

TOWN COUNCIL

STAFF REPORT

Finance & Administration Department



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| MEETING DATE: | June 11, 2024 |
| PROJECT: | Consideration of an Ordinance Amending the Town of Bluffton Code of Ordinances, Chapter 24, Taxation – Second Reading |
| PROJECT MANAGER: | Natalie Majorkiewicz, CGFO, Director of Finance & Administration |

REQUEST:

Town Council consider approval of first reading of the proposed ordinance amending Town of Bluffton Code of Ordinance, Chapter 24, Taxation with the following two changes:

1. Change the word “all” to “state” contained in the second sentence of Chapter 24, Article II, Division 1, Sec. 24-19, paragraph (a) “...*the Accommodations Tax Advisory Committee shall make recommendations to Town Council concerning the expenditure of revenue generated from ~~all~~ state accommodations tax in accordance with and subject to the provisions and allocations set forth in this article...*”
2. Remove what is currently in paragraph (c) *Operations and maintenance* of Chapter 24, Article II, Division 2, Sec. 24-26 – Management and use of local accommodations tax and move paragraph (d) *Reserve fund* to (c) to replace it.

BACKGROUND:

This amendment addresses two main items:

1. Accommodations Tax Advisory Committee (ATAC)

In accordance with S.C. Code 1976 § 6-4-25, Advisory Committee; guidelines for expenditures; annual reports; reports to Accommodations Tax Oversight Committee, “*A municipality or county receiving more than fifty thousand dollars in revenue from the accommodations tax in county areas collecting more than fifty thousand dollars shall appoint an advisory committee to make recommendations on the expenditure of revenue generated from the accommodations tax.*”

Additionally, in S.C. Code Title 6 – Local Government, Chapter 1 – General Provisions, Article 5 – Local Accommodations Tax, there is not the requirement for ATAC’s oversight that’s stated in Chapter 4 – Allocation of Accommodations Tax Revenues pertaining to South Carolina tax on accommodations.

On March 20, 2007, the Town of Bluffton moved, approved, and adopted the establishment of the required advisory committee by resolution. On June 11, 2019, Town Council amended the Ordinance to include ATAC within the Town of Bluffton Code of Ordinance due to the longevity and the significance as the committee is required by State Law.

Currently our Town Code Chapter 24, Article II, Division 1, Sec. 24-19 – Accommodations Tax Advisory Committee; Establishment, paragraph (a) contains the following:

*“The Town hereby ratifies and confirms the establishment of the Accommodations Tax Advisory Committee to perform such duties and functions as are required or authorized by the Town Council and/or State law. In particular, the Accommodations Tax Advisory Committee shall make recommendations to Town Council concerning the expenditure of revenue generated from **all accommodations tax** in accordance with and subject to the provisions and allocations set forth in this article and any guidelines adopted by the Town and the Accommodations Tax Advisory Committee membership.”*

The wording notes “all accommodations tax” which is contrary to wording in Division 2, Sec. 24-26 – Management and use of local accommodations tax, paragraph (a), General Allocations within the same Article II, that states:

“Authorization to utilize any funds from the local accommodations tax account shall be by the annual budget ordinance duly adopted by Town Council, as the same may be amended from time to time.”

2. Edits in Chapter 24 – Taxation, Division 2, Sec. 24-26 – Management and use of local accommodations tax, Paragraph (c) Operations and maintenance

In the proposed FY2025 Town of Bluffton Budget, there are allocations to support the General Fund from the Local Accommodations Tax Fund that exceed the limit noted in paragraph (c) of up to ten percent.

The FY2025 proposed budget includes a transfer from the Local Accommodations Tax Fund to the General Fund of \$536,059 to support for the following:

- 15% for Workforce Housing initiatives
- Special events
- Community programs
- Town of Bluffton Welcome Center projected to open January 1, 2025

NEXT STEPS:

| Process | Date | Step Completed |
|--|---------------|----------------|
| Town Council Ordinance Amendment – 1 st Reading | May 14, 2024 | ✓ |
| ATAC Meeting | May 21, 2024 | ✓ |
| Town Council Ordinance Amendment – 2 nd Reading | June 11, 2024 | ✓ |

SUMMARY:

This is Second Reading of the proposed ordinance amending the Town of Bluffton Code of Ordinance, Chapter 24, Article II to clarify the confusion between Divisions 1 and 2 regarding ATAC's responsibility pertaining to local accommodations taxes and removes the ten percent limit of local accommodations tax support in the General Fund.

ATTACHMENTS:

1. Proposed Ordinance Chapter 24 – Taxation
2. Markup of existing Ordinance Chapter 24 – Taxation, Article II – Accommodations Tax with amendments
3. Regional Comparison
4. Recommended Motion