

TOWN OF HILTON HEAD ISLAND
INTERGOVERNMENTAL RELATIONS COMMITTEE
Minutes of the Monday, March 17, 2014
Regular Meeting

Members Present: George Williams, *Chairman*, Marc Grant, and Lee Edwards, *Council Members*

Members Absent: None

Others Present: Kim Likins, *Council Member*, Stu Rodman and Jerry Stewart, *Beaufort County Council Members*; Lynn McGee, *Vice-Chancellor for Advancement, USCB*; Hannah Horne, *Hilton Head/Bluffton Chamber of Commerce*; Jocelyn Staigar, *Hilton Head Area Association of Realtors*

Staff Present: Steve Riley, *Town Manager*; Greg DeLoach, *Assistant Town Manager*; Faidra Smith, *Administration Manager/Public Information Coordinator*; Susan Simmons, *Director of Finance*; and Lynn Buchman, *Administrative Assistant*

Media Present: Dan Burley, *The Island Packet*

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 January 27, 2014 meeting was made by Mr. Edwards and seconded by Mr. Grant. The motion was approved by a vote of 3-0.

4. Chairman's Report

Chairman Williams recognized Stu Rodman, Beaufort County Councilman, who had been invited to update the Committee on the proposed County referendums, and Jerry Stewart, also from County Council. He also noted that the current issues of USCB funding and the Competitive Insurance Act are topics for the Committee to discuss and decide if positions should be taken.

5. Unfinished Business

None

6. New Business

a. County Referendums/Stu Rodman

Chairman Williams introduced Stu Rodman, Beaufort County Council Member, who briefly discussed the following topics in reverse order from the agenda:

iii) Rural & Critical Lands

Mr. Rodman noted discussions that had occurred in the County Retreat and in the Legislative Affairs Committee concerning modifications to the Rural and Critical Lands ordinance so that land is not 100% set aside and unused, but such land could be used for other things. However, the request for such modification would need to come from the Rural and Critical Board. He cited the need for preservation around the Marine Corp base as time goes forward, and the success of the Mitchelville project on Hilton Head Island.

Chairman Williams noted that allowing more public use of lands would be beneficial.

ii) Capital Improvement Projects

As to the other referendums, he outlined his concerns about whether these should be rushed for the 2014 ballot, or if they should be delayed to the 2016 ballot. He cited reasons which included the fact that there is little public sentiment that there is a problem that needs a solution. He also noted that those running on the November ballot would be talking about no tax increase, so an argument for a tax increase would be difficult. However, he felt there was a fair amount of sentiment on Council to take either one or both forward. He expressed his position as not being particularly in favor of doing either one at this point in time.

Chairman Williams mentioned that sooner or later the Town will have to take a position on these referendums to indicate support or non-support.

Although timing is tough, Mr. Rodman expressed his preference for the Capital Improvement Projects sales tax, but he felt it would be unlikely that the Commission appointed by the County, including a representative from Hilton Head Island, will be successful in putting together a list of potential projects in time for the ballot. He felt that roads would need to be part of the projects, and this would take time to sort out, dollarize, and place on the ballot. However, he noted this would not be a wasted effort, since those projects need to be prioritized anyway.

i) LOST (Local Option Sales Tax)

Mr. Rodman indicated he sensed opposition to LOST from elected officials on Hilton Head Island and from Sun City, and without support from those two, it would be difficult to pass. He explained that LOST is a permanent concept that would be almost impossible to repeal, but it does include a property tax decrease and an argument that taxes would be shifted to tourists, which he felt was a phony argument. He also felt that if LOST and not the Capital Improvement sales tax was on the ballot and passed, it would be more difficult to come back and pass the Capital Improvement sales tax at a later time.

Mr. Rodman briefly discussed the penny sales tax used to promote tourism in Myrtle Beach and the argument that this should be explored at some point in the future. However, he and Chairman Williams agreed that option was not on the table at this time.

In response to Chairman Williams' inquiry, Mr. Rodman stated the path to a Capital Improvements referendum will begin with the appointed commission, and several months from now they will see where they are. In terms of LOST, Mr. Stewart's committee approved that LOST be sent on to County Council, with first reading occurring next Monday. He indicated that during the next 4 weeks, it would be the ideal time for Town Council to take a position and that would provide useful input for the County, as other municipalities such as Bluffton, Port Royal, and Beaufort are in favor of this referendum.

Jerry Stewart, County Councilman and Chair of the Governmental Committee, offered his comments on the proposed referendums, adding that it was very important that Hilton Head Island step up and make its feelings known about the LOST. He pointed out that although it passed in his Committee with his dissenting vote, there are others who are opposed to it that are not on the Committee, and it will be a close vote, with Hilton Head Island's decision being the deciding factor.

He also pointed out that, unlike the Capital Improvement Sales Tax, LOST can go on the ballot in any election year in November and does not have to wait until a general election as required for the Capital Improvement sales tax. He also noted that if LOST passes, it will be there forever, as it has no sunset provision, and no requirement of how the capital monies are spent. It is totally unlike the Capital Improvements sales tax which has specific requirements, a specific timeline, and a sunset provision. Also, if LOST passes, it would be very problematic in the future to pass the Capital Improvements sales tax.

Mr. Stewart also outlined the 3-year process that had taken place with the previous road project sales tax and the imperative need to appoint the member to the Commission from Hilton Head Island so that the process can move forward.

Mr. Stewart briefly discussed the reasons why there is support on County Council to change the ordinance for rural and critical lands, including the process of purchasing land under conservation easements that takes the property off the tax rolls in perpetuity. He cited legitimate reasons for changing the ordinance, which included allowing land to be acquired in fee simple, so that it can be kept open for possible development under the control of the County. He cited the need for economic growth and business development of land located around the Air Station, which would not only support that military installation, but would benefit the individual taxpayer.

Mr. Stewart also pointed out that the distribution of funds back to the taxpayer under LOST would only average \$20 on a \$100,000 home, so for low income families they will pay more sales tax than they will get back in property tax, and the money generated will not be enough to fund large projects such as refurbishing or widening the bridges to Hilton Head Island nor any major highway project. With all that in mind, he felt the southern part of Beaufort County could not afford LOST, and that that it should be prepared to go forward with the Capital Improvements sales tax once the time is right and the Commission comes back with a list of projects.

Steve Riley, Town Manager, confirmed for Chairman Williams that the appointment to the Capital Projects Sales Tax Commission was on the agenda to be addressed at the Town Council meeting scheduled for tomorrow. Mr. Riley noted a conversation about LOST was not scheduled, but would need to be addressed at some point.

A discussion followed with Kim Likins, Town Council Member, on the effect of LOST on low income families who would be hit harder, as it will cost them more than they will get back with tax relief, and renters getting no tax relief at all. Chairman Williams noted other municipalities supported LOST because it was a redistribution of the revenue stream from the unincorporated areas of the County and Hilton Head Island to municipalities. On a personal note, Chairman Williams noted he would do everything he could to make sure LOST does not pass if it gets on the ballot.

Chairman Williams polled the Committee members as to whether they wanted to make a recommendation to Town Council on the matter. Mr. Grant noted that he would like further discussion and detailed facts about both the LOST and Capital Projects Improvement tax before making a decision.

Jocelyn Staigar informed the Committee that the Realtors Association is opposed to LOST and in support of the Capital Improvements Project sales tax and explained their reasoning. She urged the Town to make their positions known as quickly as possible.

After discussion among the Committee members, it was decided that Chairman Williams in his report to the Town Council tomorrow will include a recommendation for a resolution from Town Council at its next meeting so they can openly discuss the sales tax options and decide on a position. Mr. Rodman and Mr. Stewart agreed that was acceptable as long as it was obtained before second reading at County Council.

Mr. Rodman briefly updated the Committee on the Competitive Insurance Act bill filed by Senator Tom Davis, and an amendment he added at the subcommittee level to create a model to determine the actual risk to this area, since a Florida model is currently being used.

Mr. Stewart noted that his Committee had been looking at the issue of business license fees, since businesses complain about having to independently file for a business license in each jurisdiction. He explained the Greenville County system, where revenue data for each jurisdiction is entered once, calculations are made, a business license is issued, and the fees are divided among the various entities appropriately. Since Beaufort County currently collects the ad valorem taxes and other fees, and divides them with the municipalities, he asked that this issue be revisited.

Mr. Stewart confirmed for Mr. Riley that the appointed Commission will not be dissolved, but will continue to work on a list of potential projects for 2016 if the County concludes that it is too late to introduce the referendum on the Capital Improvements sales tax for 2014. Mr. Stewart emphasized the importance of getting the Commission started, and even after 2 years of work if they should decide the timing is not right, at least a better understanding will result be better prepared when the time does come. With critical needs for bridges, road projects, and county buildings, he predicted it will happen, and the Commission is legally the group that has to determine needed projects for the entire County, encompassing USBC, TCL, the school district, and the Chamber.

Chairman Williams thanked Mr. Rodman and Mr. Stewart for their attendance and comments.

b. USCB Funding/Budget Proviso

Lynn McGee, Vice-Chancellor of USCB, briefed the Committee on the Parity for USCB Students Initiative that was started 2 years ago in the legislature. She explained that USCB was radically and grossly underfunded by the State, with USCB receiving \$940 per student whereas the average in the Public Comprehensive sector was \$2,487 per student. She praised Senator Tom Davis and the delegation for the great job they did last year and the effort they are making this year, and she asked for support from the Town.

Ms. McGee and Chairman Williams discussed the budget proviso, with the House having finished its budget, and the higher education finance subcommittee of the Senate Finance Committee meeting on Wednesday to hear the USCB presentation. Ms. McGee noted that Senator Davis is leading the charge with parity funding as a key issue and priority for this session.

A discussion followed concerning what the Town could do to support the Parity for USCB Initiative, and Mr. Edwards suggested a statement of support for equitable funding might be in order. Mr. Grant indicated his support and discussed with Ms. McGee the definite possibility of dual enrollment of students with a USCB campus on Hilton Head Island.

Mr. Edwards moved that the Committee recommend to Town Council at tomorrow's meeting that a letter of support for the Parity for USCB Students Initiative be sent to the South Carolina Legislature, and Mr. Grant seconded the motion. The motion was approved by a vote of 3-0.

Ms. McGee thanked the Committee for its support.

c. S.569 Competitive Insurance Act Update

Greg DeLoach noted that Mr. Rodman had briefly discussed this bill earlier, and he reminded the Committee that the bill was introduced last year and submitted to the Senate Insurance and Banking Committee and is now in the Senate Finance Committee. It is a skeletal bill as described by Tom Davis who introduced it, and is an incremental approach to the insurance issue in South Carolina and seeks to provide incentives to insurance companies, seeks to educate consumers better about premium rates and the number of available companies that are writing policies. It creates premium tax credits for these companies. Mr. DeLoach understood the bill is still in the Senate Finance Committee, with no Senate floor vote having occurred. Jocelyn Staigar indicated the SC Association of Realtors is doing a huge issues mobilization campaign across the state on this bill, they have a website, and mailings are being done to the General Assembly. Mr. Edwards confirmed with Mr. DeLoach that there was nothing for the Committee to do at this point, but continue a monitoring position.

Hannah Horne, representing the Hilton Head/Bluffton Chamber of Commerce, noted that as reported earlier, one of the additions to the bill has been the potential commission of a model for risk assessments that would take into account our particularly geographic coastline features and topography and variables that come into play. She noted that adding that particular element to the bill will be important from an economic development standpoint for people looking for business locations.

Chairman Williams asked that the bill be monitored and new information provided as necessary.

Mr. DeLoach reported that the year-old daycare bill mentioned by Ms. Likins at a previous meeting has not gone anywhere.

7. Adjournment

At 11:00 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: 4/21/2014

George Williams, Chairman