



Town of Hilton Head Island
**Finance & Administrative
Regular Committee Meeting**

Tuesday, June 15, 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: John McCann, *Mayor*; David Ames and Tamara Becker; *Council Member*

Present from Town Staff: Marc Orlando, *Town Manager*; Josh Gruber, *Interim Town Manager*; John Troyer, *Director of Finance*; April Akins, *Revenue Services Manager*; 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 16, 2021

Chairman Lennox asked for a motion to approve the minutes of the March 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. Presentation & Discussion regarding the Model Business License Ordinance

April Akins, Revenue Services Manager, spoke with the Committee regarding changes that will affect the Town's Business License. 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 now requires every local government that collects business license tax to administer the tax in the same way across the state beginning January 1, 2022. Mrs. Akins explained that the law will help to streamline the sometimes-complicated processes found across the state in local governments that collect business license tax. As a result, businesses will find that doing business in South Carolina will be easier especially those businesses that currently operate in multiple jurisdictions.

Mrs. Akins explained that due to the complexities and specific requirements of ACT 176, the Municipal Association of South Carolina (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. The Town currently has over 7K business that will be affected by this change. Mrs. Akins provide a timeline of key dates that the Community and Council should be made aware of. Staff recommended that the Finance & Administrative Committee consider the approval and recommend to Town Council for the adoption of a business license ordinance to comply with the SC Business License Tax Standardization Act, Act 176. The Committee had many comments that were favorable and wanted to continue the discussion as this would be a major change for the Town. Mrs. Akins stated that there would be workshops scheduled in the near future to allow for the public to understand the changes. Mr. Lennox thanked Mrs. Akins and all in attendance for the discussion.

b. 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 last few month's collections were impacted by the County's delay in the collection of property taxes. The delay of property tax billing has impacted collections causing totals to be collected slower, however, they are increasing. This delay was temporary as the new tax payment deadline approached March 31st. In his discussion, he stated that year-to-date collections have improved since February and will continue until all taxes are collected. Property tax collections have met last year-to-date amounts and are 100.6% of budget through May. Some collections that Mr. Troyer highlighted for the month ending collections are; Tax Increment Financing up 6.8%, Local ATAX up 43.3%, Stormwater up 2.3% and Property Taxes up 3.4%. Other positive collections were Business License at 18.3%, State ATAX at 27.6% of budget, permits at 29.9% of budget and

Real Estate Transfer fees are at 99.9%. Mr. Troyer also, mentioned that last year's deadline was extended from April 20th to June 20th for a number of these revenues.

Mr. Troyer also provided insight into the Town's General Fund. The Town's General Fund last year were 96.8% collected of the eventual actual. Our collections are 100.6% of last YTD through May. Last month, Mr. Troyer reported that the Town is 22.7% ahead of the previous year. Of the funds budgeted, the Town is at 80.8% of budget as of May. Last month, Mr. Troyer reported 5.3% behind the previous year versus this year 23.8% ahead. The timing of expenses to operate the Town is independent of the timing of revenues (2019 and 2020 actuals). At this time Mr. Troyer could confirm that no department is in an unfavorable spending position. Year to date general fund expenses in 2021 are 5.1% more than 2020 year-to-date. At level spending, 91.67% would occur by May. This is a cash basis-at year end, the Town will include accruals. Mr. Troyer stated the timing of expenses has had a very similar pattern to last year and the Town will depend 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. Business licenses (collected through MASC) are the next outstanding revenue item- most of which will be received after June 30th. 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.

9. Adjournment

At 2:57 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: July 20, 2021