The Town of Hilton Head Island
Intergovernmental Relations Committee
Regular Meeting

Monday, March 17, 2014
10:00 a.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 January 27, 2014
4. **Chairman's Report**
5. **Unfinished Business**
   None
6. **New Business**
   a. County Referendums/Stu Rodman
      i) LOST (Local Option Sales Tax)
      ii) Capital Improvement Projects
      iii) Rural & Critical Lands
   b. USCB Funding/Budget Proviso
   c. S.569 Competitive Insurance Act Update
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 Monday, January 27, 2014
Regular Meeting

Members Present:	George Williams, *Chairman,* Marc Grant, and Lee Edwards, *Council Members*
Members Absent:	None
Others Present:	Bill Harkins and Kim Likins, *Council Members,* Joe Croley, *Lowcountry Inside Track;* Jocelyn Staigar, *Hilton Head Area Association of Realtors*; and Scott Slatton, *MASC*
Staff Present:	Greg DeLoach, *Assistant Town Manager;* Faidra Smith, *Administration Manager/Public Information Coordinator*; Susan Simmons, *Director of Finance*; and Lynn Buchman, *Administrative Assistant*
Media Present:	None

---

1. Call to Order

The meeting was called to order at 10:00 a.m.

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

Motion to approve the minutes of the November 18, 2013 meeting was made by Mr. Edwards and seconded by Mr. Williams. The motion was approved by a vote of 2-0. Mr. Grant did not vote, as he was not present at that meeting.

4. Chairman's Report

Chairman Williams noted that a newly introduced Senate bill to watch proposes to allow an increase in millage to maintain an ISO rating for a fire department, providing another avenue for revenue.

5. Unfinished Business

None

6. New Business

a. Discussion of 2014 General Assembly Issues – Scott Slatton, Legislative and Public Policy Advocate, Municipal Association of South Carolina

Chairman Williams introduced Scott Slatton, Legislative and Public Policy Advocate for the Municipal Association of South Carolina (MASC). Mr. Slatton explained his background with MASC, and his new role which involves finding solutions to the long-term chronic problems that cities and towns deal with across the state.

DRAFT

Mr. Slatton noted the legislative session which began a few weeks ago is the second half of a 2-year session, so all bills that did not pass last year are carried over where they left off. He explained that at the end of this session, all bills that have not made it into the other Chamber are dead and will have to start the entire legislative process over in another session. Therefore, the legislature is interested in finishing up matters left undone last session, but its main priority is the passage of the budget. He outlined the 4 priorities identified by MASC for legislation this year, as follows:

1. **Dependable revenue sources.** Mr. Slatton provided a brief history of the Local Government Fund created in the early 1990's. He noted it had worked well until the last 4 to 5 years when the legislature began to fill holes in the State budget and funded cities and counties only a percentage of what was required under the law. While a suit could be brought to require full funding, Mr. Slatton noted this could force the General Assembly to change the law or permanently remove the funding. Therefore, the annual struggle for the MASC has been trying to obtain full funding for the Local Government Fund. Mr. Slatton provided a handout showing the history of the Local Government Fund, with the shortfall over the last 6 years, and the anticipated shortfall for FY2015, which would amount to approximately $300,000.00 for the Town's operating fund. He asked for assistance to inform the legislative delegation of how this funding gap adversely affects the Town. While noting he anticipates the legislature will do something this session to lessen the gap, he also noted there are no assurances.

   Chairman Williams called this is an ongoing battle and asked if there was any way it could be avoided. Mr. Slatton explained that the Local Government Fund is competing against education and Medicare and Medicaid funding, which require full funding, but the MASC would continue to fight for funds and the precedent being set by the legislature to ignore its obligations under the law.

2. **Public safety and crime prevention.** As a result of an increase in violent crime taking place across the State, Mr. Slatton outlined several bills introduced to address this. These included an amendment to the existing gang bill, that has not yet been through hearing, and a bill that has already passed the Senate that would seek to revoke bond from someone who is accused of committing a second serious crime while out on bond. He explained each bill and indicated that MASC supports these bills and others that seek to reduce violent crime. Chairman Williams noted that such a bill would result in increased prison population, and Mr. Slatton indicated that Counties are aware of this, but they have not objected to the bill. Ms. Likins confirmed with Mr. Slatton that only House passage is needed at this time.

   A brief discussion ensued concerning the guns in bars law that recently passed, which the MASC did not take a position on. Mr. Grant inquired about the status of texting while driving at the state level. Mr. Slatton indicated that cities and towns are leading the charge, and while it would be helpful to have a state-wide law, the broader issues of other distractions while driving and privacy of cell phone records will probably prevent any action being taken this year. The Committee and Greg DeLoach, Assistant Town Manager, briefly discussed the methods and steps being taken to educate the public, and a letter sent to the Beaufort County School Superintendent requesting assistance in educating students about the ban on texting while driving, with no response yet received.

   Ms. Likins inquired about Bill 3532 requiring after school programs to be certified the same as a day care, which would be problematic for organizations such as the Boys and Girls Club and Island Recreation Center. Mr. Slatton indicated he was not familiar with that bill, but would check on it and report back.

DRAFT

3. **Quality transportation and infrastructure maintenance.** Mr. Slatton reported that Governor Haley, while not endorsing a gas tax increase which she indicates she would veto, she has acknowledged that it was time something was done in regards to local road funding. Chairman Brian White of the Ways and Means Committee has indicated he believes it is time for locals to take more responsibility for roads, but he also acknowledged that a stable funding source would be needed to maintain those roads. Mr. Slatton reported that he will be meeting with Chairman White on this and other issues within the next week to determine what proposals he may have to offer. Susan Simmons, Director of Finance, inquired about the bill proposing a 2 cent local option tax for roads, which Mr. Slatton indicated would not be passed, since a capital project sales tax option is already available. Chairman Williams commented on the County and Town's shared costs with the State on Squire Pope Road and Beach City Road resurfacing, and the burden that shifting the entire cost to the County and Town would have, taking into account the inability to raise millage under Act 388 and no stable funding source available from the State. Mr. Slatton indicated the message was loud and clear, and MASC wholeheartedly agreed that a stable and untouchable funding source that is fairly allocated is essential. A brief discussion followed concerning the fair allocation of road funding, Governor Haley's recent proposal to pledge surplus monies to roads, and the importance of good roads to attract business. Mr. Slatton noted that although there is sentiment in the legislature to pass a gas tax increase, without a veto-proof majority, there is little likelihood that will occur.

4. **Dilapidated structures.** Based on a request from municipalities for more code enforcement tools to remove blighted properties, he reported MASC has made this issue a priority with the Dilapidated Building Act, Senate Bill 375 and House Bill 3948. He briefly outlined the bill and the actions taken by the MASC to vet the bill. Chairman Williams asked how this bill would apply to a multi-owner building. Mr. Slatton explained the procedure, which he admitted was not easy, but was intended to avoid the appearance of a takings bill, which is violative of the State Constitution, and he outlined those properties that would be exempt from the bill. The history, current status of the bill, and objections to the bill were briefly discussed.

Besides the priorities listed above, Mr. Slatton also outlined the work that had been done by MASC to create a state-wide, standardized business license application to be used particularly for transient businesses. He outlined the reasons for doing so and the benefits to be gained from use of such a form, which is still being vetted, and Ms. Simmons indicated the Town has already provided input to MASC. Mr. Slatton reported there is a bill that was introduced last year, stopped, and is reappearing, that would eliminate the ability of cities and towns to levy a business license tax. Instead, such authority would be given to the County to collect and distribute back to the municipality any business license fees. As one of the top 3 revenue sources for municipalities, Mr. Slatton indicated it was important that this be watched.

Mr. Slatton briefly outlined the concerns and progress of the Ethics Bill, which has been interpreted to require at least the filing of a Statement of Economic Interests under a broader definition of public officials or advisory bodies and would transfer authority over ethics cases to the State Ethics Commission from the House and Senate Ethics Committees.

Noting that one of Mr. Slatton's duties will be to think long-term, Mr. DeLoach mentioned several items from staff's perspective to be considered. These included the widening of I-95 and I-26 to ease backups occurring on Saturdays, and a state-wide solution for dredging along the coast to provide funding the same as road maintenance. Chairman Williams updated Mr.

Slatton on the dredging project currently underway at Harbour Town and South Beach, the financial impact, and the environmental monitoring required. He noted this affects not only communities and marinas, but also the intracoastal waterways as a part of the bigger picture.

Chairman Williams asked if any action was being taken in regard to Act 388 to provide tax relief to the property owners assessed at 10% and 6%. Mr. Slatton noted that until a solution is found for funding schools, anything taken from these property owners would have to be made up from the general fund. He outlined suggested options, but these would involve raising taxes on those assessed at 4%, which the legislature is not inclined to do.

Jocelyn Staigar asked Mr. Slatton about the status of H.3975, which she described as bandaid legislation to give relief to property owners assessed at 6% and 10% until more comprehensive tax reform is provided. Mr. Slatton indicated he would look into the bill.

Mr. Slatton asked for other ideas or pressing matters to help MASC form their legislative priorities for this and coming years. Mr. DeLoach reminded Mr. Slatton that several years ago the MASC had indicated it was not interested in hearing anything further about Act 388, and it was removed from the priority list. He noted that a letter had been sent to MASC last year indicating the Town understood the political reality, but still felt that Act 388 was the number one concern for the Town. Chairman Williams reiterated that some relief was critical. Mr. Slatton also mentioned that the change in FEMA for flood insurance rates was an issue that is being ignored by the legislature and the fiscal impact it would have on residents, but he noted that revisiting Act 388 was a potential solution for solving some of the impact of the flood insurance rates. Mr. Slatton agreed to pass along the message to MASC.

Mr. Slatton outlined other suggestions that had been passed along to MASC since Act 388 is not going to be changed any time soon, including the possibility of making other taxes, such as hospitality taxes, more flexible, and the use of Victim Advocate Funds.

Mr. Slatton asked for any big picture ideas the Committee might have to pass along to MASC, including regulatory changes, so they could become more proactive. Chairman Williams noted the flow control bill came about because of an issue in the Myrtle Beach area, and earlier notice of the bill would have afforded more chance for discussion with the delegation. Mr. Slatton explained the process of MASC staff review of introduced bills and the method of passing along information through their newsletter. Unfortunately, he indicated they do not have much advance notice, and he asked for help in identifying issues as they become known.

Mr. Edwards indicated his support for a gas tax increase, the standard business license application, and asked for more information about the bill Ms. Staigar had mentioned.

Chairman Williams noted this was the first meeting of the Committee since the legislative session began, and he thanked Mr. Slatton for the informative presentation.

7. Adjournment

At 11:15 a.m. Mr. Edwards moved to adjourn and Mr. Grant seconded. The motion was approved by a vote of 3-0.

Respectfully submitted:

_____

Lynn W. Buchman
Administrative Assistant

Approved:

_____

George Williams, Chairman

DRAFT