PROCESS
AND FUND DISTRIBUTION POLICY.”**

WHEREAS, sales taxes on accommodations for transients are imposed under the authority of S. C. Code Ann. § 12-36-920(A)(Supp. 2024); and,

WHEREAS, the tax imposed by S. C. Code Ann. § 12-36-920(A)(Supp. 2024), has three parts, one of which is a two-percent local accommodations tax which is credited to the county or municipality where the tax was paid under the authority of S. C. Code Ann. § 12-36-2630(3)(Supp. 2024) (herein, “ATAX”); and,

WHEREAS, the use of ATAX by counties and municipalities is governed by S. C. Code Ann. § 6-4-10, *et seq.* (Supp. 2024); and,

WHEREAS, a county or municipality that receives more than fifty thousand dollars in ATAX must appoint a local Accommodations Tax Advisory Committee (herein, “ATAC”) with the membership and duties described in S. C. Code Ann. § 6-4-25(A)(Supp. 2024); and,

WHEREAS, the Town receives more than fifty thousand dollars in ATAX; and,

WHEREAS, S. C. Code Ann. § 6-4-25(B)(Supp. 2024) requires the Town to adopt guidelines for its ATAC that include the requirements for applications for funds from the special fund used for tourism-related expenditures; and,

WHEREAS, at its January 14, 2025, meeting, the Town Council of the Town of Hilton Head Island directed the Town Manager to develop a formal policy for the

application, review, and allocation of ATAX funds to ensure transparency, consistency, and alignment with both state law and the Town's Strategic Plan; and

WHEREAS, the proposed "Town Of Hilton Head Island Comprehensive South Carolina Accommodations Tax (ATAX) Program, Application Process And Fund Distribution Policy," attached hereto as "Exhibit A," establishes a clear and comprehensive process for accepting applications, evaluating proposals, and awarding funds in a manner that reinforces public trust and accountability; and

WHEREAS, the proposed "Town Of Hilton Head Island Accommodations Tax Grant Program," outlines roles and responsibilities for the Accommodations Tax Advisory Committee (ATAC), the Finance and Administrative Committee of Town Council, and Town Council itself in the review and decision-making process related to Accommodations Tax funds; and

WHEREAS, the Town Council finds that the proposed "Town Of Hilton Head Island Comprehensive South Carolina Accommodations Tax (ATAX) Program, Application Process And Fund Distribution Policy," is a structured and consistent approach to the administration of ATAX funds that supports tourism promotion, community priorities, and sound fiscal stewardship; and,

WHEREAS, the Town Council for Town of Hilton Head Island, South Carolina, has determined that the proposed "Town Of Hilton Head Island Comprehensive South Carolina Accommodations Tax (ATAX) Program, Application Process And Fund Distribution Policy" is in the best interest of the Town and promotes the health, safety and welfare of the Town and its citizens, property owners and residents.

NOW, THEREFORE, BE IT, AND IT HEREBY IS, RESOLVED BY THE TOWN COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA:


- (a) The “Town Of Hilton Head Island Comprehensive South Carolina Accommodations Tax (ATAX) Program, Application Process And Fund Distribution Policy,” attached hereto as Exhibit “A” is hereby adopted.
- (b) The Town Manager is authorized to take all actions as are necessary to implement the “Town Of Hilton Head Island Comprehensive South Carolina Accommodations Tax (ATAX) Program, Application Process And Fund Distribution Policy,” attached hereto as Exhibit “A”
- (c) This Resolution is effective as of the date of its adoption by the Town Council.

MOVED, APPROVED, AND ADOPTED THIS 15th DAY OF JULY, 2025.

**TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA**

By: 
Alan R. Perry, Mayor

ATTEST:


Kimberly Gammon, Town Clerk

APPROVED AS TO FORM:



Curtis L. Coltrane, Town Attorney

EXHIBIT "A" TO RESOLUTION ADOPTING ATAC GUIDELINES



Town of Hilton Head Island Comprehensive South Carolina Accommodations Tax (ATAX) Program, Application Process, and Fund Distribution Policy

I. Purpose

This policy provides a comprehensive policy for the Town of Hilton Head Island's program and process for accepting applications for grants, reviewing applications for grants, and awarding grants funded by South Carolina State Accommodations Tax (ATAX) revenues. It includes relevant South Carolina Code provisions, outlines the application and review process, and proposes decision-making and voting protocols to be followed by the Accommodations Tax Advisory Committee (ATAC), the Town Council's Finance and Administrative Committee, and the Town Council. In addition, the process provides direction for the Town Council regarding the distribution of SC ATAX funds.

By establishing clear guidelines, policy, and procedures, these measures ensure that funds are allocated appropriately, promoting tourism and related activities in accordance with State laws. This structured approach fosters accountability and public trust in the management of ATAX funds.

This policy will improve consistency, transparency, and alignment with the Town of Hilton Head Island's Strategic Plan.

II. Overview of the South Carolina Accommodations Tax (ATAX)

The South Carolina Accommodations Tax (ATAX) is imposed under the authority of S. C. Code Ann. § 12-36-920(A)(Supp. 2024) has three parts, one of which is a two-percent local ATAX on all transient lodging rentals, including hotels, motels, inns, and short-term vacation rentals, which is credited to the county or municipality where the tax was paid under the authority of S. C. Code Ann. § 12-36-2630(3)(Supp. 2024). The use of the 2% local ATAX is governed by S. C. Code Ann. § 6-4-10, *et seq.* (Supp. 2024). The information below provides additional details to overview the South Carolina Code of Laws related to ATAX.

A. Statutory Reference

S. C. Code Ann. § 6-4-10, *et seq.* (Supp. 2024) governs the collection, use, and oversight of ATAX revenues, and:

- Defines "tourism-related expenditures."
- Requires municipalities receiving more than \$50,000 in annual revenue to appoint an Accommodations Tax Advisory Committee (ATAC).

- Outlines eligible uses and restrictions on uses for ATAX funds.
- Requires local governments to prepare a housing impact analysis prior to giving second reading to the ordinance authorizing use of ATAX funds toward the development of workforce housing.
- States that the Tourism Expenditure Review Committee (TERC) shall serve as the oversight authority on all questionable tourism-related expenditures and has statutory authority to impose fines and withhold funds.

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ATAX revenues must be spent within two years of receipt on eligible tourism-related expenditures which include:

- Advertising and promotion of tourism
- Construction, maintenance and operation of cultural, recreational, or historic facilities
- Beach access and renourishment
- Highways, roads, and transportation systems serving tourists
- Tourist-related public safety services (police, fire, EMS)
- Operation of visitor information centers
- Workforce housing (see Section VIII, below)

III. ATAX Grant Program – Town of Hilton Head Island

The Town of Hilton Head Island administers an annual ATAX Grant Program to support organizations and projects that enhance tourism and benefit the local economy. This program includes a public application process, committee and staff review, and Town Council approval.

A. Application Requirements

Applicants must submit:

- Completed ATAX application form
- Detailed project description
- Budget and specific funding request
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- Marketing and outreach strategy
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- Proof of nonprofit status or qualifying entity structure

B. Submission Timeline

Generally, the submission timeline is as follows:

- Applications typically open in August with deadlines in early September
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A. Staff and Technical Review

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- Duplication of Town services or existing efforts
- Alignment with the Town's Strategic Action Plan

B. Accommodations Tax Advisory Committee (ATAC) Review

- Appointed per SC Code § 6-4-25 (Supp. 2024)
- Includes stakeholders from hospitality, lodging and cultural sectors
- Reviews applications, may request presentations
- Scores and ranks projects based on evaluation criteria

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- Project readiness: Timeline, leadership, and deliverability
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3. Rejection or deferral:

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- May also defer decision to a later meeting.

D. Voting Procedure

- Roll call vote conducted by the Town Clerk.
- Majority vote required for passage.
- Results recorded in the official meeting minutes, to include list of final awards.

VIII. Use of ATAX for Workforce Housing

A. Legislative Background

In 2024, the South Carolina General Assembly amended the ATAX statute to allow a temporary use of ATAX funds for workforce housing. This was authorized to provide a funding tool for local jurisdictions to address the challenge of providing housing options for employees.

B. Authorized Use

- Permitted Use: Support, subsidy, or development of workforce housing.

C. Sunset Provision

- This provision expires on December 30, 2030, unless extended
- All commitments must be executed within this timeframe
- Staff must track expenditures and ensure compliance

D. Implementation Considerations for Hilton Head Island

- Ensure legal compliance, reporting, and documentation

IX. FY26 Projected Revenues and Distribution Policy

A. Overview of FY26 Revenue Projections

For Fiscal Year 2026, the Town of Hilton Head Island has projected SC Accommodations Tax (ATAX) revenues totaling \$12,354,522.

This estimate is based on historical revenue trends and is included to illustrate the implementation of the fund distribution policy below.

B. Recommended Distribution Policy

To ensure consistency, fiscal responsibility, and alignment with the Town's Strategic Plan, the Finance and Administrative Committee propose a SC ATAX Fund Distribution Policy as outlined below as it is applied to the FY26 proposed distributions:

Distribution Category	Required Distribution	Proposed Distribution	Proposed \$ Distribution
First \$25,000 to General Fund	\$25,000	\$25,000	\$25,000
5% to General Fund	5%	5%	\$616,476
30% to DMO	30%	30%	\$3,698,857
ATAX Grant Awards	—	33%	\$4,076,992
General Fund (Tourism Operating Expenses)	—	20%	\$2,454,654
Capital Improvement Program (CIP)	—	7%	\$864,817
Tourism-Serving Housing Program	—	*5%	*\$617,726
Total	35%	100%	\$12,354,522

* Finance and Administrative Committee member recommendations ranged from 0 to 8% toward Housing with full committee recommending that Town Council determine appropriate distribution of ATAX toward Housing.

C. Policy Intent

This distribution policy is designed to:

- Meet statutory obligations under S. C. Code Ann. § 6-4-10, *et seq.* (Supp. 2024)
- Ensure a balanced and transparent allocation between grants, operational needs, capital projects, and strategic housing investment
- Reinforce alignment with the Town of Hilton Head Island Strategic Plan goals, particularly in the areas of economic development, tourism sustainability, infrastructure investment, and workforce housing

D. Strategic Outcomes

By utilizing this structured distribution framework, the Town aims to:

- Provide predictable funding for eligible tourism initiatives
- Maintain strong oversight and evaluation of grant-funded projects
- Support Town-managed tourism operations through the General Fund
- Invest in tourism-related infrastructure and long-term capital needs
- Pilot and sustain targeted housing initiatives to support the tourism workforce



**Town of Hilton Head Island
FY26 South Carolina Accommodations
Tax Calendar**

June 2025

June 12

- Preliminary Meeting with F & A Committee Chairman to discuss ATAX Grant cycle schedule, strategic priorities, and proposed SC ATAX Grant Fund Distribution Policy.

June 13 – 20

- Individual one-on-one meetings with F & A Committee members to gather feedback on proposed ATAX Grant program changes and process improvements.

June 26

- Finance and Administrative Committee Meeting
 - SC ATAX Fund Distribution Policy presented and considered.
-

July 2025

July 15

- Town Council Meeting
 - SC ATAX Fund Distribution Policy presented and considered.

July 17

- Town announces SC ATAX Grant cycle via website, media release, email outreach, and social media.

July 24

Attachment 2 – FY2026 South Carolina Accommodation Tax Calendar

- Accommodations Tax Advisory Committee Meeting
 - Election of new ATAC Chair
 - Onboarding session for new and returning members to review roles, responsibilities, and the updated grant process.

July 30

- Mandatory training workshop for potential ATAX applicants to understand eligibility, application requirements, and portal navigation. (PM Workshop)

July 31

- Mandatory training workshop for potential ATAX applicants to understand eligibility, application requirements, and portal navigation. (AM Workshop)
-

August 2025

August 4

- SC ATAX Grant Application opens; online portal open for submissions.

August 4 – September 5

- Staff available to applicants for technical assistance and process questions.
-

September 2025

September 5

- SC ATAX Grant Application closes; online portal closes for submissions.

September 6 – 16

- Staff review and verify SC ATAX Grant submissions for completeness of application, eligibility, and documentation compliance.

September 18

- Accommodations Tax Advisory Committee Meeting
 - Align committee members on evaluation rubric, ensure fairness, and clarify scoring criteria.

September 22

- Staff notifies ATAX applicants of their application status – approved for advancement or not proceeding.

September 25

- Accommodations Tax Advisory Committee Meeting
 - Review ATAX applicant list.
 - Review scoring process and discuss evaluation procedures.
-

October 2025

October 16

- Accommodations Tax Advisory Committee Meeting
 - ATAX Applicant Presentations.

October 23

- Accommodations Tax Advisory Committee Meeting
 - ATAX Applicant Presentations.
-

November 2025

November 6

- Accommodations Tax Advisory Committee Meeting
 - Recommend SC ATAX Grant awards for F & A Committee consideration.

November 18

- Finance and Administrative Committee Meeting
 - Review ATAC recommendations for SC ATAX Grant awards.
 - Make recommendation to Town Council for consideration.
-

December 2025

December 4

- Public Notice of Town Council consideration of SC ATAX Grant awards.

Attachment 2 – FY2026 South Carolina Accommodation Tax Calendar

December 9

- Town Council Meeting
 - Consideration of SC ATAX Grant awards.

December 12

- SC ATAX Grant award letters and next-step instructions issued to all SC ATAX Grant recipients.

Attachment 3 - South Carolina Accommodations Tax Historical Funding Distribution

	2019	2020	2021	2022	2023	2024	2025 Projection	2026 Projection
REVENUES - FISCAL YEAR	6,880,027	6,490,407	10,183,479	13,569,288	13,344,903	12,790,329	12,811,107	12,354,522
							Approved FY2025 Revenue Estimate	Proposed FY2026 Funding Distribution
Required Expenditures:								
First \$25,000 to General Fund	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
5% to General Fund	342,751	323,270	507,924	677,214	665,995	638,266	639,305	616,476
Required DMO 30%	2,056,508	1,939,622	3,047,544	4,063,286	3,995,971	3,829,597	3,835,832	3,698,857
Required Expenditures	2,424,259	2,287,892	3,580,468	4,765,501	4,686,966	4,492,863	4,500,137	4,340,333
ATAX Distribution as a % of Revenues	35%	35%	35%	35%	35%	35%	35%	35%
Remaining - Available for other purposes	4,455,768	4,202,515	6,603,011	8,803,787	8,657,937	8,297,466	8,310,970	8,014,189
Town Appropriations - Historical/Projections:								
Supplemental Grant DMO	596,218	541,150	234,085	419,458	437,090	215,608	-	-
ATAX Distribution as a % of Revenues	9%	8%	2%	3%	3%	2%	0%	0%
Approved Town Grants	2,122,802	2,530,408	1,629,223	4,032,501	3,559,779	4,573,538	4,180,077	3,706,357
ATAX Distribution as a % of Revenues	31%	39%	16%	30%	27%	36%	33%	30%
Operating Expenses (GF)	1,389,630	1,346,941	1,173,470	992,997	1,754,216	2,851,755	2,850,716	2,454,654
ATAX Distribution as a % of Revenues	20%	21%	12%	7%	13%	22%	22%	20%
Capital Improvements Plan (CIP)			-	-	232,592	14,294	3,200,000	1,235,452
ATAX Distribution as a % of Revenues	0%	0%	0%	0%	2%	0%	25%	10%
Stormwater (CIP)			-	-	490,000	-	-	-
ATAX Distribution as a % of Revenues	0%	0%	0%	0%	4%	0%	0%	0%
Land Purchases			-	-	-	2,000,000	-	-
ATAX Distribution as a % of Revenues	0%	0%	0%	0%	0%	16%	0%	0%
Housing			-	-	-	1,100,000	1,000,000	617,726
ATAX Distribution as a % of Revenues	0%	0%	0%	0%	0%	9%	8%	5%
Town Appropriations - Historical/Projections:	4,108,650	4,418,499	3,036,778	5,444,956	6,473,677	10,755,195	11,230,793	8,014,189
ATAX Distribution as a % of Revenues	60%	68%	30%	40%	49%	84%	88%	65%
Total Remaining - Unallocated/Overspent	347,118	(215,984)	3,566,233	3,358,832	2,184,260	(2,457,729)	(2,919,823)	0
ATAX Distribution as a % of Revenues	95%	103%	65%	75%	84%	119%	123%	100%
Cumulative Current ATAX Fund Balance *	3,636,820	3,443,421	7,015,838	10,387,797	12,943,692	10,985,197	8,065,374	8,689,350

ATTACHMENT 4 - South Carolina Accommodations Tax Proposed Funding Distribution

	2019	2020	2021	2022	2023	2024	2025 Projection	2026 Projection
REVENUES - FISCAL YEAR	6,880,027	6,490,407	10,183,479	13,569,288	13,344,903	12,790,329	12,811,107	12,354,522

	2019	2020	2021	2022	2023	2024	2025 Projection	2026 Projection	Proposed % Distribution	Proposed \$ Distribution
Required Expenditures:										
State Required Distributions	35%	35%	35%	35%	35%	35%	35%	35%	35%	\$ 4,340,333
										\$ -
										\$ -
Town Appropriations - Historical/Projections:										
Supplemental Grant DMO	9%	8%	2%	3%	3%	2%	0%	0%	0%	\$ -
ATAX Grants	31%	39%	16%	30%	27%	36%	33%	30%	33%	\$ 4,076,992
Operating Expenses - General Fund	20%	21%	12%	7%	13%	22%	22%	20%	20%	\$ 2,454,654
Capital Improvement Program - CIP	0%	0%	0%	0%	2%	0%	25%	10%	7%	\$ 864,817
Stormwater - CIP	0%	0%	0%	0%	4%	0%	0%	0%	0%	\$ -
Land Purchases - CIP	0%	0%	0%	0%	0%	16%	0%	0%	0%	\$ -
Housing Program	0%	0%	0%	0%	0%	9%	8%	5%	*5%	\$ *617,726
Total Town Distribution %	60%	68%	30%	40%	49%	84%	88%	65%	65%	\$ 8,014,189
Total Distribution %	95%	103%	65%	75%	84%	119%	123%	100%	100%	\$ 12,354,522

* To be determined by Town Council



ACCOMMODATIONS TAX ADVISORY COMMITTEE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

2026 Accommodations Tax Grant Application

All applications must be fully completed and submitted electronically to the Town of Hilton Head Island no later than 4:00 p.m. on Friday, September 5, 2025.

This complete application package includes the following:

1. Application Guidelines
2. Accommodations Tax Funds Application
3. Accommodations Tax Advisory Committee (ATAC) Members
4. Application Training Workshops (Mandatory)
5. ATAC Meeting Schedule
6. SC Accommodations Tax Laws

Applications will first be subject to Town Staff and ATAC review for compliance with the law as to eligibility. For those applications passing the initial review, the applicants will be asked to make personal presentations at ATAC hearings. These presentations are scheduled for **October 16 and October 23, 2025**. Each applicant will be notified using the email provided on the application of their scheduled presentation time.

The ATAC Committee requests each applicant to adhere strictly to the guidelines and requirements provided herein.

Failure to correctly complete the application in its entirety, including the necessary board resolution and financial data, may disqualify what may be an otherwise qualifying application.

GUIDELINES FOR APPLICATIONS FOR ACCOMMODATIONS TAX FUNDS

A. INTRODUCTION

1. As applicable to Hilton Head Island, the State law (See copy attached and section 6-4-10 in particular.) specifies three groups, in general, which are entitled to receive bed tax funds after other mandated distributions have been made from the total funds available:

- a. Town government: "Based on the estimated percentage of costs directly attributed to tourists," Town expenditures for "the criminal justice system, law enforcement, fire protection, solid waste collection and health facilities when required to serve tourists and tourist facilities." See 6-4-10(b) and (b.4).
 - b. Qualified groups advertising and promoting tourism in order to develop and increase tourism. See 6-4-10(b.1).
 - c. Qualified sponsors of arts and cultural events and for construction, maintenance, and operation of facilities for civic and cultural activities. See 6-4-10(b.2 and b.3).
2. The law requires that the funds be used for **tourism-related expenditures** "primarily in the geographical area ... (of Hilton Head Island)." See 6-4-10(d). Therefore, the committee will not look with favor on applications for funds to be spent outside the Town or for activities or enterprises conducted outside the Town. The Committee will consider how applications either drive tourism to the Town or enhance our visitors' experience.
 3. Applications must be filed by the publicly announced filing deadline. The Committee may, for extraordinary reasons which prevent timely filing, extend the filing deadline.

B. NOTES REGARDING THE APPLICATION

1. Summary of Grant Request

- a. Provide the organization's name and the name of the project/event.
- b. Provide preferred contact information for the organization and primary contact.
- c. List the organization's total annual budget and 2026 grant request amount.
- d. Provide a brief description of the intended use of the grant and outline how the money would be used. *The Committee uses this as a cover page summary; applicants will have an opportunity to provide more detail in the application.*
- e. Describe how the organization either drives tourism to the Island or enhances the visitor experience. Show how this is currently being measured. *This provides the Committee with the necessary insight as to how the organization/event impacts the general tourism industry on the Island.*
- f. Provide the annual number of patrons served by the organization/event. Also, provide the total number of tourists served. *This provides the Committee with an estimated tourist ratio which may be used to determine grant award allocation based off TERC recommended practices.*

2. Description of Operations

- a. Describe the organization/event purpose and overall operation.
- b. The description must state what is intended to be accomplished by Accommodation Tax funds, and the source and amount of other funds to be committed to the operations.
- c. Describe the impact to the organization should it not be fully funded for the 2026 grant request.

- d. The "Impact on or Benefit to Tourism" statement should be supported by data and other records or history insofar as possible. All applicants must be able to provide the number of visitors served on an annual basis, or at the event for which funds are requested, and state how this number is calculated. Whenever possible, applicants should provide additional data on how their attendance numbers drive tourism. *(The State's legal definition of a "visitor" is someone who travels from beyond the government's limits, i.e., outside the Town of Hilton Head Island; however, strong consideration will be given to the State's Tourism Expenditure Review Committee (TERC) preferred definition that a "tourist" is someone who travels from outside a 50-mile radius.)*
- e. Per State requirements, please show how the grant request would be classified (as a percentage) by the categories listed. The total amount must equal 100%.
- f. To qualify for an award, all planned expenditures must fall into the categories described in Section B.5 of this application (Section 6-4-10 of State Law). Please ensure that the entire grant request is eligible and adequately described in Sections B.1-4 of this application. All details described must reconcile with the total request.

3. Funding

- a. Provide a brief description on how the organization is currently funded.
- b. As a percentage, show how the current funding is categorized.
- c. Please list the top 3 sources of public funding applied for, or received, for 2025 and 2026.

4. Financial Guarantees and Procedures

- a. Applicants must include a copy of their organization's official minutes wherein the organization approves the application and commits the organization to financial responsibility for carrying it out to the stage of completion contemplated in the application, should funding be approved.

5. Measuring Effectiveness:

- a. Provide a description of how the prior ATAX funds were used, and to what extent the organization's objectives were achieved. Numerics are encouraged. Bullets or an outline format may be used.
- b. Describe how the organization plans to reduce its dependency on ATAX funds in the future or increase its impact on tourism.

6. Executive Summary:

- a. Please use the link in the application portal to access and complete the "ATAX Effectiveness" form to report uses of the organization's prior ATAX grant, if applicable. When completing the form, reference the Categories in Section B.5 of this application, and report on the specifics of each Category awarded to your organization in its most recent ATAX grant. If you choose to create your own format for the Executive Summary instead of using the ATAX Effectiveness form, please reference the form and use the criteria as a guideline.

7. Application Submission

- a. Requests for funding must be submitted by a non-profit organization. Applications cannot be accepted from individuals, for-profit entities, or ad-hoc committees. Proof of non-profit status must accompany applications, e.g., IRS 501 (c) (3) letter. Non-profits are defined pursuant to SC Code of Laws.

- b. The full name, postal mailing address, email address and telephone number of a primary contact person, given the authority and responsibility to represent the application before the Committee, must be included in this section.

2026

ACCOMMODATIONS TAX FUNDS REQUEST APPLICATION

For Office Use Only	Time Received:	By:
Date Received:		

Applications will not be accepted if submitted after 4:00 P.M. on September 5, 2025

A. Summary of Grant Request:

ORGANIZATION NAME: _____

Project/Event Name: _____

Contact Name: _____ Title: _____

Address: _____

Email Address: _____ Contact Phone: _____

Event Date: _____ Event Location: _____

Total Budget: _____ Grant Amount Requested: _____

Provide a brief summary on the intended use of the grant and how the money would be used.
(100 words or less)

How does the organization/event either drive tourism to Hilton Head Island or enhance the visitor experience on Hilton Head Island? How is this impact being measured? (100 words or less)

- A. **Total Number of Physical Tourists Served:** _____
(A Tourist is considered a non-resident, traveling more than 50 miles to the Town of Hilton Head Island)
- B. **Total Number of Physical Visitors Served:** _____
(A Visitor is considered a non-resident, who travels 50 miles or less to visit the Town of Hilton Head Island)
- C. **Total Number of Physical Residents Served:** _____
(A Resident is considered any person who claims their property address within the limits of the Town of Hilton Head Island as their primary residence.)
- D. **Total Number of Physical Patrons Served (A+B+C=D)** _____

How was the Number of Visitors Documented? (250 words or less)

(Please explain if you had virtual events and approximately how many visitors attended).

B. DESCRIPTION OF OPERATIONS:

- 1. **For state reporting purposes, give a brief description of the organization. (250 words or less)**

- 2. **Describe in detail how the requested grant funding would be used. (250 words or less)**

3. **What impact would partial funding have on the activities if full funding were not received? What would the organization change to account for partial funding?** (100 words or less)

4. **What is the expected economic impact and benefit to the Island’s tourism?** (100 words or less)

5. In order to comply with the State’s *Tourism Expenditure Review Committee* annual reporting requirements, **please classify the current grant request into the following authorized categories:**

- 1 – Destination Advertising/Promotion _____ %
Advertising and promotion of tourism so as to develop and increase tourist attendance through the generation of publicity
- 2 – Tourism-Related Events _____ %
Promotion of the arts and cultural events
- 3 – Tourism-Related Facilities _____ %
Construction, maintenance and operation of facilities for civic and cultural activities including construction and maintenance of access and other nearby roads and utilities for the facilities
- 4 – Tourism-Related Public Services _____ %
The criminal justice system, law enforcement, fire protection, solid waste collection and health facilities when required to serve tourists and tourist facilities (This is based on the estimated percentage of costs directly attributed to tourists. It also includes public facilities such as restrooms, dressing rooms, parks and parking lots)
- 5 – Tourist Public Transportation _____ %
Tourist shuttle transportation
- 6 – Waterfront Erosion/Control/Repair _____ %
Control and repair of waterfront erosion
- 7 – Operation of Visitor Information Centers _____ %
Operating visitor information centers

Total: 100 %

6. If not covered elsewhere in the application, please describe measures the organization has already taken, is currently taking, and/or will be taking with other like tourism service providers to (a) explore opportunities for collaborative promotional or operational efforts to collectively enhance tourism, (b) better leverage spending to drive tourism, and/or (c) to provide a venue of service not otherwise available to tourists and visitors to the Town of Hilton Head Island.

7. Additional comments

C. FUNDING:

1. Please describe how the organization is currently funded. (100 words or less)

2. Please also estimate, as a percentage, the source of the organization's total annual funding.

_____ Government Sources	_____ Private Contributions, Donations & Grants
_____ Corporate Support, Sponsors	_____ Membership Dues, Subscriptions
_____ Ticket Sales, or Sales & Services	_____ Other

3. Has the organization requested other ATAX or any other funding from other public sources or organizations? If so, please list top 3 sources and amounts.

D. FINANCIAL INFORMATION:

Fiscal year disclosure: Start Month: _____ End Month: _____

Financial Statement Requirements:

1. The upcoming fiscal year’s operating budget for the organization.
2. The previous two fiscal years and current year-to-date profit and loss reports for the organization.
3. The previous two fiscal years and current year-to-date balance sheets.
4. The previous two years and current year IRS Form 990 or 990T.

E. FINANCIAL GUARANTEES AND PROCEDURES:

1. Provide a copy of the official minutes wherein the organization approves the submission of this application.
2. Indicate whether or not your organization has its own procurement guidelines, which are utilized and followed in the expenditure of ATAX grant funds.
 - Our organization utilizes and follow our own procurement guidelines.
 - Our organization does not have or follow procurement guidelines.

F. MEASURING EFFECTIVENESS:

If you received 2024 or 2025 HHI ATAX funds

1. **List any ATAX award amounts received in 2024 and/or 2025. How were the ATAX funds used? To what extent were your objectives achieved? The ATAX Effectiveness Measurement spreadsheet available in the application portal will show the numerics. Use the space below for verbal comments. (200 words or less)**

2. **What impact did this have on the success of the organization/event and how did it benefit the community? (200 words or less)**

3. How does the organization measure the effectiveness of both the overall activity and of individual programs? (200 words or less)

G. Executive Summary:

Provide an executive summary using the ATAX Effectiveness Measurement spreadsheet provided via a link in the application portal, or your own format. If creating your own format, please refer to the ATAX Effectiveness Measurement spreadsheet and use the criteria as a guideline. (1300 words or less)



2026 Accommodations Tax Grant

APPLICATION FINAL CHECKLIST

(Complete and return this list with the application.)

- The application is being submitted by September 5, 2025, 4:00 PM deadline.
- We have reviewed and followed the application guidelines.
- We have provided a Board Resolution approving this application.
- We have supplied all Financial Data required for a complete application.
- We will be prepared to make a verbal presentation to the Committee and answer questions at the appropriate time scheduled.
- We will have attended one of the two mandatory applicant training workshops.



**Town of Hilton Head Island
Accommodations Tax (ATAX) Grant Program**

Application Evaluation & Scoring Guide

This guide provides the Accommodations Tax Advisory Committee with standardized tools and criteria to assess ATAX grant applications and ensure alignment with State guidelines and the Town's Strategic Plan Priorities.

Evaluation and Funding Scoring Instructions

Instructions for ATAC Members

1. **Review each application thoroughly**, focusing on the following criteria:
 - Alignment with the Town’s Strategic Plan priorities
 - Community and Economic Impact
 - Potential for growth and Tourism Expansion
 - Application Quality and Clarity
 - Long-Term Sustainability and Fiscal Responsibility
 2. **Score each of the five evaluation criteria on a scale from 1 to 5** using the guide below:
 - 1 = Poor – Does not meet the criteria
 - 2 = Fair – Partially meets the criteria
 - 3 = Good – Meets the criteria
 - 4 = Very Good – Meets most or all criteria well
 - 5 = Excellent – Fully meets or exceeds the criteria
 3. **Provide brief comments for each criterion to justify your score.** These notes are essential for maintaining transparency and supporting meaningful feedback to applicants.
 4. **Assess the applicant’s tourism data using the Tourism Metrics-Based Funding Tier (see on pg. 2).** Use this to determine a Suggested Tourism Percentage. This percentage determines the eligible reimbursement rate for all expense categories except Category 1: Advertising and Promotion, which is reimbursed at 100%.
 5. **Record the "Suggested Tourism Percentage"** based on the quality, source, and reliability of the tourism metrics provided by the applicant.
 6. **Record your “Suggested Funding Total”** based on your overall evaluation of the application.
 7. **Prepare to discuss your scoring and Suggested Tourism Percentage** during the ATAC review meetings. These tools assist in deliberation and do not constitute a final funding recommendation to Town Council.
-

Tourism Metrics-Based Funding Tier

Tier	Description	Guidance
High	Clear, verifiable tourism data (see examples below)	Support the applicants full estimated tourism percentage (recommend up to 100% as provided)
Moderate	Partial or inconsistent tourism data	Recommend a moderated tourism percentage that reflects the data quality, generally up to 75% of the applicant’s original estimate
Low/Absent	No reliable tourism data or questionable methodology	Recommend a reduced tourism percentage, typically 50% or less of the applicant’s original estimate, depending on data limitation and justification

Note: New applicants without historical data may still receive funding consideration if they provide:

- A clear and realistic plan to collect tourism data during their first event
- Evidence of tourism-focused outreach or partnerships
- Demonstrated regional marketing strategies or potential tourism appeal

In such cases, ATAC may apply a default Suggested Tourism Percentage with potential for future increases contingent on post-event reporting.

Tourism Impact Documentation Guidance

All applicants must demonstrate a measurable connection between their project or operations and tourism activity on Hilton Head Island. This applies to both ticketed and non-ticketed events (e.g., festivals, parades, exhibits).

Acceptable documentation includes, but is not limited to:

- Surveys or interviews asking where attendees are from
- Zip code or geolocation data from RSVPs, mailing lists, social media followers, or contest entries
- Hotel partner feedback or booking data linked to the event date
- Website or social media analytics showing non-local engagement
- Press coverage in regional, statewide, or national outlets
- Photographic or drone evidence of crowd size, supported by estimated attendance
- Letters of support from tourism partners or local businesses
- Third-party tourism impact reports, if available

Special Guidance for Parades and Open-Access Events Acceptable documentation may include:

- Estimates or rosters of out-of-area event vendors and entertainers
- Reserved hotel room blocks or special rates for out-of-town attendees
- Post-event surveys from spectators and attendants indicating travel origin
- Traffic, shuttle, or parking data demonstrating visitor inflow
- Copies of outreach materials distributed outside Hilton Head (e.g., Savannah, Charleston)

Evaluation Criteria: Scoring Rubric

Area	Evaluation Focus	Key Considerations
1. Alignment with Strategic Plan	Supports the Town’s Strategic Plan priorities	• Relevance to strategic goals • Contribution to both local and visitor communities
2. Community & Economic Impact	Drives local tourism and supports the economy	• Benefits to local businesses • Off-peak timing • Cultural or educational value
3. Growth Potential	Potential to expand tourism impact	• Targeted marketing strategy • Visitor engagement • Innovation and reach
4. Application Quality	Clarity and professionalism	• Defined goals and outcomes • Project readiness Clear projected budget outline
5. Long-Term Sustainability	Progress toward financial independence	• Effective use of previous ATAX grants • Matching funds • Evidence of planning

Total Score: _____ / 25

Final Summary

- **Suggested Tourism %:** _____%
- **Be prepared to discuss** your scoring and tourism percentage assignments in ATAC review meetings.
- These scores will assist in group deliberations and development of formal funding recommendations.

ATAX Grant Evaluation Packet: Sample Scoring Sheets

Sample 1: High-Impact Organization with Questionable Tourism Metrics

Applicant Name: Heritage Food & Music Festival

Categories Requested:

- Category 1 – Advertising & Promotion: \$15,000
- Category 2 – Tourism-Related Events: \$25,000
- Category 3 – Tourism-Related Facilities: \$10,000

Total Request: \$50,000

Evaluator: [ATAC Member Name]

Date: [Insert Date]

Scoring Rubric (1–5 scale)

Evaluation Area	Score	Evaluator Comments
1. Alignment with Strategic Plan	4	Aligns with cultural tourism and community engagement objectives.
2. Community & Economic Impact	5	Longstanding event with strong local and regional attendance.
3. Growth Potential	4	Clear plans for vendor and regional growth, but marketing appears locally focused.
4. Application Quality	4	Well-prepared and clear. Popular local event but lacking depth in describing tourism data.
5. Fiscal Responsibility	4	Budget appears balanced, but ATAX dependency remains.

Total Score: 21 / 25

Tourism Metrics Submitted:

Claimed 99% tourism rate based on 85 license plates. No surveys, hotel reports, or outreach analytics. Marketing primarily in local channels.

Tourism Tier: Low to Moderate

Suggested Tourism Percentage: 50%

Suggested Funding Total: \$50,000

(\$15,000 for Category 1; \$25,000 for Category 2, \$10,000 for Category 3)

Final Recommendation:

High-impact event, but limited tourism data supports a reimbursement rate of 50% for non-advertising categories.

Sample 2: Strong Applicant with Questionable Budget Detail

Applicant Name: Island Arts Festival

Categories Requested:

- Category 1 – Advertising & Promotion: \$100,000
- Category 2 – Tourism-Related Events: \$50,000

Total Request: \$150,000

Evaluator: [ATAC Member Name]

Date: [Insert Date]

Scoring Rubric (1–5 scale)

Evaluation Area	Score	Evaluator Comments
1. Alignment with Strategic Plan	5	Strong support for strategic goals around arts, culture, and off-season tourism.
2. Community & Economic Impact	4	Known draw with multi-day programming. Opportunities to expand beyond region.
3. Growth Potential	4	Potential is evident, but budget doesn't show where growth will be targeted.
4. Application Quality	3	Proposal is organized, but vague budget: "\$100,000 to marketing" lacks specifics.
5. Fiscal Responsibility	3	Needs a clearer, line-item financial plan for such a large request.

Total Score: 19 / 25

Tourism Metrics Submitted:

Strong metrics including zip code data, website analytics, hotel partner feedback, regional press coverage.

Tourism Tier: High

Suggested Tourism Percentage: 90%

Suggested Funding Total: \$120,000

(\$70,000 for Category 1 and \$50,000 for Category 2)

Final Recommendation:

Tourism documentation supports funding, but lack of detail on marketing expenses warrants partial funding for Category 1.