



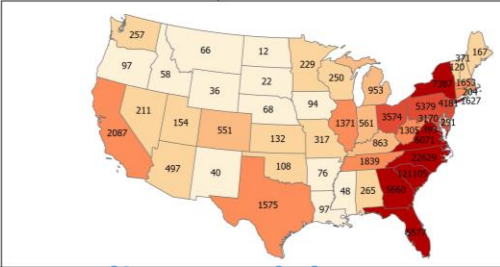
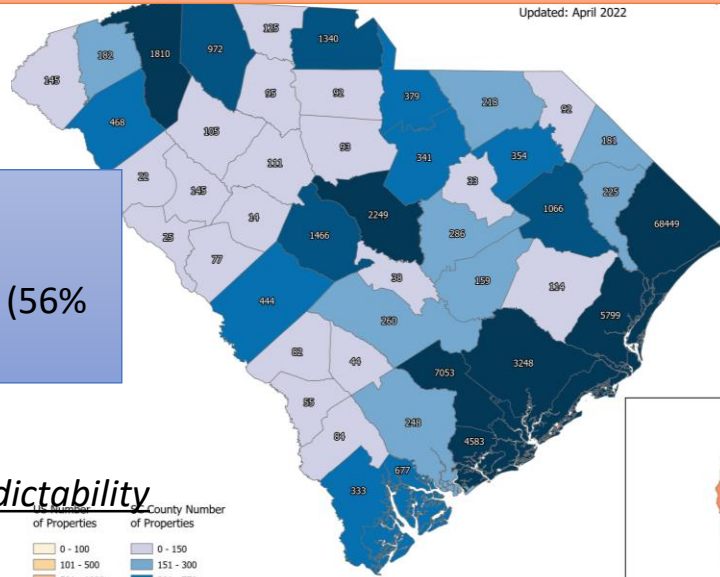
South Carolina needs a dedicated state fund for beach preservation

Beaches fuel the state tourism economy while reducing flooding and storm damage costs

S.C. beaches are a statewide treasure! S.282 is a strategic, long-term investment in cyclic maintenance

In 2022, S.C.'s 5 coastal counties generated:
\$82.6 million in State Accommodations Taxes
\$31.1 million of Total State Admissions Taxes (56% of state's total)

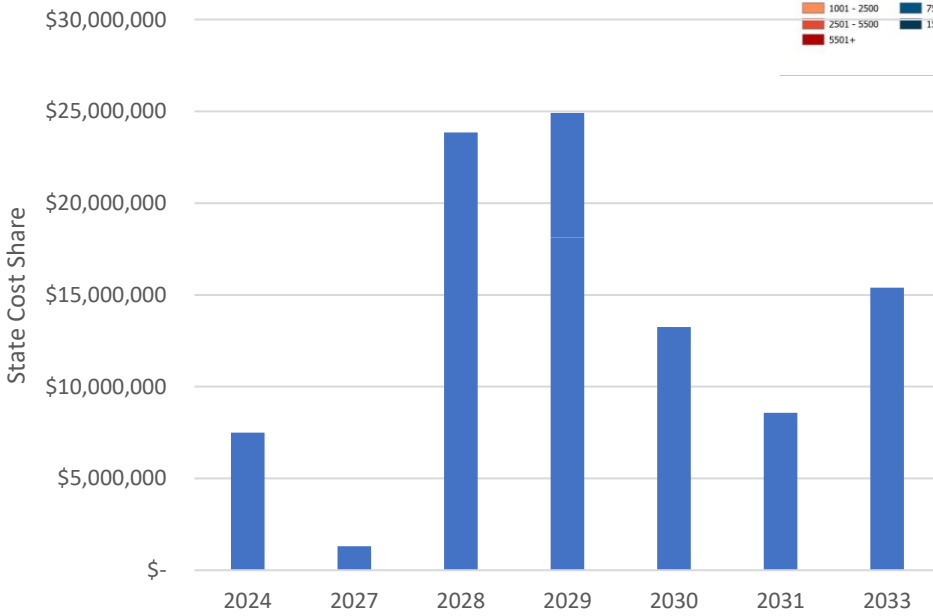
Constituents who own a 2nd home on the S.C. coast* - Rental properties generate income for non-coastal property owners & statewide tax revenues



Set \$10M/yr aside now:

Avoid a \$50M deficit in 2028-29 = Budget Predictability

Future State Beach Funding Needs



Other State Funding Models

STATE ⁺	STATE FUNDING SOURCE(S)	% STATE COST SHARE	ANNUAL FUNDING
NJ	Real Estate transfer fee	75%	\$25 M*
FL	Real Estate transfer fee	50%	\$50 M
DE	<u>State</u> tourist tax (1%)	100%	\$1.5 M +
NC	General Fund	50%	\$10M
TX	General Fund	75%	\$17-22M

⁺ NY and LA also have state funds

* 2019-20 bill to increase to \$50M



S.282, H.3930: A dedicated state fund for beaches

Where did the language come from?

Most of the language in the bills is taken directly from Chapter 40, Section 48-40-10, the South Carolina Beach Restoration and Improvement Trust Act

What changes were made?

The bills move the fund from SCDHEC OCRM to SCPRT, and Dedicates 25% of existing Admissions Tax general revenues (~\$10 million) annually into a state beach fund.

Why move the fund to SCPRT?

A Beach Trust Fund has existed, under the auspices of DHEC OCRM since 1999. It has never been funded.

The state legislature appropriated \$46 million to PRT for beach nourishment in 2017-2019 but no recurring funding.

OCRM regulates; PRT distributes state funds

What is Admissions Tax?

A 5% state tax on tickets for amusements like golf & movies. In 2022, it generated \$55.8 million.

Why not defer tax revenues to the local level?

Economic benefits of S.C. beaches do not accrue only to beach communities. They provide statewide economic benefits (see reverse). A dedicated state fund shows the state is invested in its beaches, sending the right message to federal partners.

What is the Return on Investment (ROI)?

Beaches provide an excellent statewide ROI. By investing \$10 million, the 5 coastal counties return over \$1 BILLION annually in Admissions & A-Taxes (see reverse): a 10,000% ROI!

Does this help other state programs?

It helps state legislators to have budget predictability. Healthy beaches not only generate revenue, at the same time they reduce flooding and storm damage costs. When we invest in beaches, SCDOT does not have to deploy emergency operations to clear sand from roads, and SCDNR does not declare repetitive beachfront loss properties. Beaches and dunes provide storm protection infrastructure.

How much do we need to set aside annually?

Projections indicate a \$50 million state cost-share requirement in 2028-2029. This does not include the local and federal shares of beach projects. Setting aside \$10 million annually will avoid a surprise deficit in the future.

Who can apply for funds from PRT and what are the uses?

Publicly accessible beaches are eligible for state funding. The language of the bill was not changed from the 1999 act, which defined uses of the fund to be for beach and dune nourishment (sand) and groin construction and repair. This is consistent with the eligible applicants and uses of the 2017-2019 PRT funding.