



Town of Hilton Head Island
Finance & Administrative Committee
Tuesday, March 16, 2:00 p.m.
Regular Meeting

In accordance with the Town of Hilton Head Island Municipal Code Section 2-5-15, this meeting is being conducted virtually and can be viewed live on the Town's Public Meeting Facebook Page at <https://www.facebook.com/townofhiltonheadislandmeetings/>. Following the meeting, the video record will be made available on the Town's website at <https://www.hiltonheadislandsc.gov/>.

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. Roll Call

4. Approval of Agenda

5. Approval of Minutes

a. Regular Meeting- March 2, 2021

6. Citizen Comments

7. Unfinished Business - None

8. New Business

a. Town of Hilton Head Island Financial Update.

b. Discussion of Required Modifications to the Town Business License Ordinance.

9. Adjournment

Public comments concerning agenda items can be submitted electronically via the Town's Virtual Town Hall public comment portal at <https://hiltonheadislandsc.gov/opentownhall/>. The portal will close at **12:00 p.m.** the day of the scheduled meeting. Citizens may also call (843) 341-4646 to sign up for public comment participation during the meeting by phone. The public comment period will close at **12:00 p.m.** the day of the scheduled meeting. All comments will be provided to the Committee for review and made part of the official record.

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
Special Committee Meeting**

Tuesday, March 2, 2021, 2:00 p.m.

MEETING MINUTES

Present from the Committee: Tom Lennox, *Chairman*; Bill Harkins, Glenn Stanford, Alexander Brown, Jr. and Tamara Becker (*Alternate*) *Council Members*

Present from Town Council: David Ames; Council Member

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

Present from the Media: None

1. Call to Order

The Chairman called the meeting to order at 2:00 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. Roll Call- See as noted above

4. Approval of Agenda

Chairman Lennox asked for a motion to approve the agenda. Mr. Harkins made a motion to approve the agenda as submitted. Mr. Stanford seconded. By way of roll call, the motion was approved by a vote of 4-0-0.

5. Approval of Minutes

a. Regular Meeting, February 16, 2021

Chairman Lennox asked for a motion to approve the minutes of the February 16, 2021 meeting. Mr. Harkins moved to approve. Mr. Stanford seconded. By way of roll call, the motion passed with a vote of 4-0-0.

6. Citizens Comments

Public comments concerning today's agenda items were to be submitted electronically via the Town's Open Town Hall portal. The public comment period closed the day prior to the meeting at Noon. At the conclusion of the Open Town Hall there were no comments; however, there was one caller that signed up to address the Committee at today's meeting.

Skip Hoagland: Addressed members of the Committee via phone regarding FOIA compliance and his thoughts of corruption within the Town of Hilton Head Island.

7. Unfinished Business- None

8. New Business

a. General Discussion Regarding Fiscal Year 22 Budget Schedule

John Troyer, Director of Finance, provided the Finance & Administrative Committee an update regarding the Town's budget process for fiscal year 2022. Mr. Troyer stated that it is very important to understand Town Council's priorities and how they can be funded and completed in the upcoming budget. The budget planning has begun and packets have been disbursed to Town Departments and Affiliated Agencies for them to submit their requests for fiscal year 2022. Mr. Troyer noted that all initial requests are due February 26th and once the initial budgets are received Finance will input them into its financial system to allow for the bigger picture to begin to be formed and adjustments to be made where necessary. Individual department meetings will begin within the next few weeks in order to ensure the Town has ample staffing needs, Capital Improvement Projects are accounted for and all departments have an opportunity to properly prepare for the next year in hopes of having a balanced budget by the end of March.

Mr. Troyer shared the budget calendar with the Committee to highlight important and key dates that Town Council would need to be aware of. He also stated that there will be individual meetings with members of Town Council to discuss the budget and answer any questions they may have. New this year will be the adoption of a one-year budget versus two-years like in previous years. This will allow the Town to prepare a fiscally resilient budget that new Town Manager, Marc Orlando and Town Council will be comfortable with. Finance plans to will work closely with Mr. Orlando to provide him, Town Council and the Town Citizens with a balanced budget that displays the needs of our community. Chairman Lennox, thanked all of those in attendance for their comments and questions, and also Mr. Troyer for providing information regarding the budget process to the Committee.

9. Adjournment

At 2:32 p.m. Mr. Harkins moved to adjourn. Mr. Stanford seconded. The motion to adjourn was approved by vote of 4-0-0.

Submitted by: Cindaia Ervin, Secretary

Approved: _____



TOWN OF HILTON HEAD ISLAND

Finance Department

TO: Finance and Administrative Committee
VIA: Marc Orlando, *Town Manager*
VIA: Josh Gruber, *Deputy Town Manager*
FROM: John M. Troyer, *Director of Finance*
DATE: March 10, 2021
SUBJECT: Town of Hilton Head Island Financial Update

Recommendation:

Staff recommends that Finance Department continue to monitor Town Revenues and Expenditures and to provide monthly updates to the Finance & Administrative Committee for their review and discussion.

Summary:

As part of the pandemic response, Town Management identified the importance of monitoring revenue and expenditure items in a pandemic environment. Close monitoring can provide the ability to respond timely to changing economic realities.

In order to provide Town Council as clear a picture of the Town's revenue collections and financial position, I plan to give Finance and Administrative Committee an update during the March 16, 2021 meeting of the committee. I plan to give an overview of year-to-date results for the eight months ending February 28, 2021. This will give the Finance and Administrative Committee a continuing look at Town financial position, and provide a forum for discussions. We will continue those discussions monthly to ensure the Town is appropriately positioned in this economic environment.

Background:

As Town Council considered the proposed budget for FY 2021, one issue at the forefront of the discussion was the economic uncertainties due to the impact of the COVID-19 pandemic. How long will the pandemic last? What kind of impact will this have on our revenue collections and our spending? Town Council recognized that once a budget was adopted for FY2021, continuing the close monitoring of the revenue collections and spending would be especially important this year.



TOWN OF HILTON HEAD ISLAND

Finance Department

TO: Finance & Administrative Committee
VIA: John Troyer, Finance Director
FROM: Diane Busch, Esq., Staff Attorney/Prosecutor
DATE: March 11, 2021
SUBJECT: Repeal and Replacement of Business License Ordinance

Recommendation: Staff recommends the Town Council Repeal and Replace the current Town of Hilton Head Island Business Licenses Ordinance with what is known as the revised model business license ordinance, crafted and put forth by the Municipal Association of South Carolina. The model act was created as a response to Act 176, the South Carolina Business License Tax Standardization Act, passed by the South Carolina Legislature in September of 2020. That legislation mandates municipalities use standard methods of administering their business license codes. In addition to the repeal and replacement of the Code, Town staff recommends including and/or excluding additional non-conflicting code provisions, which would address issues that are particular to licensing in the Town of Hilton Head Island.

Summary: The most significant change established by Act 176, and one of the driving forces behind the legislation, is the requirement that all taxing jurisdictions to use a single due date of April 30, and a standard license year, which will run from May 1 to April 30. In an effort to assist the municipalities impacted by the change, the Municipal Association of South Carolina crafted and has recommended adoption of a revised model business license ordinance. While there is nothing prohibiting specific tailoring of the ordinance to the locality, because of the complexities of the new ordinance, the Association has strongly encouraged municipalities to repeal and replace their existing ordinances, rather than use a cut and paste method of correcting current ordinances. Importantly, nothing in the new law prohibits municipalities from adding or eliminating items particular to their locality to the model act. The revised ordinance includes the standard business license class schedule currently required by South Carolina law, which municipalities must update at the end of every odd-numbered year.

Some of the business license issues included in the model ordinance include

- Applicability to businesses lacking and established location in the municipality
- Requirements for display or carrying of a license;
- Inspections;
- Audits;
- Assessments;
- Penalties for nonpayment;
- Denials, Suspensions and revocation of licenses; and, Violations.

Other important requirements include making sure that the licenses businesses are assigned a North American Industry Classification System (NAICS) code, and exporting business license records into an Excel spreadsheet to allow municipal staff and the Association's staff to work together to review records for compliance.

Since this legislation went into effect, Town staff has been preparing for the changes through tasks such as compiling business records, assigning NAICS codes to each business license, and analyzing data to determine tax rates for each license class. Act 176 specifically directs municipalities to prepared for the transition such that they will not garner a potential 2021 revenue windfall.

Background: During the 2020 legislative session, the General Assembly passed Act 176, the Business License Standardization Act, which adds many specific requirements for licensing procedures of municipalities that administer business taxes. The new requirements must be implemented by January 1, 2022. The Act requires municipalities standardize their business license practices before January 1, 2022. For years, many municipalities, including the Town of Hilton Head Island, have been working voluntarily toward standardization to improve the ease of the licensing process for businesses, with a standard license year and due date, standard application, and a standard class schedule, as found in the model business license ordinance.

The new law means these steps are now mandatory for every municipality. The goal is to make compliance of license procedures and requirements less complicated for businesses who operate in a more than one jurisdiction.