

**Elliott Summey, Chairman  
Joe McKeown  
A. Victor Rawl  
Paul Thurmond**

**AGENDA  
ECONOMIC DEVELOPMENT COMMITTEE  
APRIL 29, 2010**

**4:15 P.M.**

**1. RENTAL CAR FEE ORDINANCE**

**- Request to Approve  
O'Neal/Helen Hill**

**CHARLESTON COUNTY COUNCIL**

**MEMORANDUM**

**TO: Members of Finance Committee**

**FROM: Kristen L. Salisbury, Deputy Clerk**

**DATE: April 23, 2010**

**SUBJECT: RENTAL CAR FEE ORDINANCE**

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At the Finance Committee meeting on Thursday, April 29<sup>th</sup>, Mrs. Helen Hill, Director, Charleston Visitor's Bureau will be giving a presentation to Council. This item was added to the agenda at the request of Chairman Pryor.



*Charleston Area*  
CONVENTION & VISITORS BUREAU



423 KING STREET | CHARLESTON, SOUTH CAROLINA 29403  
843.853.8000 | 800.868.8118 | FAX 843.853.0444 | EXPLORECHARLESTON.COM

April 26, 2010

Charleston County Council  
4045 Bridge View Drive  
North Charleston, SC 29405

Dear Members of Council:

Affordable and expanded air service is a critical need in our community. From a tourism perspective, the lack of affordable service impacts our ability to compete against other cities offering more reasonably priced flight options into and out of their communities. In fact, unreasonably high airfares are cited as the #1 reason that meeting planners choose another location over the Charleston area. This also greatly impacts our ability to attract leisure visitors residing outside our traditional drive market. It is also true that reasonably priced air service is vital to the success of the business recruitment and expansion efforts of our region.

In partnership with the Charleston County Aviation Authority, the Charleston Metro Chamber of Commerce and the Charleston Regional Development Alliance, the CACVB has been working to attract new carriers to our airport. Under the direction of Sue Stevens, Director of Airports at the Aviation Authority, our team is courting multiple low-cost air carriers. We have seen the impact a low-cost carrier has on fares in terms of added competition in the marketplace. Likewise, we have seen the impact when the low-cost carrier leaves – and rates immediately soar.

Airlines now expect communities to share in the cost of obtaining new air service by helping to offset potential operating losses as they enter new markets. Our community must show a financial commitment to mitigate these potential losses in order to move this issue forward. However, our consultant believes the Charleston market can become profitable rather quickly for the carriers that we are now engaging. One of these potential carriers has told us that as soon as an incentive package is available, it will move forward on offering service to Charleston.

We hope you will support the Charleston County car rental fee as an avenue to raise funds for air service development. This can truly be a win-win for our community! Please call on me at 853-8000 with any questions.

Sincerely,

Helen T. Hill  
Executive Director

## **AN ORDINANCE**

### **AUTHORIZING THE IMPOSITION OF A RENTAL CAR USER FEE WITHIN CHARLESTON COUNTY ON ALL PASSENGER VEHICLES RENTED AND OTHER MATTERS RELATING THERETO.**

**WHEREAS**, Charleston County (the "County"), a political subdivision of the State of South Carolina has the power to impose uniform service charges and user fees pursuant to S.C. Code Ann. § 4-9-30(5) and other laws of this State; and

**WHEREAS**, the County desires to impose a 5% user fee to be applied to the gross receipts on all passenger vehicles rented within Charleston County (the "Rental Car User Fee") to establish an air service fund ("Air Service Fund"); and

**WHEREAS**, the County proposes to use the revenue derived from the Rental Car User Fee to, among other things, promote tourism and economic development through the provision of air service incentives, development, and advertising that facilitate additional flight options and increased competition for air travel, and to generate additional funds for road infrastructure improvements that provide (direct and indirect) access to Charleston International Airport (the "Airport"); and

**WHEREAS**, Charleston County Council ("County Council") desires to designate the Charleston Area Convention and Visitors Bureau (the "CVB") as the fiscal agent to administer the Air Service Fund (in whole or in part), where appropriate; and

**WHEREAS**, with the creation of the Air Service Fund, County Council believes it will empower the community to enhance its ability to attract and sustain a low cost carrier and Charleston County residents would save an estimated \$180 million annually on the purchase of air travel; and

**WHEREAS**, the CVB believes that the introduction of a low cost carrier would bring in an estimated 200,000 additional passengers to the Charleston area annually; and

**WHEREAS**, the CVB believes that the economic impact, estimated at \$39 million annually, would greatly increase the number of vehicles rented through the Charleston County Aviation Authority and within Charleston County, as well as, increase the number of visitors spending money, accommodations, retail establishments, restaurants, and other commercial facilities in Charleston County; and

**WHEREAS**, expenditures from the Air Service Fund will lead to more affordable airfares and traffic improvements near the Airport for the residents of Charleston County,

**NOW, THEREFORE, BE IT ORDAINED** by County Council in meeting duly assembled as follows:

**SECTION I. FINDINGS INCORPORATED**

The above-referenced recitals and findings are incorporated herein by reference and made a part of this Ordinance.

**SECTION II. PURPOSE**

The purpose of this Ordinance is to create an Air Service Fund to help defray and offset the cost of air travel in Charleston County and to help to relieve current and projected traffic congestion near the Airport. The revenue generated from this Ordinance shall be used to promote tourism and economic development by funding commercial passenger aviation opportunities, initiatives, and incentives that facilitate and/or create more flight options, more competition for air travel, more affordable air

fares, and to fund transportation related projects and improvements to relieve traffic congestion in the area adjacent to the Airport for the citizens of Charleston County.

County Council has determined that the economic development and tourism promotion of Charleston County is significantly enhanced by the County's ability to create competition and lower airfares to carriers who use the Charleston International Airport and potentially other Charleston County Aviation Authority facilities. As stated herein, County Council is authorized by Section 4-9-30(5), Code of Laws of South Carolina 1976, as amended, "to levy . . . uniform service charges . . . and make appropriations for functions and operations of the county including, but not limited to . . . transportation and economic development . . . ." The uniform service charge that is imposed shall be termed the Rental Car User Fee.

### **SECTION III. RENTAL CAR USER FEE**

A. Amount of Fee. Every individual person or business entity as described in this section, engaged in renting, leasing or letting passenger vehicles for compensation shall pay to Charleston County a Rental Car User Fee of 5% on the gross receipts received by the person or business (Rental Car Agency) for each and every passenger vehicle rented, leased, let, or otherwise, to a person or entity for 90 consecutive days or less within Charleston County.

B. Definitions. For purposes of this Ordinance, the following terms are defined as follows:

(1) *Rental Car Agency* means an individual person or business entity as described herein that provides the service of renting, leasing or letting passenger

vehicles for compensation, whether the provision of such service is a primary, secondary, or incidental business of such person or entity from time to time.

(2) *Passenger Vehicle* means a motor vehicle designed primarily for the carriage of passengers, including, but not limited to, vehicles commonly classified as sedans, coupes, convertibles, station wagons, sport utility vehicles, passenger vans, suburban type vehicles, pick-up trucks, panel trucks, and cargo vehicles, but does not include a vehicle licensed as a taxicab.

(3) *Local Tourism Development Entity* means an entity or organization designated by County Council as the fiscal agent for the Air Service Fund, in whole or in part.

(4) *Gross Receipts* means all moneys paid or payable to or considerations of determinable value received by the Operator, after discounts and coupons deducted at the time of rental, for all charges, including, but not limited to, time and mileage charges and separately stated fees for rental of Passenger Vehicles and other related or incidental services. The only exclusions shall be any Federal, State, County, City or local sales or other similar taxes or surcharges separately stated to and collected from the customer, any amounts received as insurance proceeds or otherwise for damage to automobiles or other property, and revenue from wholesale transfer of salvage vehicles.

C. *Five Percent OF Gross Receipts--Monthly Returns and Payments (2010 and Subsequent Years)*. The 5% Rental Car User Fee ("5% Fee") shall be paid and determined as follows for the calendar year 2010 (or any part thereof) and all subsequent years of this 5% Fee: The 5% Fee shall be paid to the Charleston County Department of Revenue Collections monthly, due and payable on the dates described in

this Section, for the preceding monthly periods as listed, calculated at the rate of 5% of the Gross Receipts for each and every Passenger Vehicle rented. The Rental Car Agency shall make true reports to the Charleston County department of revenue collections, on forms prescribed by the County, giving such information as may be necessary to determine the amount of the Rental Car User Fee due.

The 5% Fee and reports shall be due and payable to the Charleston County department of revenue collections no later than the 20<sup>th</sup> day of the next month that the 5% Fee is due (e.g., the January 5% Fee and report is due and payable no later than February 20<sup>th</sup>). If the 20<sup>th</sup> day falls on a day that Charleston County is closed for business the report and 5% Fee will be due the next business day.

D. Collection and Administration. The revenues from the Rental Car User Fee collected under this Ordinance must be remitted to the Charleston County department of revenue collections and credited to the Air Service Fund which shall be separate and distinct from the general fund of the County. After deducting the amount of the costs to Charleston County to collect the 5% Fee, the County shall distribute the revenues (as appropriated or directed by County Council by Resolution) to the Local Tourism Development Entity to be used for the purposes stated in this Ordinance. The Local Tourism Development Entity shall be required to propose a budget to the County annually as part of the County's normal budget review and approval process. A Local Tourism Development Entity may charge an administrative fee subject to the approval of the County Council to fulfill the purposes and objectives of this Ordinance.

If a Rental Car Agency (as defined herein) believes the amount due and payable is incorrect and/or that the Rental Car Agency is not subject to the 5% Fee as provided

for herein, the Rental Car Agency must first make payment of the 5% Fee to have standing to challenge the 5% Fee's application to the Rental Car Agency. The Rental Car Agency may file an appeal of its 5% Fee and seek a refund of the same (in whole or in part) in the same manner as prescribed for in the Charleston County Business License Ordinance.

E. Examination of Books and Records. All Rental Car Agencies are required to maintain records and books necessary to compile and report the gross receipts received by the person or business (Rental Car Agency) for each and every passenger vehicle rented, leased, let, or otherwise.

The Charleston County department of revenue collections shall have the right at all reasonable times during business hours to make inspections, examine and audit the books and records of the Rental Car Agency within Charleston County to verify the accuracy of such books and records. The Rental Car Agency must provide other information reasonably requested to verify the accuracy of such books and records. In addition, the Rental Car Agency may be subject to penalties for violation of this section in the same manner as prescribed for in the Charleston County Business License Ordinance.

F. Penalties for Nonpayment. Failure to remit payment of the 5% Fee may result in, but is not limited to, suspension and/or revocation of the Rental Car Agency's Business License. In addition, the Rental Car Agency may be subject to penalties and late charges for non-payment or late payment of any Fee due under this section in the same manner as prescribed for in the Charleston County Business License Ordinance.

**SECTION IV. LOCAL TOURISM DEVELOPMENT ENTITY**

County Council by Resolution may designate and/or change a Local Tourism Development Entity to act as fiscal agent for the Air Service Funds (in whole or in part) generated from the Rental Car User Fee for the purposes stated in this Ordinance. County Council hereby designates the Charleston Area Convention and Visitors Bureau as fiscal agent to administer the Air Service Fund for the purposes stated herein.

**SECTION V. SEVERABILITY**

If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portion of this Ordinance.

**SECTION VI. EFFECTIVE DATE**

This Ordinance shall take effect immediately upon approval following third reading by County Council.

ADOPTED and APPROVED in meeting duly assembled this \_\_\_ day of \_\_\_\_\_, 2010.

CHARLESTON COUNTY, SOUTH CAROLINA

By: \_\_\_\_\_  
Teddie E. Pryor, Sr.  
Chairman of County Council

ATTEST:

By: \_\_\_\_\_  
Beverly T. Craven  
Clerk to County Council

First Reading: \_\_\_\_\_, 2010  
Second Reading \_\_\_\_\_, 2010  
Third Reading: \_\_\_\_\_, 2010