



The Town of Hilton Head Island Intergovernmental Relations Committee Special Meeting

**Wednesday, September 22, 2010
3:00 p.m. – Conference Room 3**

AGENDA

As a Courtesy to Others Please Turn Off All Cell Phones and Pagers during the Meeting

- 1. Call to Order**
- 2. Freedom of Information Act 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. Regular Intergovernmental Relations Committee Meeting of June 15, 2010
- 4. Chairman's Report**
- 5. Unfinished Business**
- 6. New Business**
 - a. Review of the South Carolina Tax Re-alignment Commission consideration of a change to ATAC funding formula
- 7. Adjournment**

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

TOWN OF HILTON HEAD ISLAND
INTERGOVERNMENTAL RELATIONS COMMITTEE

Minutes of the Tuesday, June 15, 2010
Regular Meeting

Members Present: George Williams *Chairman*; Bill Harkins

Members Absent: Ken Heitzke

Others Present: Bill Ferguson, *Councilman*; John Safay, *Councilman*; Joe Croley, *Hilton Head Area Association of Realtors*; Anna Cauthen, *Hilton Head Island Chamber of Commerce*

Staff Present: Greg DeLoach, *Assistant Town Manager*; Faidra Smith, *Administrative Manager/Public Information*; Darrin Shoemaker, *Traffic and Transportation Engineer*; Vicki Pfannenschmidt, *Administrative Assistant*

Media Present: None

1. CALL TO ORDER

The meeting was called 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 requirement.

3. APPROVAL OF MINUTES

A. March 16, 2010 Regular Meeting

Mr. Harkins moved to approve. Mr. Williams seconded. The motion was approved by a vote of 2-0.

4. CHAIRMAN'S REPORT

None.

5. UNFINISHED BUSINESS

• Update of 2010 General Assembly Session Issues

Greg DeLoach updated the Committee on activities since the last meeting. He reviewed the list of letters which included a letter sent to Senators Davis and Pinckney concerning the Local Government Fund cut. He stated Hilton Head Island will lose approximately \$61,000 due to the cut and staff has budgeted for the loss. He stated there was also a letter sent to Beaufort County Council encouraging Beaufort County to purchase the Beaufort Commerce Park from the Lowcountry Economic Network.

6. NEW BUSINESS

a. Consideration of a request to Lowcountry Council of Governments (LCOG) to include US278 Highway Projects in Statewide Transportation Improvement Program (STIP)

Mr. Williams asked Mr. Shoemaker to explain to the Committee the reason for this request. Mr. Shoemaker explained there were two projects staff is recommending the SCDOT include in the STIP. One of the projects would construct a new frontage road along US 278 to connect Blue Heron Point Road to Jenkins Road on an alignment that largely traverses Town-owned property. The second

project would result in the construction of a new road connecting Beaufort County's Haigh boat landing to the Pinckney Island National Wildlife Refuge beneath 278, thereby facilitating the closure of the median crossover on Pinckney Island between the Bowers and Graves Bridges. Mr. Shoemaker stated that staff was advised by State officials that the only way these projects would receive State funding was if they were included in the STIP. He added there was a small window of opportunity because the SCDOT opened up a Public Comment section concerning the STIP which is scheduled to close on June 18, 2010 and it would be in the Town's best interest to submit comments. He went on to explain if there was a signal placed at the Windmill Harbour area, as opposed to the new frontage road, the traffic back-up on to the bridge and would be detrimental to traffic operations of US 278. After discussion, Mr. Harkins moved to recommend to Town Council the letter be sent to the Lowcountry Council of Governments to include US 278 Highway Projects in the Statewide Transportation Improvement Program (STIP). Mr. Williams seconded. The motion was approved by a vote of 2-0.

7. ADJOURNMENT

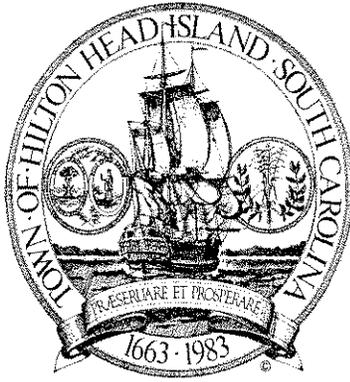
Mr. Harkins moved to adjourn the meeting and Mr. Williams seconded the motion. The meeting adjourned at 2:42 p.m.

Respectfully submitted:

Approved:

George Williams, Chairman

Vicki Pfannenschmidt,
Administrative Assistant



MEMORANDUM

TO: Intergovernmental Committee

FROM: Stephen G. Riley, CM and Town Manager

VIA:  Susan Simmons, Director of Finance

DATE: September 20, 2010

RE: State Recommended Changes to the State Accommodations Tax

Recommendation: Staff recommends that the Committee consider the impact of the changes being considered to the State Accommodations Tax.

Summary: The changes being considered would have a significant impact on the Town. Using fiscal year 2010 amounts, the changes would be:

- The State allocation increases by \$339,277 or 77% primarily to fund regional tourism and operate the State's welcome centers.
- The mandated designated marketing organization allocation increases from 30% to 50%, an increase of \$529,247 or 51% for the Hilton Head Chamber of Commerce's VCB.
- The Town's allocation for both its general fund and grants to arts, cultural and tourism organizations decreases by \$868,524 or 36%.

Background: The State authorized a Tax Realignment Commission (TRAC) to study the state tax system and recommend changes. The Commission formed committees, one being the Local Accommodations & Hospitality Tax Sub-Committee. At the Sub-Committee's meeting on September 8, 2010, a Joint Task formed by the SC Tourism Alliance and the SC Chamber of Commerce's Tourism Committee proposed several changes to the tourism-related taxes.

The Municipal Association of South Carolina (MASC) has provided an assessment of the changes being considered and is holding meetings (Columbia/phone conference – September 10; Charleston – October 8). Finance staff is participating in these meetings.

DIFFERENCES IN CURRENT STATE ACCOMMODATIONS TAX LAW & PROPOSAL

	Current Law	Proposal	Change
DOR & TERC	1% but actual language states DOR's "actual increase in the cost of administration and the expense of TERC" 12-36-2630(3)	1%	same
SCATR	2%	5%	increase 3%
PRT	n/a	5%	increase 5%
County collects >\$400,000 <i>applies to Beaufort County</i>	\$25,000 to GF, 5% to GF, 30% to advertisement and promotion and balance to tourism expenditures - TERC oversight of 65% portion to tourism expenditures - % to be determined by STO from collections above \$400,000 to fund supplements <i>(this is referred to as the Robinhood Provision)</i>	50% to GF and 50% to DMO (with TERC oversight) n/a supplement held harmless to FY 2010 level	no TERC same

Impact to Town of Hilton Head Island

Recommendation to TRAC from Joint Task Force of SC Tourism Alliance and State Chamber Tourism Committee

	<u>Current Law</u>	<u>Proposal</u>	<u>Difference</u>	
Gross State Accommodation Tax Revenues	\$ 3,899,797	\$ 3,899,797	\$ -	
Robinhood	\$ (328,779)	\$ (328,779)	\$ -	
Additional Amount to Hold Harmless	\$ -	\$ (24,390)	\$ (24,390)	
SCDOR & TERC	1% \$ (38,998)	1% \$ (38,998)	\$ -	
SCATR	2% \$ (77,996)	5% \$ (194,990)	\$ (116,994)	
SCPRT	0% \$ -	5% \$ (194,990)	\$ (194,990)	
<i>rounding</i>	\$ 2,903	\$ -	\$ (2,903)	
Net Distributed to Town of Hilton Head Island	<u>\$ 3,456,927</u>	<u>\$ 3,117,650</u>	<u>\$ (339,277)</u>	-10%

Town's Allocation of State Accommodations Tax Revenues

General Fund	\$25k \$ 25,000	n/a \$ -	\$ (25,000)	
General Fund	5% \$ 171,596	50% \$ 1,558,825	\$ 1,387,229	
Tourism Grants, inc. Town and Chamber grants	65% \$ 2,230,753	0% \$ -	\$ (2,230,753)	
Subtotal	<u>\$ 2,427,349</u>	<u>\$ 1,558,825</u>	<u>\$ (868,524)</u>	-36%
DMO	30% \$ 1,029,578	50% \$ 1,558,825	\$ 529,247	51%
Net Distributed to Town of Hilton Head Island	<u>\$ 3,456,927</u>	<u>\$ 3,117,650</u>	<u>\$ (339,277)</u>	

Options to Address Proposed Changes

State of SC (SCDOR, TERC, SCATR, PRT, Robinhood)	\$ 442,870	\$ 782,146	\$ 339,277	77%	
Town of Hilton Head Island & Grantees	\$ 2,427,349	\$ 1,558,825	\$ (868,524)	-36%	Option 1
Chamber Grant	\$ (325,000)	\$ -	\$ 325,000		
	<u>\$ 2,102,349</u>	<u>\$ 1,558,825</u>	<u>\$ (543,524)</u>	-26%	Option 2
Chamber of Commerce					
DMO	\$ 1,029,578	\$ 1,558,825	\$ 529,247	51%	Option 1
Chamber Grant	\$ 325,000	\$ -	\$ (325,000)		
	<u>\$ 1,354,578</u>	<u>\$ 1,558,825</u>	<u>\$ 204,247</u>	15%	Option 2
Gross Revenues	<u>\$ 3,899,797</u>	<u>\$ 3,899,797</u>	<u>\$ (339,277)</u>		