



The Town of Hilton Head Island
Finance & Administrative Committee
Tuesday, January 7, 2020, 2:00 p.m.

Conference Room 3

AGENDA

As a courtesy to others please turn off / silence ALL mobile devices during the Finance & Administrative Committee Meeting. Thank You.

- 1. Call to Order**
- 2. 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.
- 3. Approval of Minutes**
 - a. Finance & Administrative Committee Meeting, December 17, 2019
- 4. Unfinished Business - None**
- 5. New Business**
 - a. Discussion of Property Tax Overview.
- 6. Adjournment**

Please note that a quorum of Town Council may result if four (4) or more of their members attend this meeting



Town of Hilton Head Island
Finance & Administrative Committee Meeting

Tuesday, December 17, 2019 at 2:30 p.m.

Conference Room 3

MEETING MINUTES

Present from the Committee: Tom Lennox, *Chairman*; John McCann, *Mayor* and Tamara Becker *Council Member*

Present from Town Council: David Ames; *Council Member*

Present from Town Staff: Josh Gruber, *Assistant Town Manager*; John Troyer, *Director of Finance*; Cindaia Ervin, *Finance Assistant*

Present from Media: None

1. Call to Order

The Chairman called the meeting to order at 2:30 p.m.

2. FOIA Compliance

Public notification of this meeting has been published, posted and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.

3. Approval of Minutes

- a. Finance & Administrative Committee Meeting, October 15, 2019.

Mrs. Becker moved to approve the minutes from October 15, 2019. Mayor McCann seconded. The motion was approved by a vote of 3-0.

- b. Finance & Administrative Committee Meeting, November 19, 2019.

Mrs. Becker moved to approve the minutes from November 19, 2019. Mayor McCann seconded. The motion was approved by a vote of 3-0.

- c. Finance & Administrative Committee Meeting, December 10, 2019.

Mrs. Becker moved to approve the minutes from December 10, 2019. Mayor McCann seconded. The motion was approved by a vote of 3-0.

4. Unfinished Business-None

5. New Business

- a. Approval of the 2020 Finance & Administrative Committee Meeting Dates.

Mr. Lennox introduced the Proposed Finance & Administrative Committee meeting dates for 2020 for consideration. Mrs. Becker moved to approve the meeting dates. Mayor McCann seconded. The Proposed Finance & Administrative Committee meeting dates for 2020 were approved by a vote of 3-0.

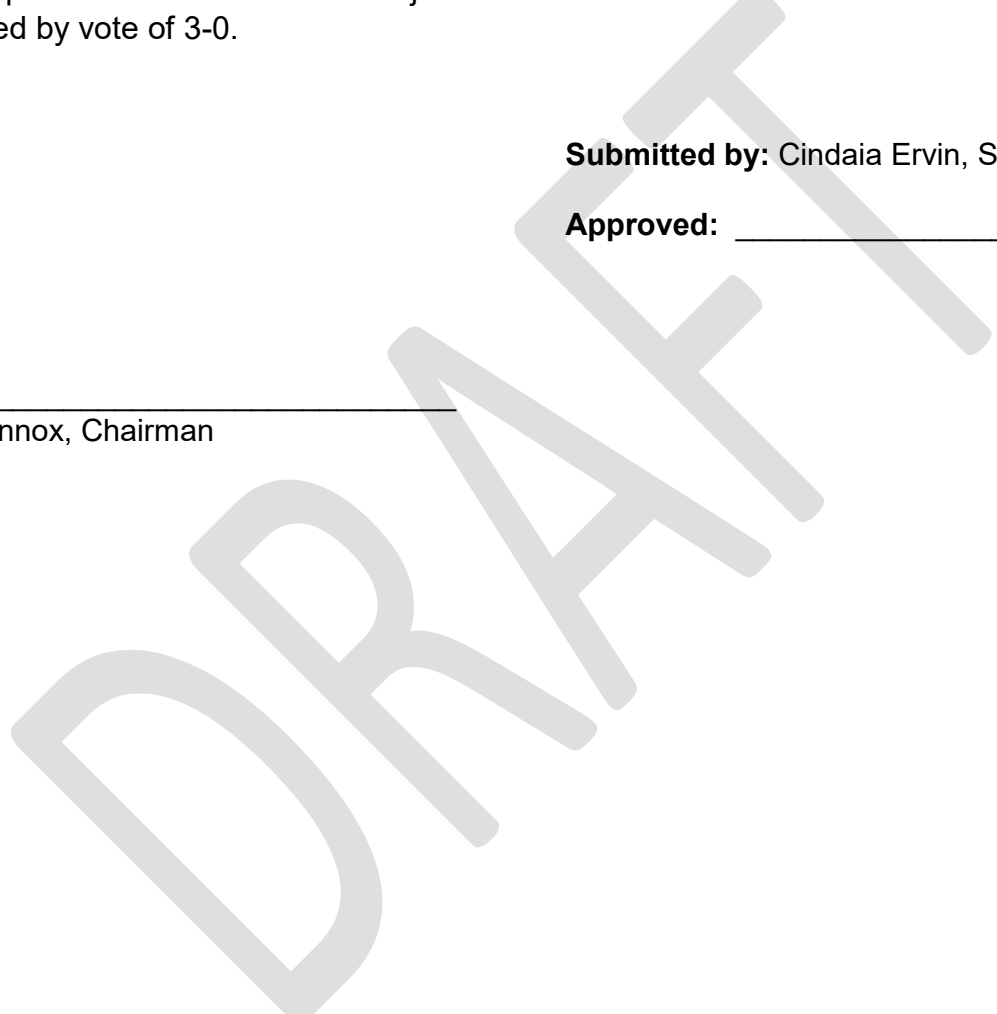
6. Adjournment

At 2:41 pm Mr. Harkins moved to adjourn. Mrs. Becker seconded. The motion to adjourn was approved by vote of 3-0.

Submitted by: Cindaia Ervin, Secretary

Approved: _____

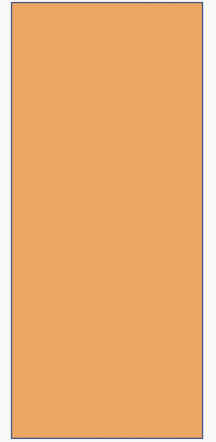
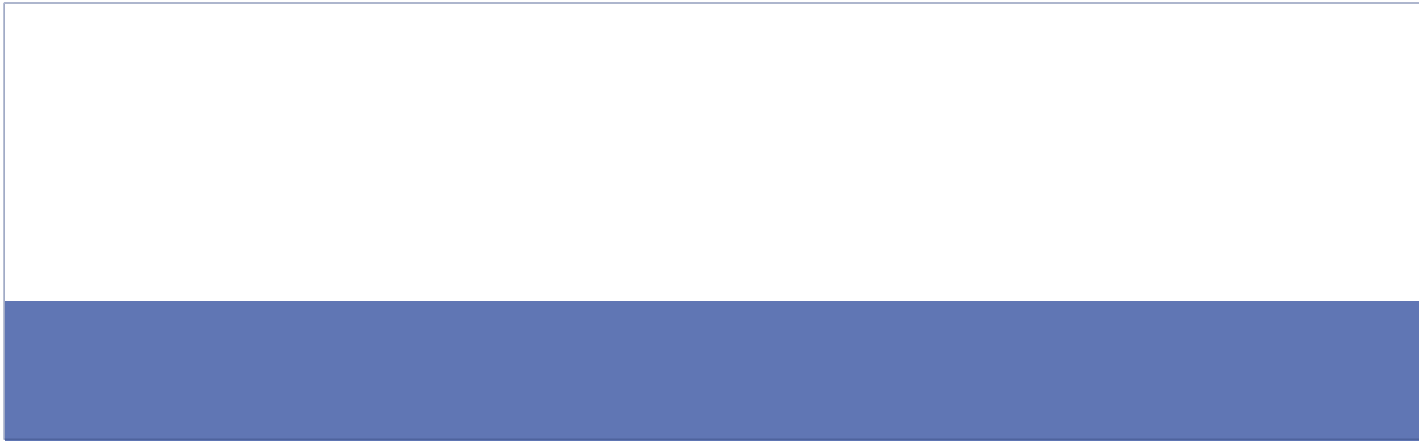
Tom Lennox, Chairman





FINANCE AND ADMINISTRATIVE COMMITTEE

JANUARY 7, 2020



TOWN OF HILTON HEAD ISLAND

A FEW FACTS ABOUT OUR PROPERTY TAXES:

- *By State law, Town Council sets the property tax rate.*
- *The Town Council has set the tax rate for Fiscal 2020 at 28.10 mills*
- *A mill is a rate per \$1,000 Assessed Value*
- *Assessed Value is set by the County Assessor using State Law as a guide – depending on type of property, use and owner*

Beaufort County establishes Assessed Values for Properties within the Town

TOWN OF HILTON HEAD ISLAND MILLAGE RATE

• General Operations	17.13
• Debt Service	5.97
• Disaster Recovery	<u>5.00</u>
• Total	28.10

These rates were established in the Budget Ordinance

A SAMPLE PROPERTY TAX CALCULATION:

Home Appraised Value	\$	400,000
Assessment Ratio	x	<u>4%</u>
Assessed Value	= \$	16,000
Millage Rate	x	28.10
Per \$1,000	/	<u>1,000</u>
Sample Tax Bill	= \$	<u><u>449.60</u></u>

Beaufort County bills and collects the taxes as part of the total County bills

A SAMPLE PROPERTY TAX CALCULATION:

Home Appraised Value	\$	400,000
	/	100,000
Per \$100,000 Assessed Value	=	4
Multiplier	x	4
Value times Multiplier	=	16
Millage Rate	X	<u>28.10</u>
Sample Tax Bill	= \$	<u><u>449.60</u></u>

Another way to get to the same amount . . .

SAMPLE TOTAL COUNTY TAX RATE (FOR FY 2020):

District 510 Hilton Head #1 PSD

County Operations	54.30
County Debt	5.50
Rural and Critical Lands	5.50
School Operations	114.00
School Debt	31.70
HH#1 PSD	7.10
Town of HHI Operations (17.10) & Debt (5.90)	23.00
Town of Hilton Head Disaster Recovery	5.00
Total Millage Rate:	246.10

The Town
rate is
11.4% of
the Total

Beaufort County bills the Town's property taxes as part of its overall billing.

PRIMARY RESIDENCE BILLS COMPARED TO NON-PRIMARY RESIDENCE (COUNTY BILL)

	<u>Primary</u>	<u>Non-primary</u>
	<u>4%</u>	<u>6%</u>
Appraised Value	\$ 400,000	\$ 400,000
Assessed Value	\$ 16,000	\$ 24,000
Tax Rate (Millage)	132.10	246.10
Taxes	\$ 2,114	\$ 5,906

*Residents are eligible for 4% assessment instead of a 6% assessment,
and a credit for the school operations millage rate of 114.00*

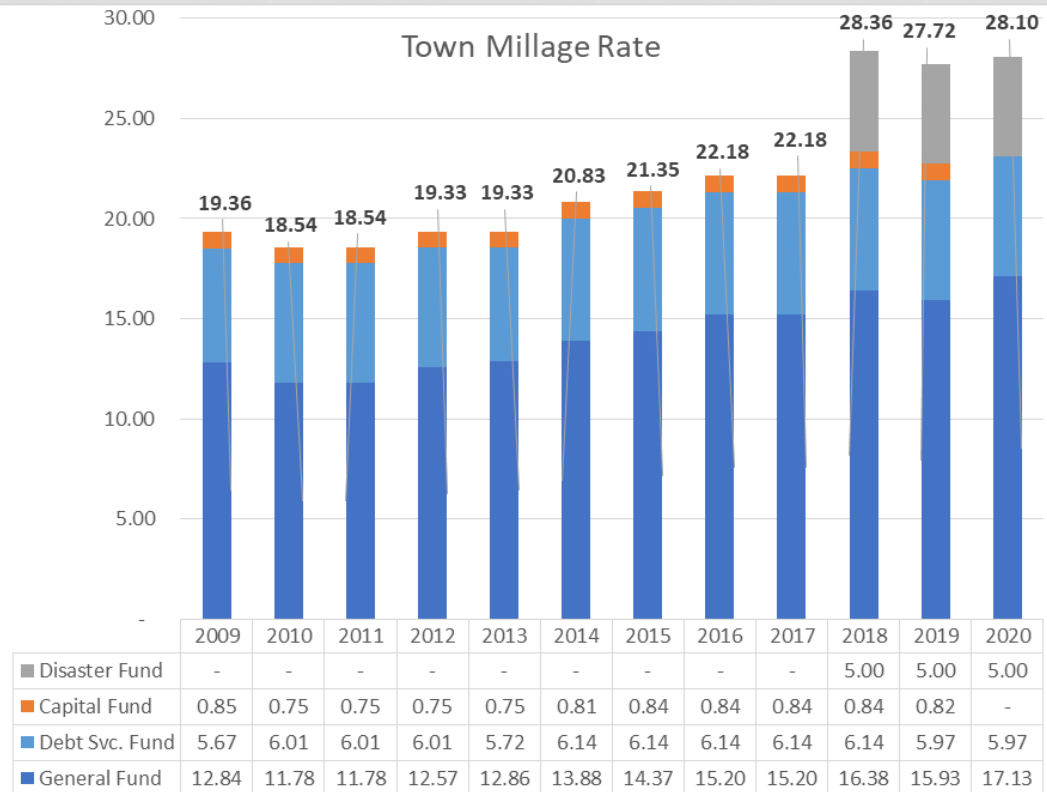
PRIMARY RESIDENCE BILLS COMPARED TO NON-PRIMARY RESIDENCE (COUNTY BILL)

	<u>Primary</u> <u>4%</u>	<u>Non-primary</u> <u>6%</u>
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Because the costs are so different, there is substantial attention to classification of properties each year at the county.

Residents are eligible for 4% assessment instead of a 6% assessment, and a credit for the school operations millage rate of 114.00

TOWN MILLAGE RATE OVER TIME



*The Town is in its third year of
"5 mills for 5 years for Disaster Recovery"*

PROPERTY TAXES HAVE LIMITS

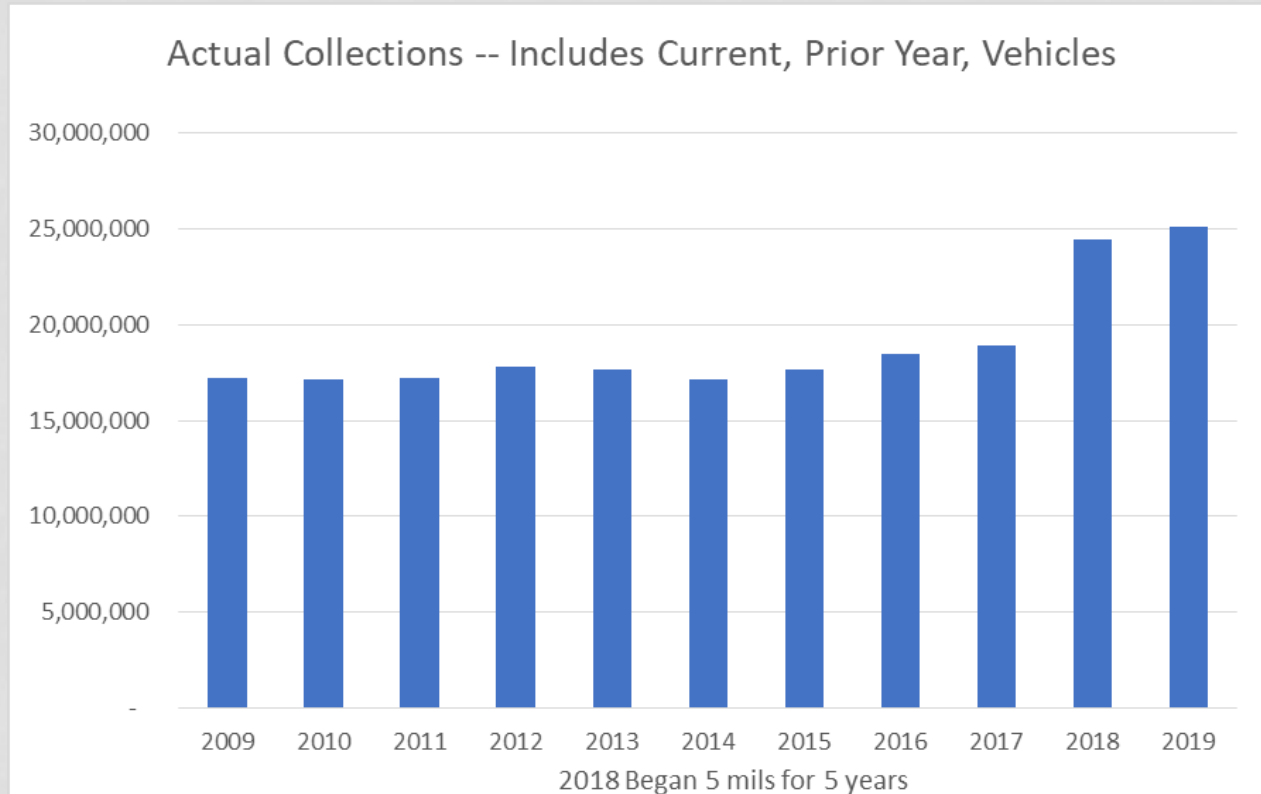
The Town is governed by state law on property taxes – notably Act 388.

Act 388 was passed in 2006.

Act 388 limits the reasons and amounts local jurisdictions may adjust property tax levels

PROPERTY TAX COLLECTIONS

(WITHOUT TIF COLLECTIONS)



*The Town is in its third year of
"5 mills for 5 years for Disaster Recovery"*

COLLECTIONS BY FUND

2018 was the first year of the 5 mills

Actual Collections -- Includes Current, Prior Year, Vehicles

	General Fund	Debt Svc. Fund	Capital Fund	Disaster Fund	Subtotal	TIF Fund	Grand Total
2019	14,390,696	5,372,835	737,874	4,635,043	25,136,448	4,687,575	29,824,023
2018	14,133,876	5,297,023	724,681	4,314,374	24,469,954	4,624,900	29,094,854
2017	12,971,590	5,229,221	715,398	-	18,916,209	4,194,830	23,111,039
2016	12,647,165	5,136,243	702,649	-	18,486,057	4,090,780	22,576,837
2015	11,894,284	5,084,193	694,238	-	17,672,715	6,486,071	24,158,786
2014	11,447,533	5,064,975	633,370	-	17,145,878	6,433,568	23,579,446
2013	11,500,914	5,493,152	685,501	-	17,679,567	6,562,575	24,242,142
2012	11,585,070	5,548,641	692,418	-	17,826,129	6,148,490	23,974,619
2011	10,956,179	5,583,395	696,763	-	17,236,337	6,369,085	23,605,422
2010	10,920,696	5,529,403	695,844	-	17,145,943	6,308,502	23,454,445
2009	10,715,950	5,833,846	709,774	-	17,259,570	5,833,846	23,093,416

Property Tax collections by year and by fund
 (There is no millage attached to the TIF on the tax bill)

COLLECTIONS BY FUND

2016 was the first year of the TIF extension

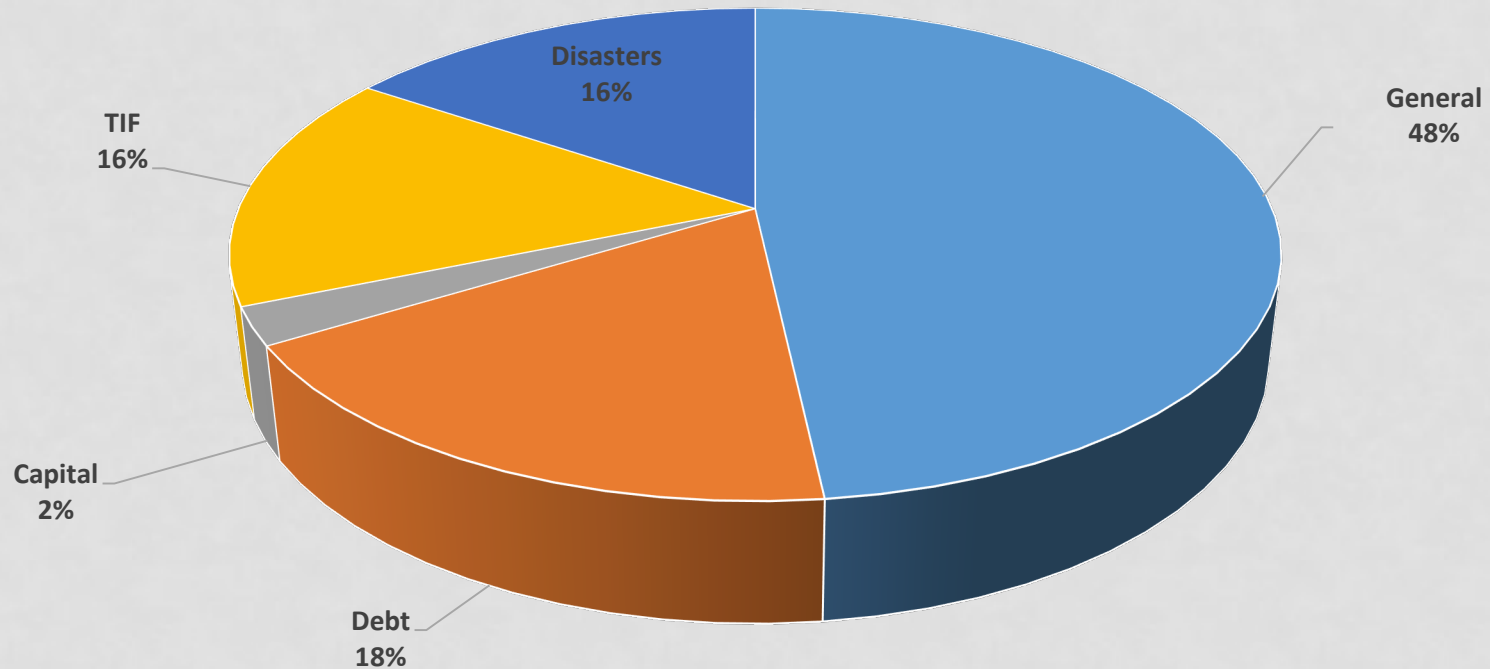
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*Property Tax collections by year and by fund
(There is no millage attached to the TIF on the tax bill)*

COLLECTIONS BY FUND

Property Taxes -- 2019 Actuals



*Property Tax collections are split by fund and TIF --
(which dictates the purpose of the uses)*

MILLAGE RATES BY FUND

	Millage Rate						
	General Fund	Debt Svc. Fund	Capital Fund	Disaster Fund	Subtotal	TIF Fund	Grand Total
2019	15.93	5.97	0.82	5.00	27.72		27.72
2018	16.38	6.14	0.84	5.00	28.36		28.36
2017	15.20	6.14	0.84	-	22.18		22.18
2016	15.20	6.14	0.84	-	22.18		22.18
2015	14.37	6.14	0.84	-	21.35		21.35
2014	13.88	6.14	0.81	-	20.83		20.83
2013	12.86	5.72	0.75	-	19.33		19.33
2012	12.57	6.01	0.75	-	19.33		19.33
2011	11.78	6.01	0.75	-	18.54		18.54
2010	11.78	6.01	0.75	-	18.54		18.54
2009	12.84	5.67	0.85	-	19.36		19.36

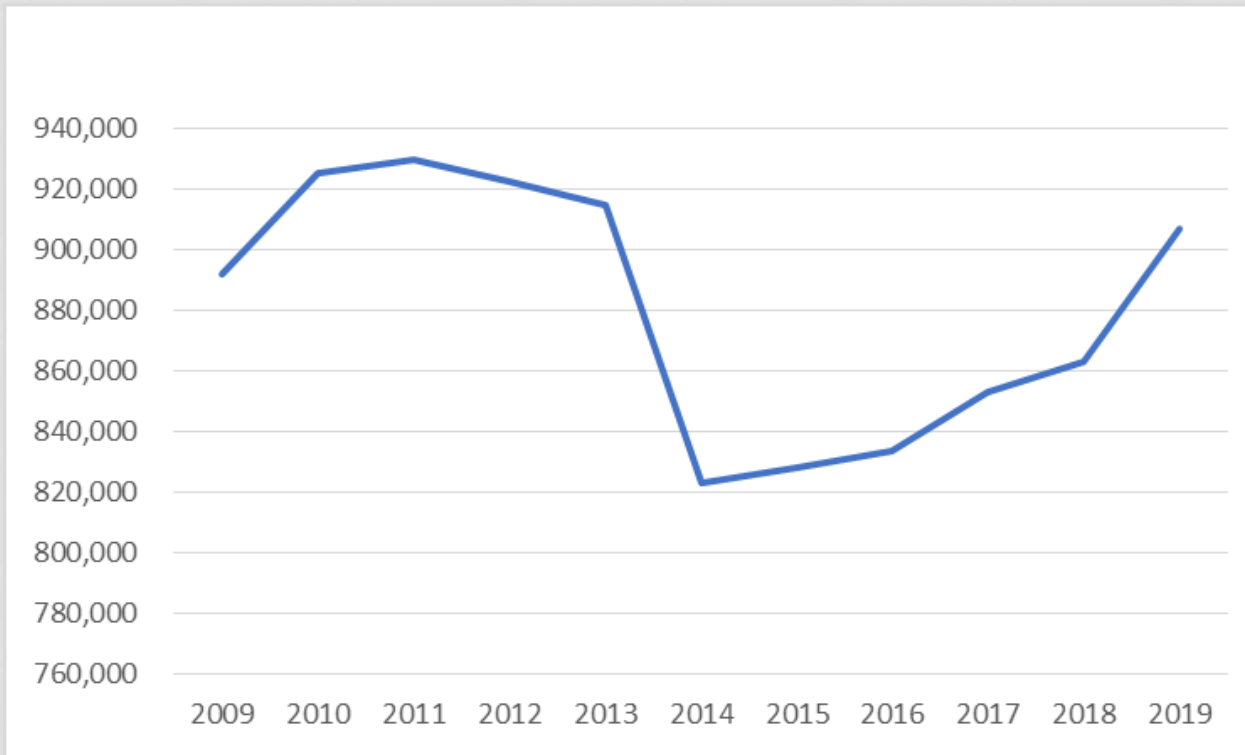
These are the Town's millage rates by fund – over the last several years

COLLECTIONS PER MILL

	Collections per mil				
	General Fund	Debt Svc. Fund	Capital Fund	Disaster Fund	Subtotal
2019	903,371	899,972	899,846	927,009	906,798
2018	862,874	862,707	862,715	862,875	862,833
2017	853,394	851,665	851,664	-	852,850
2016	832,050	836,522	836,487	-	833,456
2015	827,716	828,044	826,474	-	827,762
2014	824,750	824,914	781,938	-	823,134
2013	894,317	960,341	914,001	-	914,618
2012	921,644	923,235	923,224	-	922,200
2011	930,066	929,017	929,017	-	929,684
2010	927,054	920,034	927,792	-	924,808
2009	834,576	1,028,897	835,028	-	891,507

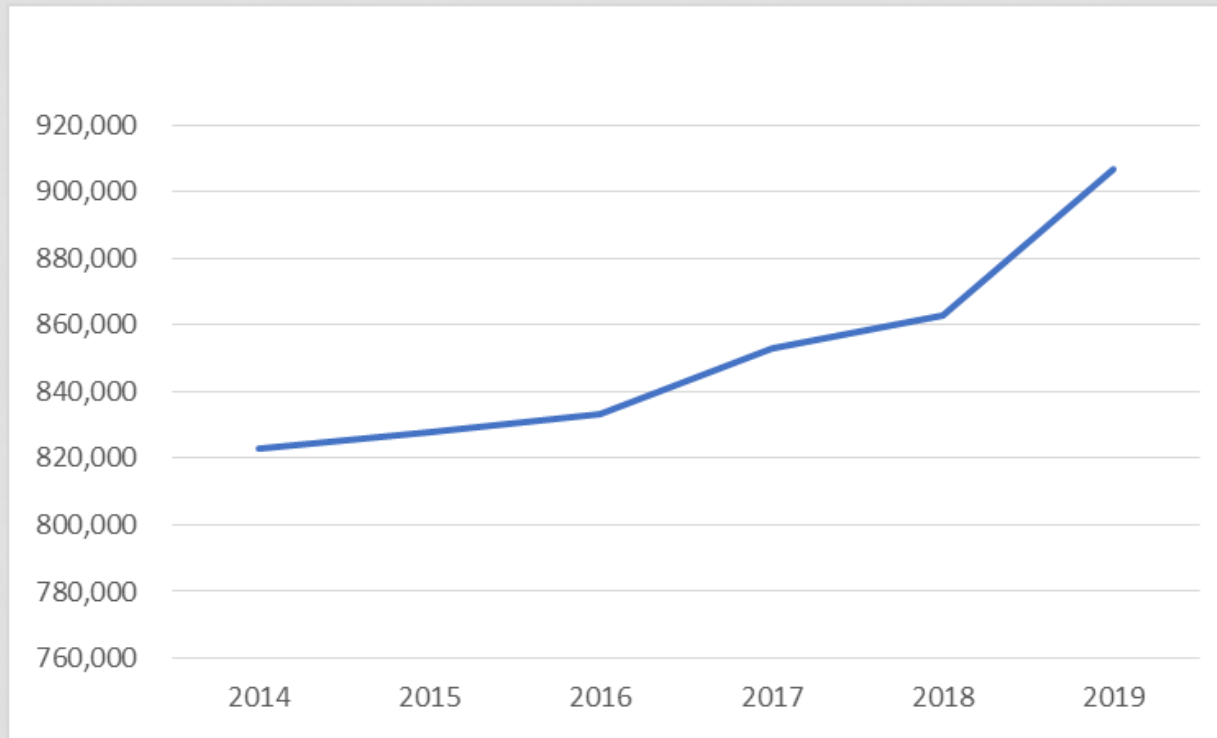
These are the Town's collections per millage rate by fund – over the last several years

COLLECTIONS PER MILL



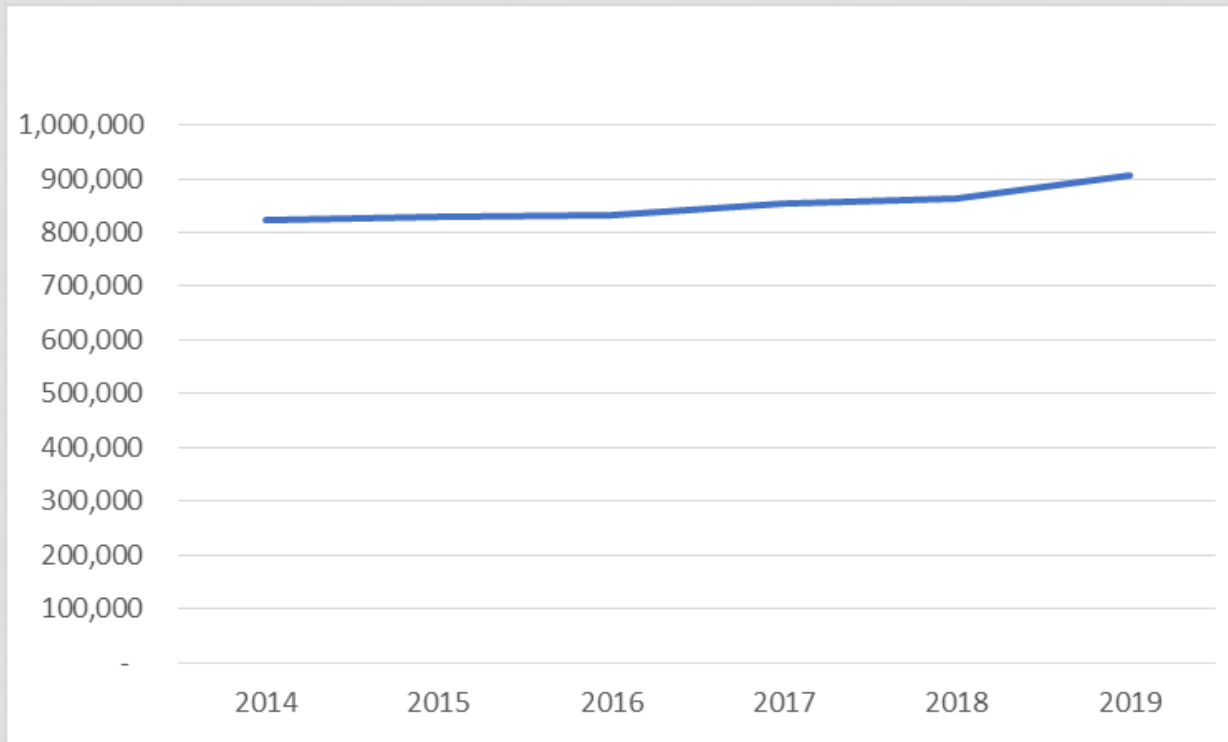
Over a longer look, valuations (and collections) have had their ups and downs – obviously influenced by the “Great Recession”

COLLECTIONS PER MILL



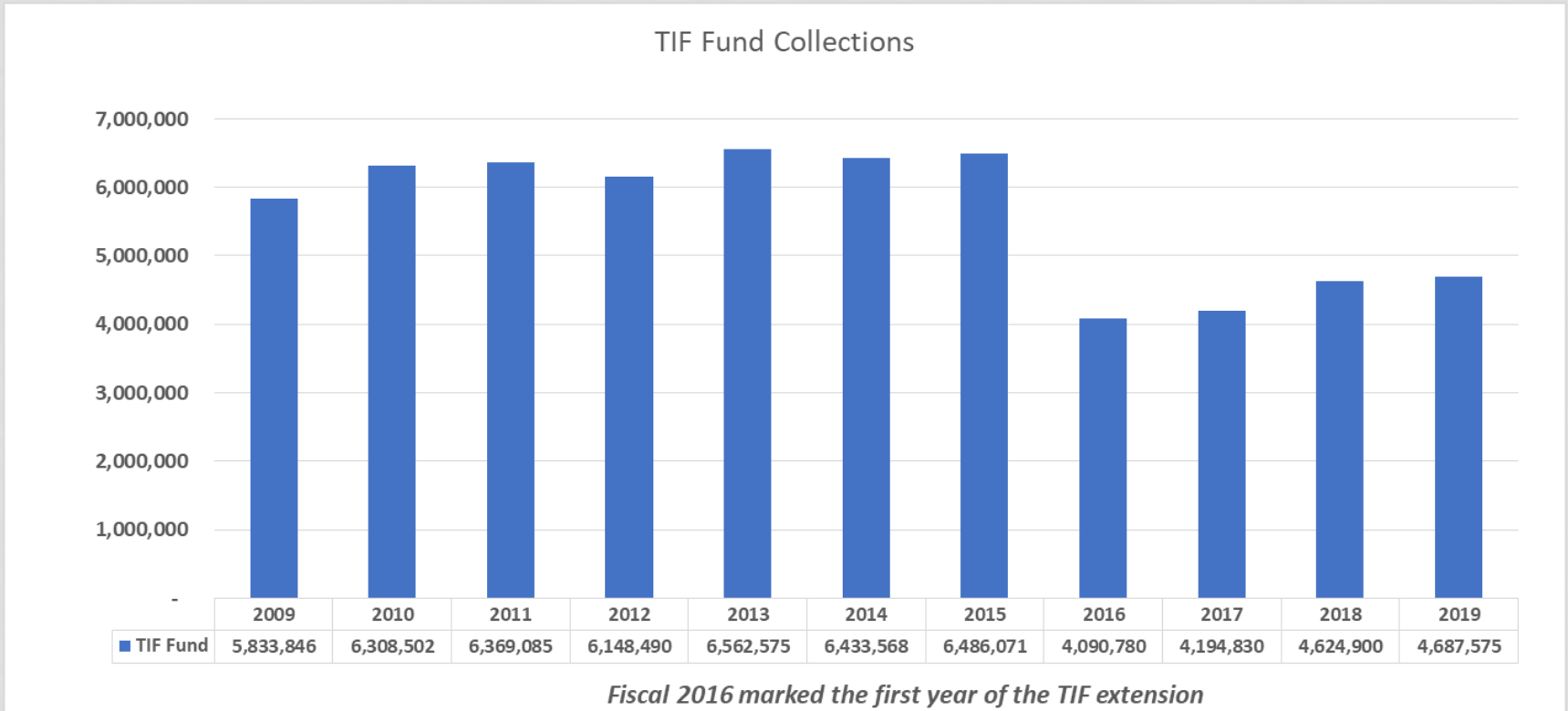
Over the past 6 years, collections per mil have improved – this is a strong economic indicator for the Town

COLLECTIONS PER MILL



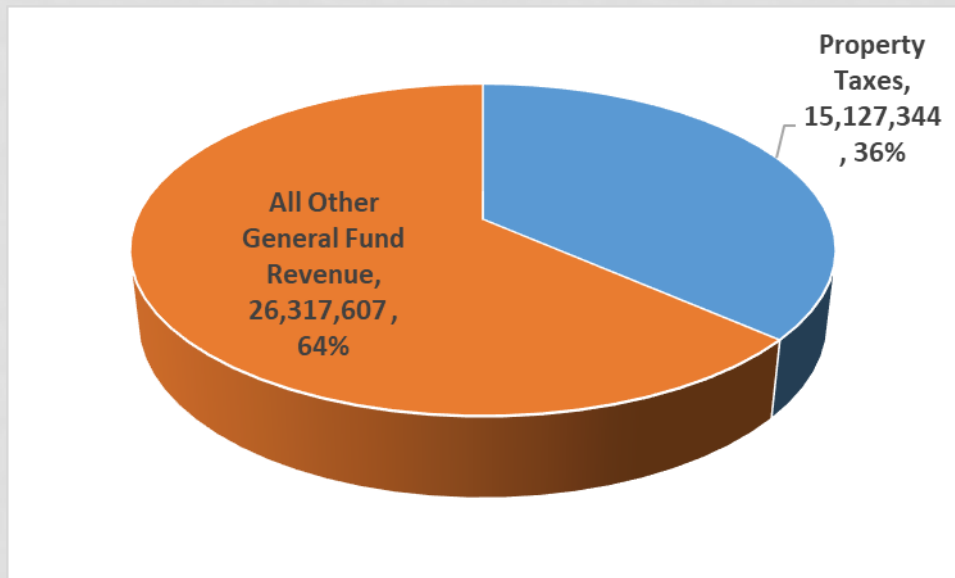
Using the full scale Y axis, the trend is steady

TIF COLLECTIONS



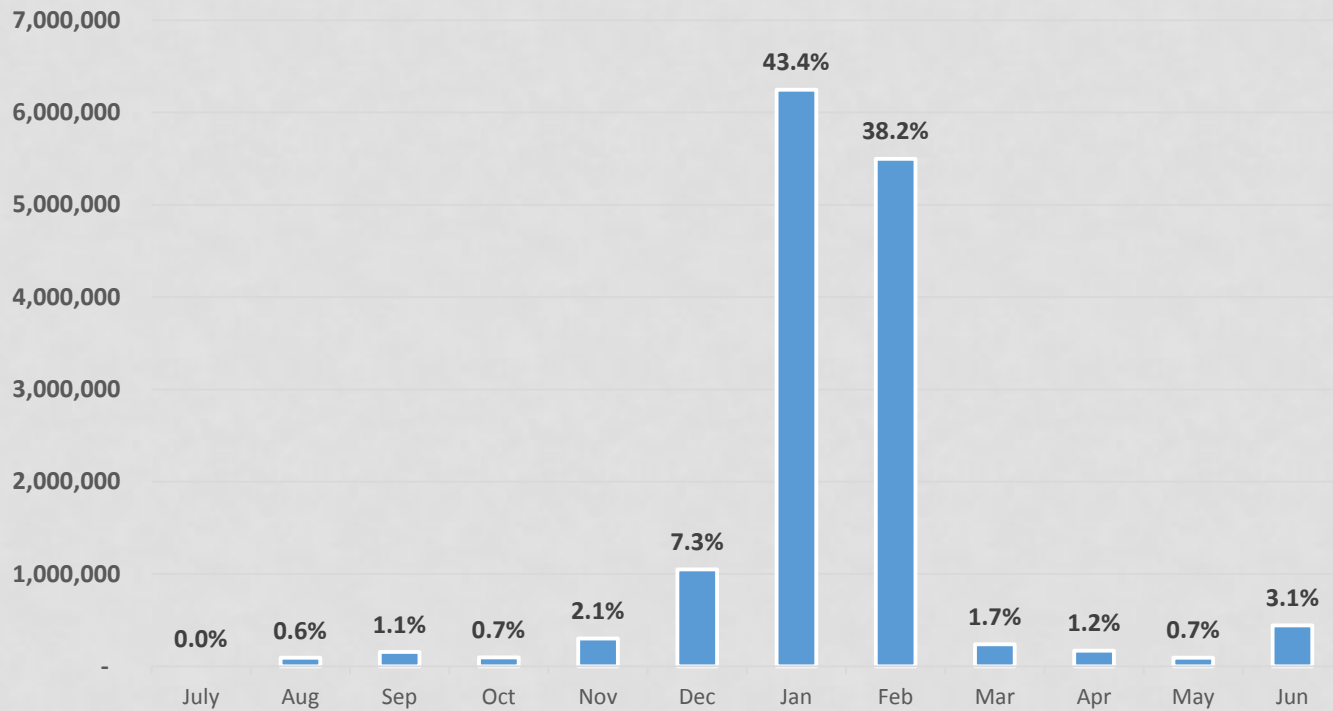
TIF collections are dedicated to the TIF districts
 –notably the USCB campus and the Low Country Celebration Park

HOW MUCH OF THE GENERAL FUND BUDGET IS PROPERTY TAXES?



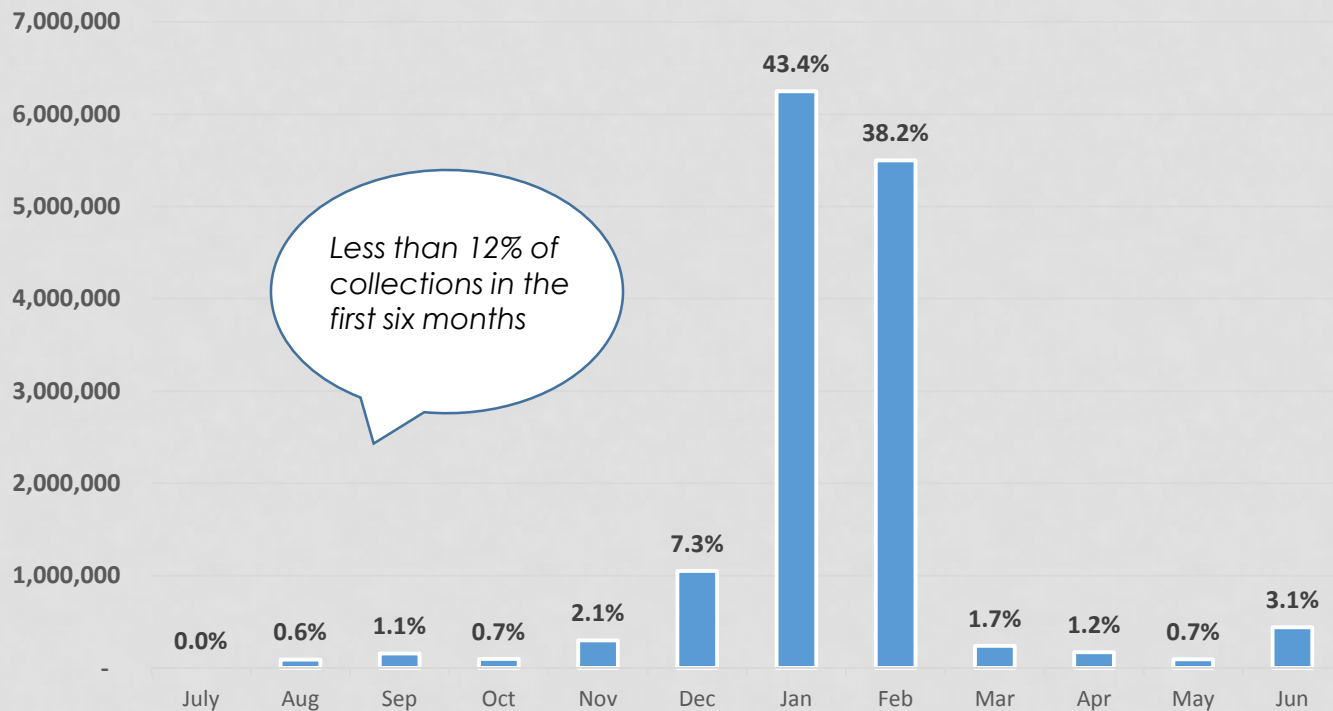
Property taxes are the foundation of the Town's \$41.4 million budget -- but diversification of revenue has been a priority

PROPERTY TAXES ARE SEASONAL



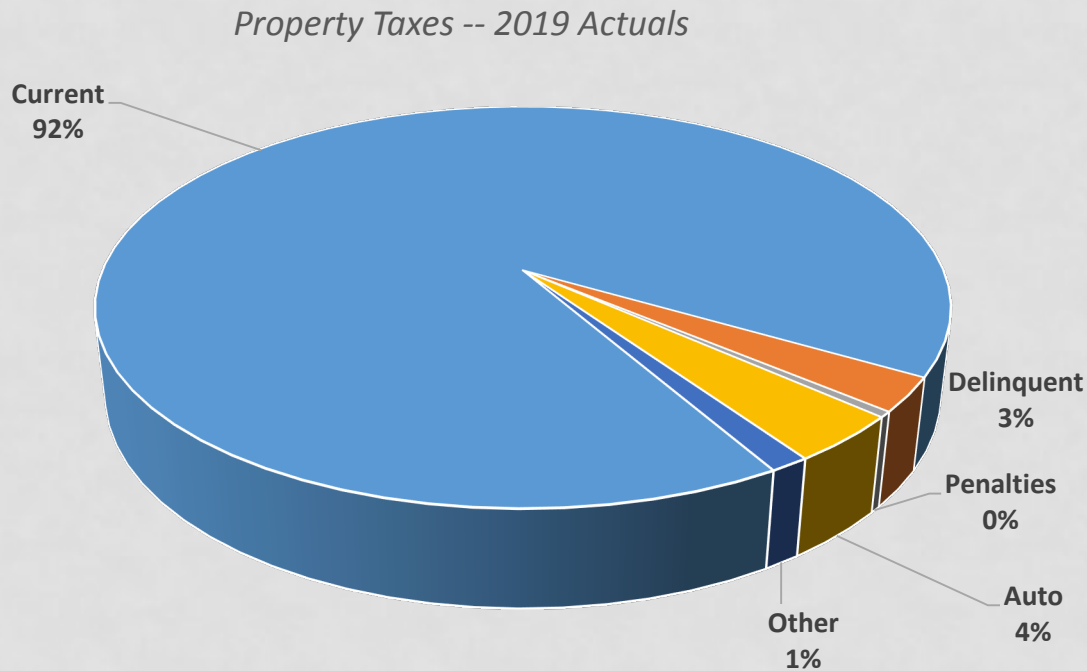
2019 General Fund Property Taxes collections by month

PROPERTY TAXES ARE SEASONAL



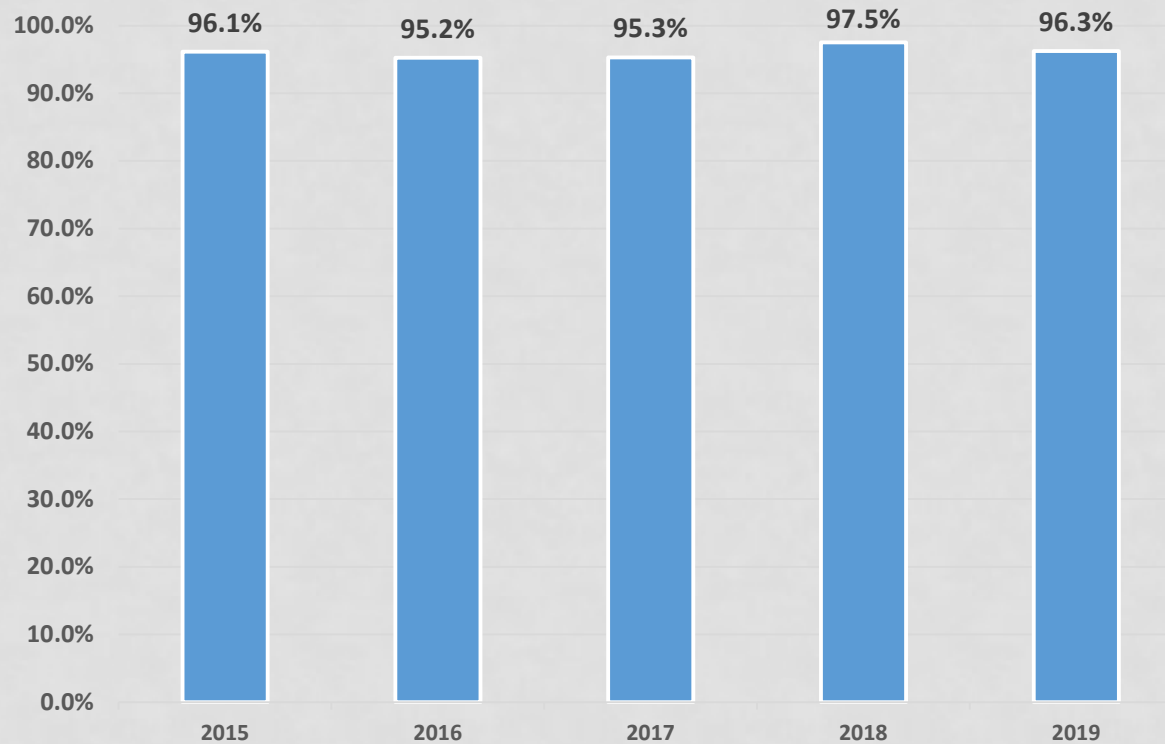
Strong fund balances cover the seasonality of property taxes

HOW MUCH OF THE PROPERTY TAXES ARE COLLECTED IN THE YEAR BILLED?



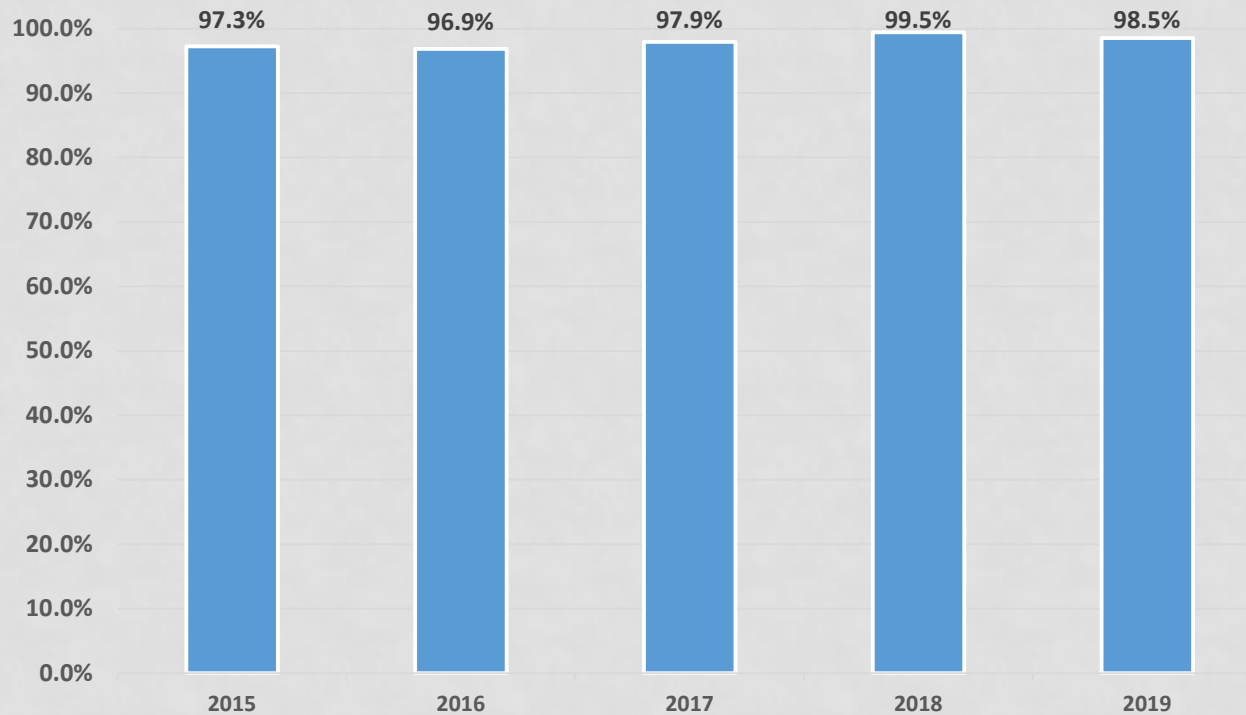
Current plus Auto taxes make up 96% current collections

CURRENT TAX COLLECTIONS - AS A % OF BILLINGS



*Town residents and businesses have a strong record of paying taxes
in the first year of billing*

TAX COLLECTIONS - AS A % OF BILLINGS



Collections numbers continue to rise even after the first year

FOR MORE INFORMATION

*For more information – see the Town’s Comprehensive Annual Financial Report (CAFR)
Especially, pages 39-40, page 92 and Statistical sections 2, 6, 7, 8, 9, and 10
from the 6/30/2019 report*

*The latest CAFR (6/30/2019) is scheduled to be posted
on the Town’s website tomorrow.*

QUESTIONS OR COMMENTS?



Property Taxes are an important foundation of our operating budget.