



SC Technical Advice Memorandum #94-1 (TAX)

TO: Mr. Marvin M. Davant, Director
Field Services Division

SUBJECT: "Hole-in-One Game"
(Admissions Tax)

DATE: July 25, 1994

SCOPE: This Technical Advice Memorandum is Policy's summary interpretation of how laws administered by the Department of Revenue are to be applied to a specific issue or set of facts.

Question:

Is an optional fee paid to win cash for making a hole-in-one, as described in the facts, subject to the state admissions tax?

Conclusion:

The optional fee paid to win cash for making a hole-in-one, as described in the facts, is not subject to the state admissions tax.

Facts:

A question has arisen from the Myrtle Beach area concerning the application of South Carolina's admissions tax law at a local golf course.

A golf course is properly collecting the state admissions tax from golfers paying green fees. The question is whether an optional payment a golfer pays to win cash for making a hole-in-one is also subject to the admissions tax.

At this golf course, a company, unrelated to the golf course, has a sales representative located on a particular hole. When a golfer approaches this hole, the representative tells the golfer that for a fee of \$1.00 to \$5.00 the golfer can win from \$1000.00 to \$5000.00 for making a hole-in-one on the next shot.

The golfer has the following options:

- (1) Play the hole without paying the fee and continue playing the round of golf.

(2) Pay the fee.

- (a) If the hole-in-one is made, the golfer receives the cash and continues playing the round of golf.
- (b) If the hole-in-one is not made, the golfer goes to the next hole and continues playing the round of golf.

Discussion:

Code Section 12-21-2420 imposes the admissions tax and reads, in part:

There shall be levied, assessed, collected and paid upon all paid admission to all places of amusement within this State a license tax of five percent.

Code Section 12-21-2410 defines various terms found in the article and reads, in part:

For purposes of this article and unless otherwise required by the context:

- (1) The word "admission" means the right or privilege to enter into or use a place or location;
- (2) The word "place" means any definite enclosure or location; and
- (3) The word "person" means individual, partnership, corporation, association or organization of any kind whatsoever.

Based upon the above, the admissions tax is imposed upon the paid right or privilege to enter into or use a place of amusement. The golf course is properly collecting the admissions tax on the golfers' right or privilege of playing all eighteen holes.

In the transaction described above, the golfer may voluntarily pay the unrelated company \$1.00 to \$5.00 to be eligible to win \$1000.00 to \$5000.00 for making a hole-in-one. Each golfer has paid a green fee and the admissions tax for the privilege of using all eighteen holes of the golf course, therefore, the \$1.00 to \$5.00 paid to win cash for making a hole-in-one is not subject to the admissions tax.

NOTE: THIS DOCUMENT ONLY ADDRESSES WHETHER OR NOT THE OPTIONAL FEE PAID IN THE "HOLE-IN-ONE GAME" IS SUBJECT TO THE STATE ADMISSIONS TAX. THIS DOCUMENT DOES NOT ADDRESS WHETHER THIS ACTIVITY IS LEGAL UNDER SOUTH CAROLINA GAMING STATUTES.

For questions concerning the admissions tax, contact Gary Heuer of the Office Services Division at 803-737-4744 or Deana West of the Policy and Special Procedures Division at 803-737-4439.