



Town of Hilton Head Island
FINANCE & ADMINISTRATIVE COMMITTEE
MEETING
September, 19, 2023 – 01:00 PM
MINUTES

Present from the Committee: Alex Brown, *Chairman*; David Ames, Steve Alfred, *Members*

Absent from Committee: Glenn Stanford

Present from Town Council: Tamara Becker

Call to Order: Chairman Brown called the meeting to order at 1:00 PM.

Adoption of the Agenda

Ames moved to approve the agenda as presented. Alfred seconded. Motion carried 3-0-1.

Approval of the Minutes

Regular Meeting Minutes of August 15, 2023

Ames moved to approve. Alfred seconded. Motion carried 3-0-1.

Appearance by Citizens

Mr. Skip Hoagland addressed the Committee regarding the need for transparency with the county managers, lawyers and CPAs. Mr. Hoagland requested a forensic audit for Hilton Head Island, as well as forensic audits for the school district, treasurer and the auditor's office.

New Business

Consideration of an Ordinance Amending the Business License Ordinance of the Town of Hilton Head Island to Update the Class Schedule as Required by Act 176 of 2020 – John Troyer, Finance Director

Troyer introduced April Akins, Revenue Services Manager, to speak to the Committee regarding the upcoming changes to the Town's Business License Tax Code.

Akins' presentation to the Committee provided additional background from September of 2020. South Carolina General Assembly passed Act 176, the Business License Standardization Act which requires every local government levying a business license tax to be administered in the same way across the state, effective January 1, 2022. As a result, Municipal Association of South Carolina (MASC) created and developed the Business License Model Ordinance for every local government to adopt, ensuring compliance with the state regulations. Hilton Head Island Town Council adopted the new

Business License model Ordinance in September 2021 and currently administers the Business License tax according to the Standardized State Law and Model Ordinance. Atkins continued with a brief summary, highlighting the elements of the law that impacted new changes forthcoming. MASC determines and revises the Standardize Business License Class Schedule using the latest nationwide IRS statistics every even year, and a three-year average of IRS profitability statistics as a guide to stabilize and limit large fluctuations in business classes and tax revenue. The Town completed a detail rate study analysis on approximately 14,000 business license accounts in July 2023 to determine the impact of the class schedule changes to the Town and to the business community.

Staff is recommending the Finance & Administration Committee adopt the Standardized Business License Class Schedule, as required by Act 176 and to maintain the current Business License Tax rates with no adjustment to the rates. Staff is also requesting that the Finance & Administrative Committee recommend to Town Council to amend the current Business License Ordinance and update the Business License Class Schedule as required by Act 176 of 2020. Atkins provided a timeline of events if adopted, with the conclusion of the new Business License Class schedule implemented in January 2024.

Committee members asked questions and made comments regarding how the state law evaluates the industry class when looking at applicable rates; if the fluctuations in the historical timeline provide enough data to predict where today's rate; and how MASC takes into consideration the pandemic years when evaluating the historical data.

Councilman Brown asked if there were any public comments.

Mr. Hoagland addressed the committee asking questions and making comments regarding an explanation for the decrease with the accommodation business tax rate; difficulty collecting taxes from the internet-home based businesses and why the fishing and hunting class changed.

Ames moved to forward the ordinance amending the business license update to the class schedule as required by Act 176 of 2020 for consideration of approval to the full Town Council. Alfred seconded the motion. The motion carried 3-0-1.

Adjournment: The meeting was adjourned at 1:24 PM.

Approved: October 17, 2023

The recording of this Meeting can be found on the Town's website at www.hiltonheadislandsc.gov