

The Beaufort City Council held a workshop on March 6, 2002 at 6:00 p.m. in City Hall, 302 Carteret Street. In attendance were Mayor Bill Rauch, Mayor Pro Tem Donnie Ann Beer, Councilmen Frank Glover, Gary B. Fordham, Billy Keyserling, and City Manager John F. McDonough. In accordance with South Carolina Code of Laws, 1976, Section 30-4-80(d), as amended, all local media were duly notified of the time, date, place and agenda of this meeting.

The City Manager stated the purpose of the meeting was to review the Business License Fees for leasing/renting non-residential buildings which was a topic at the February 26, 2002 Council meeting. The Business License Inspector, discovered several months ago in the course of his work that there are numerous business owners engaged in this type of activity who do not currently have a business license. Approximately eleven letters have been mailed so far which resulted in phone calls to staff and Council. The City Manager referred to a handout prepared for Council which included a legislative history of the Ordinances regarding these fees, the City Attorney's opinion on this issue, the options available for Council, and recommendations by staff.

The City Attorney, expanding on his written opinion, stated the Ordinance must be uniformly applied and the penalties can not be waived. The Ordinance states there shall be a penalty when there is a delinquent or late payment. It does not give any latitude with regard to the penalties that pertain to these property owners. The only latitude is to amend or repeal the Ordinance. To repeal the Ordinance relating to non-commercial landlords would mean the City would have to refund fees paid lawfully by people in this same category. He recommended if the Ordinance is repealed that the fees be collected up to the date of repeal of the Ordinance.

The City Manager said there are probably many residential owners that do not have business licenses and Staff will notify them as they are identified. A history of the last ten years of who has paid on commercial rentals was provided by account number. Councilman Keyserling said he is concerned that there are so many people who are not aware of an Ordinance that has been in existence for twenty years. He asked the City Attorney if that Section of the Ordinance is repealed, that the City credit those businesses three years and grant amnesty to those who have not paid. Then the ordinance should be amended and include a way to enforce it. Mr. Harvey, City Attorney, replied that could be done; however, if anyone wanted a refund, the City could be obligated to pay. Mr. Keyserling also questioned whether or not leasing commercial space is an active business because he views it as an investment.

**Parker Barnes**, attorney, corrected the statement he made at the February 26<sup>th</sup> Council meeting regarding not having paid business license fees on his building. He said his accountant has been paying them since 1986. He read a letter from a former Finance Director of the City to Lois Schein in 1987. The letter notified her that a business license was required and quoted the rate but did not include a fine. The City Attorney pointed out the current Ordinance was not in effect until 1988.

Mr. Barnes stated the business license ad that is placed in the newspaper is inadequate because it does not mention people who rent non-residential buildings. He suggested expanding it to include all the categories. The Finance Director stated there are 540 separate categories of businesses.

Councilwoman Beer suggested Council accept staff's recommendations of amending the ordinance and removing the \$12,000 threshold, add a sentence to the business license ad stating there are 540 categories and list a number to call regarding questions. Councilman Fordham stated people are encouraged to locate their businesses in the City and the City collects business licenses. But, in his opinion, this is overkill and he disagrees with the Ordinance.

Parker Barnes said he feels this is double taxation. It is a tax on money that is not a profit. The Finance Director said it is clear in the State law that gross revenue, not profit, is the only basis in this State in which a business license can be levied. He pointed out that until recently the City did not have a Business License Inspector to ensure that the license is evenly enforced. Now businesses are being discovered that have not been paying the fee.

Councilman Glover agreed leasing/renting is a business. He added that some people may have evolved into renting residential establishments. Maybe the number (5) should be changed. It appears people are more concerned with the late fees, and penalties involved within the past three years, than the business license fee. The Ordinance is specific and Council does not have the latitude to make concessions for those who did not pay, he said.

Al Hefner said he understands that the City is in the revenue generating business but he is pleading for a consistently applied City ordinance. The Mayor replied that Council is trying to apply the law fairly to all, not raise revenue, and to run a government that is fair. He added that there has to be penalties for the people who do not pay. Mr. Barnes said people are not paying because they do not know about this Ordinance. He said the City is driving the cost of operating expenses up for everyone in the Historic District. Mr. Barnes said there is a dispute about the discrimination the City is using in applying this tax and not giving notice of it.

Mr. Jones said every building in the City will be assessed but it will be a long process. He added that the business license fee is .04% on \$100,000.00 gross income and those fees have not been changed since 1988 when set by Ordinance.

Dr. Ralph Salzer said this is not fair. The City should have notified the business owners about this as they do on all the taxes and not waited until there is a penalty. Parker Barnes said this penalty is based on an Ordinance written twenty-five years ago and not on today's market. He also said, in his opinion, this is discrimination.

Council took no action.

### **ADJOURNMENT**

There being no further business to come before Council, the meeting was adjourned at 7:15 p.m.

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BILL RAUCH, MAYOR

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COUNCILWOMAN DONNIE ANN BEER

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COUNCILMAN FRANK GLOVER

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COUNCILMAN GARY B. FORDHAM

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COUNCILMAN BILLY KEYSERLING

ATTEST:

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BEVERLY W. GAY, CITY CLERK