

**TOWN OF HILTON HEAD ISLAND
ACCOMMODATIONS TAX ADVISORY COMMITTEE**

Date: July 10, 2012 **Time:** 9:00 a.m.

Members Present: Bret Martin, *Chairman*; Robert Stenhammer, *Vice-Chairman*; Trish Heichel, Mike Alsko, Stewart Brown

Members Absent: John Munro, Frank Soule

Staff Present: Susan Simmons, *Director of Finance*; Brian Hulbert, *Staff Attorney*; Marcy Benson, *Senior Grants Administrator*; Vicki Pfannenschmidt, *Executive Assistant*; Erica Madhere, *Finance Assistant*

Council Present: Drew Laughlin, Kim Likins, Ken Heitzke

Others Present: Jeffrey Reeves, The Arts Center; Susan Thomas and Charlie Clark, Hilton Head Island-Bluffton Chamber of Commerce; Eleanor O'Key, Low Country Inside Track; Mary Briggs, Hilton Head Symphony Orchestra

Media: None

1. Call to Order:

The meeting was called to order at 9:00 a.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. Approval of Minutes:

Ms. Heichel moved to approve the Minutes of April 17, 2012. Mr. Stenhammer seconded the motion. The motion passed unanimously. (5-0)

4. Swearing in of Reappointed and New Members:

Mayor Drew Laughlin swore in reappointed committee member Bret Martin and newly appointed committee members Mike Alsko and Stewart Brown.

5. Crystal Award Presentation:

Mayor Drew Laughlin presented Mr. Willis Shay and Mr. John Diamond with the Crystal Awards on behalf of the Town of Hilton Head Island for their respective seven years and six years of service on the Accommodation Tax Advisory Committee. Mayor Laughlin thanked Mr. Shay and Mr. Diamond for their hard work and dedication to the Committee and for serving the Town of Hilton Head Island exceedingly well for so many years. Mayor Laughlin encouraged them both to continue their remarkable involvement with the Town.

6. Reception:

A short reception was held in recognition of the newly appointed, reappointed, and out-going members of the Committee.

7. Special Orders:

Election of Chairman and Vice Chairman:

- a. Trish Heichel nominated Bret Martin as Chairman. Robert Stenhammer seconded the motion. There were no other nominations. Mr. Martin was elected unanimously. (5-0)
- b. Trish Heichel nominated Robert Stenhammer as Vice Chairman. Mike Alsko seconded the motion. There were no other nominations. Mr. Stenhammer was elected unanimously. (5-0)

8. Chairman's Report

9. Unfinished Business

10. New Business:

a. Review 2012 – Accommodations Tax Advisory Committee Schedule

The Committee reviewed the remainder of the 2012 meeting dates and all of the members agreed the dates were acceptable. Mr. Martin asked for volunteers to attend the ATAX Applicant Workshop on September 6 and it was decided that Mr. Martin and Ms. Heichel would attend the entire Workshop and Mr. Alsko and Mr. Brown could alternate attendance.

Mr. Martin asked if anyone had other items to discuss. First, Mr. Stenhammer asked for an update on the status of the USCB Festival and Special Event Monitoring Initiative, which was presented by Dr. John Salazar to Town Council in May. Susan Simmons, Director of Finance for the Town, explained that Town Council was not ready to vote on the Initiative at this point because, while they are interested, they are concerned some of the smaller organizations that receive ATAX grants would not be able to afford the cost. Town Council is encouraging the Committee to fine tune the program and present the proposal again next year. Kim Likins, Council Member, elaborated by saying that an objective measurement for the recommendation of ATAX funds is considered to be extremely important by Town Council, although there may be other methods to explore besides the survey that could provide effective measurement. Mr. Stenhammer stated he would like to work on refining the survey process with Dr. Salazar to make it economically feasible for all organizations so that the survey could eventually be a requirement for all applicants.

Next, Mr. Stenhammer brought up the latest efforts by Town Staff to recover Accommodations Tax from vacation home rentals, and the related issue regarding whether or not the owners of vacation home rentals are required to have a business license. It is his opinion that an owner who rents out their vacation home independently should be required to have a business license, but an owner who rents their home through a licensed vacation rental company should not be required to have one since the rental company is already licensed.

Susan Simmons gave an update on the Accommodations Tax Recovery Project saying that a net of \$100,000 was recovered in fiscal year 2011. Due to staff vacancies, the amount will be less in fiscal year 2012. After being on hold for a few months, the project is now underway again and owners of vacation home rentals are being contacted through sites such as vrbo.com. Also part of the project is monthly reporting to the State Department of Revenue so that more State ATAX can be collected as well.

Ms. Simmons continued to say that currently all owners of more than one transient residential property must have a business license in addition to remitting state and local accommodations tax. She stated that she understood Mr. Stenhemmer's thinking about requiring a license for the first property for owners not with a rental company and no license for owners with only one residential property using a rental company. However, she stated that, in order to be fair and consistent, the Town would not be allowed to differentiate between those with or without a rental management company. She requested that she be allowed to evaluate the results of Recovery Project at the end of the summer, then meet with a subcommittee of ATAC so that that ATAC can determine its recommendations to Town Council regarding business license requirements and collection efforts for owners of vacation home rentals. Mr. Stenhammer and Mr. Alsko volunteered to be part of the subcommittee, with the possibility of Mr. Munro joining, as well. Mr. Martin suggested that this topic should go on a future meeting agenda so that the subcommittee can report on its progress.

Lastly, Mr. Brown asked for an update on the Accommodations Tax revenues so far this year. Susan Simmons stated that the first quarter of 2012 revenues were 26% higher than the first quarter of 2011. She explained, however, that this is the slowest quarter of the year so the increase in revenues is not likely to continue throughout the busy seasons. The second quarter numbers are due July 20 so she will be able to report on those at the next meeting.

11. Adjournment:

Ms. Heichel moved to adjourn the meeting. Mr. Brown seconded the Motion. The meeting was adjourned at 10:00 a.m.

Approved:

Respectfully submitted:

Bret Martin, Chairman

Erica Madhère, Secretary