



Town of Hilton Head Island
Accommodations Tax Advisory Committee

Thursday, August 15, 2024, at 9:00 a.m.

MEETING MINUTES

Present from the Committee: Stephen Arnold, *Chairman*; John Farrell, *Vice-Chairman*; Cecile Eck, Martin Lesch, Keith Schlegel, Thomas Dowling, Adriaan Radder

Absent from the Committee: None

Present from Town Council: Alan Perry, *Mayor*

Present from Town Staff: Josh Gruber, *Deputy Town Manager*; Adriana Burnett, *Director of Finance*; Curtis Coltrane, *Town Attorney*; John McGowan, *Assistant Director of Finance*; Michele Bunce, *Senior Grants Administrator*; Shena Smith, *Finance Assistant*; Thomas Boxley, *Exec Director for Gullah Geechee*

Present from the Media: None

1. Call to Order

The meeting was called to order at 9:03 a.m.

2. Adoption of the Agenda

Chairman Arnold requested a motion to approve the agenda. Mr. Schlegel moved to approve, and Mr. Lesch seconded the motion. By a show of hands, the motion was approved by a vote of 7-0-0

3. Approval of the Minutes

a. Regular Meeting – July 18, 2024

Chairman Arnold requested a motion to approve the meeting minutes from Thursday, July 18, 2024. Mr. Schlegel made a motion for approval and Ms. Eck seconded. By show of hands, the motion was approved by a vote of 7-0-0.

4. Public Comment – Non-Agenda Items

None

5. New Business

a. Overview of Accommodations Tax Advisory Committee Role, Responsibilities, and Statutory Requirements – Josh Gruber, Deputy Town Manager

Mr. Gruber provided an overview of how the Accommodations Tax is calculated and the statutory requirements governing its use. He explained the distinction between the Local and State Accommodations Tax and noted that, under state law, 65% of ATAX revenue can be

allocated for Tourism-Related Expenditures. While there are various categories within these expenditures, he encouraged both applicants and committee members to focus on categories related to advertising for tourism and promoting arts and cultural events.

Mr. Gruber highlighted the importance of the Accommodations Tax Advisory Committee in guiding the allocation of grant revenues and clarified that the committee's role is to make recommendations for the ATAX Grant Awards, but the final decision is made by the Town Council.

Applicants and Committee Members had several questions regarding the recommendation for applications to focus on advertising, promotion, and event expenses only. Mr. Gruber clarified to say that if applicants have requests related to infrastructure, land acquisition, or facility improvements, it may be more appropriate to submit those directly through Town Council's 5-year CIP Plan rather than the ATAX grant process. This allows the Town Council to track and integrate such projects into the CIP budget. However, he encouraged applicants to still submit their requests, as the committee will review and evaluate them. Mr. Gruber stressed he was in no way communicating whether organizations should or should not apply for the Accommodations Tax Grant.

Mr. Gruber also mentioned the role of the Tourism Expenditure Review Committee. While they no longer provide formal guidelines, they still review expenditures to ensure they meet statutory requirements.

b. Review of Accommodations Tax Advisory Committee Bylaws and Rules of Procedure – Curtis Coltrane, Town Attorney

1. Review of Election of Officers Requirement

Mr. Coltrane reviewed the election of officers and other procedural guidelines governing the committee's operations. This review aimed to ensure that committee members are well-versed in the governing documents and understand their responsibilities for upholding proper conduct and ensuring compliance with the committee's bylaws.

c. Review of South Carolina Freedom of Information Act Requirements – Curtis Coltrane, Town Attorney

1. Meeting Quorum

2. Communication Among Committee Members and the Public

3. Public Records

4. Executive Session

Mr. Coltrane confirmed that a meeting quorum for the Accommodations Tax Advisory Committee is defined as the majority of its members, meaning at least four members must be present to conduct official business. He also emphasized that all communications and documents related to committee activities, regardless of the platform or device used, are considered public records and must be disclosed upon request.

He further clarified that all matters related to the committee's work are part of the public record and must be accessible to the public. However, executive sessions are confidential and privileged, used only for discussing specific, limited items. Only topics listed on the agenda can be discussed in executive sessions, and no voting or business decisions can take place during these sessions. Mr. Coltrane noted that the committee would have few reasons to enter executive session, except in cases involving legal questions about applications or personnel issues.

d. Review the Distribution of State Accommodations Tax Dollars – Adriana Burnett, Finance Director

Ms. Burnett provided an overview of the distribution of State Accommodations Tax dollars that was initially covered by Mr. Gruber, noting that \$25,000 is allocated to the Town's General Fund, 30% is directed to the Town's Designated Marketing Organization, 65% is allocated for tourism-related expenditures, and 5% goes to the General Fund as a proportionate share.

e. Review of State Accommodations Tax Revenue History – Adriana Burnett, Finance Director

f. Review of Historic Accommodations Tax Collections and Expenditures – Adriana Burnett, Finance Director

[For items e. & f.] Ms. Burnett presented a review of State Accommodations Tax revenue from 2020 to 2024, highlighting significant trends. She noted an increase in revenue during the COVID-19 pandemic as tourism surged, followed by a gradual decline over the past couple of years as the Town moves toward pre-pandemic levels. Ms. Burnett emphasized the importance of analyzing these trends for budget planning and allocation decisions, stressing how past performance helps project future revenue and ensures the effective use of funds. The numbers for 2025 are estimated to provide a more accurate depiction or "normalized" look as to what numbers we may begin to expect moving forward.

g. Review of Prior Accommodations Tax Advisory Committee Recommendations – Adriana Burnett, Finance Director

In the last grant cycle, applicants requested a total of \$4,767,693. The ATAX Committee recommended awarding \$4,267,368, and the Town Council ultimately approved \$4,282,328 in grants.

Committee members inquired about when they would know the total available funding for the next award distribution. They were informed that the figures might be available as early as October, but the exact timing remains uncertain.

Ms. Burnett stressed the importance of using funds effectively and ensuring that expenditures align with the community's goals and tourism strategy. She also highlighted the need to analyze past recommendations to guide future decisions, ensuring that the committee supports initiatives that reflect community priorities and maximize the impact of ATAX

funding.

h. Review of Accommodations Tax Advisory Committee Meeting Schedule for Fiscal Year 2024-2025 – Shena Smith, Finance Assistant

Ms. Smith detailed the timeline for the upcoming grant cycle, which runs from early April to November 2024. Town Council will meet to award the Accommodations Tax Grants at a date that is still to be determined. Ms. Smith emphasized key deadlines, including the application submission deadline and the scheduled presentation dates for applicants, noting that preferences can be submitted for presentation times, but they are not guaranteed.

The meeting schedule aims to facilitate effective planning and ensure that all committee members are informed of upcoming discussions and deadlines.

i. Overview of the Calendar Year 2025 Accommodations Tax Grant Application Process to discuss the Requirements, Expectation, and to Address Applicant Questions and Concerns – Shena Smith, Finance Assistant

Ms. Smith walked attendees through the online application process for the 2025 Accommodations Tax Grant, detailing how to access the application and where to upload necessary documents. She highlighted specific items that must be included for successful submission and encouraged applicants to reach out to Rene Tuttle, the Town's Web Developer, for assistance with any technical issues. Contact information for both Ms. Smith and Ms. Tuttle was provided. The application submission deadline of Friday, September 6th was emphasized as well as the presentation dates on October 17th and October 24th. Ms. Smith also made sure to stress the reimbursement policy of the ATAX Grant Award and encourage applicants to make sure their future budget predictions align with the amount of funding for their request.

6. Committee Discussion

Committee members addressed attendees to reiterate previous discussions about applying for ATAX funds versus seeking capital funding through Town Council. Applicants were encouraged to submit their applications, even if they were unsure which category their project fell into, so that each request could be thoroughly evaluated.

Chairman Arnold emphasized the importance of starting the application process early to increase the likelihood of success.

There was initial confusion regarding the quorum requirement for committee meetings. Mr. Coltrane initially stated that five members were needed, but later confirmed that a quorum requires four members, as that would make up the majority of the Accommodations Tax Advisory Committee's seven members.

Finally, committee members expressed interest in potentially making the ATAX Applicant Workshop a mandatory requirement for future grant applicants. They also discussed offering a virtual option for attendees to participate and ask questions in real time if they are unable to attend in person. This will move to a later discussion.

7. Adjournment

At 10:30 a.m. Mr. Arnold adjourned the meeting.

Submitted by: Shena Smith, Secretary

Approved: Monday, October 7, 2024