

**TOWN OF HILTON HEAD ISLAND**  
**INTERGOVERNMENTAL & PUBLIC SAFETY COMMITTEE**

Minutes of the Friday, July 21, 2017

Special Meeting

*Members Present:* Bill Harkins, *Chairman*, David Bennett, *Mayor and Committee Member*, David Ames, *Council Member*

*Members Absent:* None

*Others Present:* Kim Likins, *Hilton Head Island Council Member*, John McCann, *Hilton Head Island Council Member*, Tom Lennox, *Hilton Head Island Council Member*, Mayor Lisa Sulka, *Town of Bluffton*, Trisha Greathouse, *Bluffton Finance Director*, Dan Wood, *Bluffton Council Member*, Larry Toomer, *Bluffton Council Member*, Mayor Billy Keyserling, *City of Beaufort*, Steven Murray, *Beaufort City Council*, Michael McFee, *Beaufort City Council*, Nan Sutton, *Beaufort City Council*, Philip Cromer, *Beaufort City Council*, Kathy Todd, *Beaufort City Finance Director*, Van Willis, *Port Royal Town Manager*, Joe Croley, *Lowcountry Inside Track*, and Heather Rath.

*Staff Present:* Steve Riley, *Town Manager*, Greg DeLoach, *Asst. Town Manager*; Brian Hulbert, *Staff Attorney*, John Troyer, *Director of Finance*, Phyllis Deiter, *Senior Administrative Assistant*.

*Media Present:* None

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**1. Call to Order**

The meeting was called to order at 4:00PM by Chairman Harkins.

**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**

None.

**4. Unfinished Business**

None.

**5. New Business**

**a. Discussion regarding the Local Option Sales Tax (LOST)**

Chairman Harkins, on behalf of the Mayor and Town Council, welcomed those from the City of Beaufort, Town of Bluffton and the Town of Port Royal. The purpose of this informal meeting was to ascertain what the logic, needs, and interest is for the Local Option Sales Tax [LOST].

Mayor Keyserling started the conversation presenting the history of LOST. The idea behind this tax was to create a local sales tax established county by county which gave each county the ability to raise revenue and at the same time give back some money to the tax payers in the form of a property tax credit. He gave the example of when a person drives down Rt. 95 in Jasper County, a penny and of each dollar spent goes into a fund for Jasper County. The money from the tax is split: 71% credit for each resident's property tax bill and 29% is allocated to the local government. In the City of Beaufort's case, this potential money would go a long way in terms of the capital projects. Some of the projects include: repairs to drainage ditches, potholes, and sidewalks. Regarding the property tax credit, the 71% would be a credit on the tax payer's bill and would move as property values change; it would potentially grow year after year.

Ms. Todd was asked to explain the schedule that was developed back in 2012. The data used for the schedule came from the Department of Revenue's annual report for each county. She went on to state that this was a complicated formula. The schedule broke down the details of the state law and created a formula that indicated a conservative estimate for each County's property tax credit and the piece that would go into the local fund to be used at the County's discretion. Looking forward, each Town Council would determine each year how the money would be utilized. Population is a factor in the taxable appraised value. The state monitors the tax credit to ensure it goes back to the tax payer on their tax liability tax credit. There is an equitable distribution formula that is applied against everyone's appraised value creating a credit which reduces the tax liability.

Examples and figures were given by Mayor Keyserling, Mr. Harkins and Mayor Sulka to show what a homeowner could expect to gain with this tax credit, as well as what each Town and City could expect for their capital projects.

Discussions continued between all present about the implementation of the Local Option Sales Tax. Consensus was that the Towns/City should start with small projects. The tax payers will gain trust with the municipality as they see capital projects completed and "boots on the ground." The additional 71% credit would be felt by the local businesses as well as homeowners.

Van Willis spoke that Port Royal had adopted the resolution. This gave his town an opportunity to eliminate the local property tax as well as adopt a few capital related priorities.

Moving forward, it was determined that there is a lot more to discuss regarding each Town/City's needs. There are only 4 counties in the state of South Carolina that do not have LOST: Spartanburg, Greenville, Oconee and Beaufort. It would be helpful to ask those with LOST how it has been successful. It was determined further conversations are needed with the citizens of each Town/ City and potential impact regarding direct and indirect benefits.

## **6. Adjournment**

Chairman Harkins thanked everyone for coming and the meeting was adjourned at 5:17 PM.

Respectfully submitted:

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Phyllis Deiter  
Senior Administrative Assistant

Approved on: 08/07/2017

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Bill Harkins, Chairman