



Town of Hilton Head Island
Finance & Administrative Committee
Tuesday, June 15, 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 16, 2021

6. Citizen Comments

7. Unfinished Business - None

8. New Business

a. Presentation & Discussion regarding the Model Business License Ordinance.

b. Town of Hilton Head Island Financial Update

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 16, 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: Marc Orlando, *Town Manager*; Josh Gruber, *Deputy Town Manager*; Diane Busch, *Staff Attorney*; 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- March 2, 2021

Chairman Lennox asked for a motion to approve the minutes of the March 2, 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. Town of Hilton Head Island Financial Update

John Troyer, Director of Finance, provided the Finance & Administrative Committee a Financial update on the Town's progress. Mr. Troyer informed the Committee that the delay in property tax billing has impacted collections causing totals to be collected slower, however, they are increasing. In his discussion, he stated that year-to-date collections were 69.2% higher than last year's collections. Some collections that he highlighted for February collections that are dependent on the timing of property tax collections are; Tax Increment Financing down -33.3%, Road Usage Fee down -1.6%, Stormwater down -44.7% and Property Taxes down -37.7%. Other positive February collections were Business License at 79.5% of budget, Local ATAX at 31.9% of budget, State ATAX at 25.9% of budget and Real Estate Transfer fees are at 91.1%.

Mr. Troyer also provided insight into the Town's General Fund. The Town's General Fund year-to-date spending by category through February is 1.8% more than last year-to-date. At this time Mr. Troyer could confirm that no department is in an unfavorable spending position at this time. At level spending 66.7% would occur by February; however, last year the Town was at 58.1% thru February. Mr. Troyer stated the timing of expenses has had a very similar pattern to last year and the Town depends on the temporary use of its reserves from time-to-time when Town collections are slower.

Lastly Mr. Troyer provided a brief update on the Town's Dept. activity for this year. The Town had the opportunity with the authorization of Town Council, to issue two bonds for savings this year. The bonds sold were Stormwater and a GO Bond; however, at this time there are no future plans for new funding issues for this fiscal year. Key items that Mr. Troyer wanted the Committee to be aware of are that the Town is continuing to keep an eye on expenditures and adjusting where necessary to continue to be in a good financial position. The Committee had many favorable comments regarding Mr. Troyer's presentation of the Town's finances. They were very pleased to see the continued positives in revenues showing the good health of the community and Town even during a global pandemic. Chairman Lennox, thanked all of those in attendance for their comments and questions, and also Mr. Troyer for his good financial presentation to the Committee.

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

Diane Bush, Town of Hilton Head Island Staff Attorney, provided the Committee with information regarding the propose business license model ordinance. 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.

Ms. Busch stated that 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.

Many of the Committee Members were understanding of the complexities that could occur with this new model that was proposed by MASC. The hope is to remain revenue neutral with this change and everyone is aware of what will be coming forth in the next few months. Chairman Lennox, thanked all of those in attendance for their comments and questions, and also Ms. Busch for providing insight on the required modifications of the Town Business license model ordinance.

9. Adjournment

At 3:07 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: June 10, 2021
SUBJECT: Business License Tax Standardization Act

Recommendation:

Staff recommends that Finance & Administrative Committee consider the approval and recommend to Town Council the adoption of a business license ordinance to comply with the SC Business License Tax Standardization Act, Act 176. This recommendation would consist of repealing the Town's current business license ordinance and replacing it with the MASC's business license model ordinance

Summary:

Due to the complexities and specific requirements of ACT 176, MASC created a model ordinance to comply with the new state law. MASC recommends that the Town of Hilton Head Island repeal the current business license ordinance and replace it with the MASC business license model ordinance rather than correcting it's current Town Ordinance.

Background:

The SC General Assembly passed Act 176, the SC Business License Tax Standardization Act in September 2020 resolving many years of scrutiny of the business license tax. The law requires every local government that collects business license tax to administer the tax in the same way across the state starting January 1, 2022. The law will streamline the complicated processes found across the state in local governments that collect business license tax. As a result, businesses will find doing businesses will find that doing business in South Carolina will be easier especially those businesses that operate in multiple jurisdictions.



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: June 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 June 15, 2021 meeting of the committee. I plan to give an overview of year-to-date results for the eight months ending May 31, 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.