

MINUTES
NOVEMBER 3, 2011
SPECIAL COUNCIL MEETING
10:00 A.M.

Town of Edisto Beach
Town Hall
2414 Murray Street
Edisto Beach, SC 29438

Present: Burley L. Lyons, Mayor, Susan Hornsby, Mayor Pro Tempore, Pete Anderson, Larry "Babe" Hutto and Tommy Mann, Council Members; *Quorum of Council Present.*

Mayor Lyons welcomed guests and thanked all who served the Town of Edisto Beach.

Council Session opened with a word of prayer by Mayor Lyons.

Old Business

Approved: *Second Reading of Ordinance #2011-38 to adjust Rollback Millage for the Fiscal Years 2010/2011 and 2011/2012 and provide for a Credit/Refund of Ad Valorem Taxes for 2010 Town Citizens Due to Adjustment and to Provide for the Use of Banked Millage From Fiscal Year 2008/09.*

In the October 13, 2011, Town Council Meeting, Council was given the option between the approval of the second reading of ordinance #2011-34 to adjust rollback millage for fiscal years 2010-2011 and 2011-2012 and provide for a credit/refund of ad valorem taxes for 2010 to Town citizens due to adjustment or the approval of the first reading of ordinance #2011-38 to adjust Rollback Millage for the Fiscal Years 2010/2011 and 2011/2012 and provide for a Credit/Refund of Ad Valorem Taxes for 2010 Town Citizens Due to Adjustment and to Provide for the Use of Banked Millage From Fiscal Year 2008/09.

When the Town was preparing the FY 2010-11 budget and setting the rollback millage rate (property tax rate), two major changes were taking place in Colleton County:

1. The County was converting to using Manatron software for property taxes which had widespread technical problems that led to delays and errors; and
2. The County performed a reassessment using 2006 property values when property values were at a peak. As a result, there were numerous appeals filed from the Town of Edisto Beach, of which 471 have yet to be resolved.

During a reassessment year, the Town is required to rollback taxes. Using the best information available, the rollback millage was established at 18.81.

It has been determined that the millage rate was not rolled back sufficiently and the Town collected too much tax over the previous year (TY2010).

Using this new information, two issues need to be addressed. A credit needs to be given to each taxpayer for the overpayment of taxes for TY2010 and the millage established for TY2011 that will be on the upcoming tax statement needs to be adjusted to account for the adjusted rollback millage rate for TY2010.

1. Recommend providing a credit (.00121 mils) to each taxpayer for the overage charged in TY2010 based on the difference between a millage rate of 18.81 (.01881) and 17.60 (.01760) for Fiscal Year 2010-11. The average credit to each taxpayer is \$26.24. Some residents will receive more or less depending on the taxable value of the property in question. This action results in a decrease in anticipated revenues from the budget approved in May 2011 by approximately \$75,000.
2. According to State regulations, the Town is allowed to adjust the millage rate annually by the Consumer Price Index (CPI) and growth increases known as a millage cap. This millage cap is provided annually to the Town by the SC Budget and Control Board. Each year, the revenues are analyzed to determine if this millage cap is necessary or not to maintain Town operations and needs. Depending on anticipated costs, some years the millage cap is used and some years the millage cap is not used.

Last year new legislation allowed Towns to “look back” three years and adjust the millage by any increases (millage caps) not previously imposed. Prior to this legislation, this adjustment was lost if not used.

Beginning with the adjusted millage rate of 17.60 for TY 2010, the millage is adjusted by the millage cap of 1.64% for the current year FY 2011-12 adjusting the rate to 17.89. Then using the “look back” provision, the rate is adjusted by 4.3% for FY 2008-09 adjusting the rate to 18.65. The 4.3% millage cap will not be available next year.

This reduction in millage from 18.81 to 18.65 results in a decrease of anticipated revenues of approximately \$9,500 based on 100% collection rate and if the assessment values are not further adjusted through appeals.

It is projected that these factors will play a pivotal role in further reducing revenues needed to fund operations at the current level. Historical collection rates indicate that the Town will likely collect between 85% and 90% of the anticipated revenues. Discussions with the Assessor’s office indicate that they anticipate further reductions of the assessed values by \$2.4 million once all of the appeals have been resolved.

Administration recommends that the Council use the additional 4.3% and establish a millage of 18.65.

Special Town Council Meeting

November 3, 2011

Page 3

TY2012 is another assessment year. Having two assessment years within two years eliminates three years of the Town's ability to make millage rate adjustments as allowed by the South Carolina Code, if necessary. Administration also has concerns that as Colleton County's revenues decrease, they may further reduce the amount of funding (\$270,000) they have historically provided to the Town in the past for services to unincorporated areas. Last year this was reduced by 4%.

The following reductions to the approved budget are proposed to offset the decrease in anticipated revenue:

- There is \$96,891 in contingency for unanticipated expenses such as storm damage, etc. This amount can be reduced as needed.
- Postpone Town Hall building maintenance with the exception of the gutter on the south side of the building. \$15,000.
- Postpone scan and publish all permanent documents. \$5,000
- Reduce professional fees for zoning ordinance revision. \$5,000
- Delay purchase of plotter and handheld GPS. \$24,000
- Delay construction of dock at Burley L. Lyons Park \$10,000

On the upcoming tax statement, the millage is going to be reduced from 18.81 to 18.65, and all residents that paid taxes in tax year 2010, will be receiving a refund calculated with the millage of .00121 (difference between 18.81 and 17.60).

Councilman Mann moved to approve second reading of ordinance #2011-38 to adjust rollback millage for the fiscal years 2010/2011 and 2011/2012 and provide for a credit/refund of ad valorem taxes for 2010 Town citizens due to adjustment and to provide for the use of banked millage from fiscal year 2008/09. Councilman Anderson seconded the motion, which carried unanimously.

There was no one signed in to speak.

Councilman Anderson moved to adjourn the meeting. Councilman Hutto seconded the motion, which carried unanimously.

Meeting adjourned at 10:09 a.m.

The media/public was duly notified of the date, time and place of the Council Meeting on Friday, October 28, 2011.

APPROVED BY TOWN COUNCIL

Meagan Chaplin

Meagan Chaplin, Municipal Clerk

November 10, 2011