

## **HOSPITALITY FEES & TAXES**

The City of Clemson has been able to maintain a mill rate on city property taxes that is cost competitive when compared with other cities in North and South Carolina. This has been done by several ways. One of the keys to this is that Clemson has been actively looking for alternative sources for revenue.

A 1% hospitality fee was instituted in January, 1997. Additionally, City Council adopted a 1% hospitality tax in June, 2003. This is a two-cent surcharge on all prepared food and beverages. Revenue raised by these alternative sources has and will continue to go towards a variety of projects. The Keowee Trail Lake-Front project and portions of Phase III of the Downtown Revitalization project are just two examples of this alternative revenue source.

The following information has been prepared to answer commonly asked questions about the hospitality fee/tax:

### **GENERAL INFORMATION**

#### ***What is the Hospitality Fee/Tax?***

Two percent (2%) imposed on purchases of prepared or modified foods and/or beverages intended for immediate consumption.

#### ***What is the purpose of implementing a Hospitality Fee/Tax?***

To help fund capital improvements such as Phase III of the Downtown Improvement Project, the development of the Keowee Trail Lake Front Project, potential improvements to highway corridors, and similar projects to promote tourism. In addition, capital improvements for the Police Department have been included to assist in the purchase of vehicles or equipment that is needed in public safety coordination of highly attended events that occur in Clemson. Other initiatives, such as community participation in the State Heritage Corridor program, expansion of tourism programs, or similar projects could be paid from the Hospitality Fee/Tax Funds. Without a Hospitality Fee/Tax, these projects would be dependent upon property taxes or business license fees.

### **APPLICABILITY**

#### ***1. Who would collect the two percent (2%) Hospitality Fee/Tax on the sale of prepared or modified foods and beverages?***

Restaurants, bars and lounges, other food service establishments, and grocery as well as convenience stores (if they sell prepared or modified foods and/or beverages).

#### ***2. What foods and beverages are affected by the Hospitality Fee/Tax?***

All food and beverage sales prepared or modified as a meal for immediate consumption; heated foods (pizza, hot dogs, sandwiches, chicken, etc.); fountain drinks; doughnuts, pastries and other bakery items which are prepared or modified at the business site; prepared sandwiches and salads; sliced meat and vegetable trays; as well as foods and

beverages prepared for catering.

**3. What food/beverage sales is EXEMPT from the Hospitality Fee/Tax?**

Pre-packaged foods; bulk or packaged cold deli products; as well as canned and bottled drinks which are not sold for immediate consumption.

**FEE/TAX COLLECTION INFORMATION**

**1. Who is responsible for the collection and remittance of the Hospitality Fee/Tax?**

The food service establishment is liable for the collection of the fee/tax from patrons and the monthly remittance of these collections to the City of Clemson.

**2. How will the fees/taxes be remitted?**

Fees/Taxes will be remitted to the Finance Department by the 20th of each month for the prior month's total collections. Each remittance must include a completed Hospitality Fee/Tax Monthly Reporting Form.

**3. What if a business makes a fee/tax payment on or before the due date?**

The business will be entitled to take a discount equivalent to two percent (2%) of the fee/tax amount due if the report and payment reach the city's Finance Department on or before the final due date. The calculation for this discount is included in the reporting form.

**4. What if my fee/tax payment is delinquent?**

A penalty payment of five percent (5%) per month must accompany all delinquent remittances.

**5. When will the Hospitality Fee/Tax go into effect and when will my first remittance be due to the City?**

The Hospitality Fee was adopted by the City Council in July, 1996. It became effective on January 1, 1997. Additionally, the Hospitality Tax was adopted by the City Council in June, 2003. It became effective on September 1, 2003. The deadline for remittance of the first month's collections will be by 5:00 p.m. on the 20th of each month. In those months that the 20th day of the month falls on a weekend or holiday (when City Hall is closed for business), the deadline will be on the next day that City Hall offices are open.

**6. Where should the remittance for collections be sent?**

Checks and the reporting form should be delivered or mailed to the City of Clemson Finance Department, 1250 Ste 2 Tiger Boulevard, Clemson, SC 29631

**Who should I contact with questions about the Hospitality Fee/Tax?**

The following persons can be visited at City Hall or reached by phone at (864) 653-2035:

- Mr. Tom Sparacino, Director of Finance
- Ms. Sharie Renzo, Assistant Director of Finance
- Ms. Janet Johnson, Finance Technician

## **FUTURE USE OF HOSPITALITY FEE/TAX FUNDS**

*Will I have an opportunity to participate in planning for those projects and/or programs that will be supported by the Hospitality Fee/Tax Funds?*

Yes. The City will be requesting public input on various projects that will be completed during the next several years.