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1 **2023-24 (1st READING):** AUTHORIZING AND DIRECTING THE CITY OF  
2 MYRTLE BEACH TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT  
3 RELATING TO SOUTH CAROLINA LOCAL REVENUE SERVICES; TO  
4 PARTICIPATE IN ONE OR MORE LOCAL REVENUE SERVICE PROGRAMS; TO  
5 EXECUTE AND DELIVER ONE OR MORE PARTICIPANT PROGRAM  
6 SUPPLEMENTS; AND OTHER MATTERS RELATING THERETO.

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7 **Applicant/Purpose:** Staff/ to conform to Act 176 (Business License Standardization) as it relates  
8 to Insurance, Brokers, and Telecommunication Companies not licensed in SC, but conducting  
9 business, with MASC collecting the business license taxes on the municipality's behalf.

10  
11 **Brief:**

- 12 • MASC Tax Collection Programs rebranding and name change to Local Revenue Services  
13 (LRS).
- 14 • Local Revenue Services (LRS) to change individual tax collection program names:
  - 15 ○ ITCP to ITP, no rate change.
  - 16 ○ BTCP to BTP, no rate change.
  - 17 ○ TTCP to TTP, no rate change.
- 18 • MASC has been collecting business license taxes on insurance, brokers, and  
19 telecommunication companies since 1998.

20  
21 **Issues:**

- 22 • Proposed ordinance:
  - 23 ○ Amends business license ordinance to reflect State law changes as a result of  
24 Act 176.
  - 25 ○ Authorizes City to enter into contract w/ MASC for administration & collection of  
26 current & delinquent taxes & administration of insurance, brokers, and  
27 telecommunication tax.

28  
29 **Public Notification:** Normal meeting notification.

30  
31 **Alternative:** None considered. Proposed ordinance complies w/ recent State law change (Act  
32 176).

33  
34 **Financial Impact:**

- 35 • No change. All rates remain the same.
- 36 • Not participating in LRS with MASC would result in a \$5MM deficit in business license  
37 taxes collected.

38  
39 **Manager's Recommendation:**

- 40 • I recommend 1<sup>st</sup> reading (4.25.23)

41  
42 **Attachment(s):** Proposed ordinance, intergovernmental agreement and participant program  
43 supplement.

CITY OF MYRTLE BEACH  
COUNTY OF HORRY  
STATE OF SOUTH CAROLINA

AUTHORIZING AND DIRECTING THE CITY OF MYRTLE BEACH TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT RELATING TO SOUTH CAROLINA LOCAL REVENUE SERVICES; TO PARTICIPATE IN ONE OR MORE LOCAL REVENUE SERVICE PROGRAMS; TO EXECUTE AND DELIVER ONE OR MORE PARTICIPANT PROGRAM SUPPLEMENTS; AND OTHER MATTERS RELATING THERETO.

**WHEREAS**, the City of Myrtle Beach (the "Municipality") is authorized by S.C. Code Section 5-7-30 and Title 6, Chapter 1, Article 3 to impose a business license tax on gross income;

**WHEREAS**, under State law, certain business license taxes are applicable in a manner or at a rate that applies throughout the State ("Statewide Business License Taxes");

**WHEREAS**, such Statewide Business License Taxes include without limitation the business license taxes applicable to insurers under Title 38, Chapter 7 of the S.C. Code; to brokers under Title 38, Chapter 45 of the S.C. Code; and to telecommunications companies under Title 58, Chapter 9, Article 20 of the S.C. Code;

**WHEREAS**, the Municipal Association of South Carolina (the "Association") has previously established local revenue service programs in which the Association administers Statewide Business License Taxes on behalf of and for the benefit of participating municipalities;

**WHEREAS**, such local revenue service programs include a program known as the Insurance Tax Program ("ITP") that administers business license taxes applicable to insurers under Title 38, Chapter 7 of the S.C. Code; a program known as the Brokers Tax Program ("BTP") that administers business license taxes applicable to brokers under Title 38, Chapter 45 of the S.C. Code; and a program known as the Telecommunications Tax Program ("TTP") that administers business license taxes applicable to telecommunications companies under Title 58, Chapter 9, Article 20 of the S.C. Code;

**WHEREAS**, the Municipality currently participates in ITP, BTP, and TTP;

**WHEREAS**, by Act No. 176 of 2020, known as the South Carolina Business License Tax Standardization Act and codified at S.C. Code Sections 6-1-400 to -420 (the "Standardization Act"), the South Carolina General Assembly imposed additional requirements and conditions on

1 the administration of business license taxes;

2  
3 **WHEREAS**, following the enactment of the Standardization Act, the Municipality enacted  
4 Ordinance No. 2021-44 on December 14, 2021, in order to comply with the requirements of the  
5 Standardization Act (the "Current Business License Ordinance");

6  
7 **WHEREAS**, in connection with the enactment of the Standardization Act and the adoption of  
8 locally compliant business license ordinances, the municipalities of the State have determined  
9 that it would be advisable and prudent to update the existing local revenue service programs;

10  
11 **WHEREAS**, in particular, the municipalities of the State have determined to establish and join  
12 South Carolina Local Revenue Services ("LRS") by intergovernmental agreement, which among  
13 other things will administer Statewide Business License Taxes on behalf of its participants,  
14 including but not limited to by continuing to offer the services provided by the ITP, BTP, and TTP;

15  
16 **WHEREAS**, Article VIII, Section 13(A) of the South Carolina Constitution provides that "(a)ny  
17 county, incorporated municipality, or other political subdivision may agree with the State or with  
18 any other political subdivision for the joint administration of any function and exercise of powers  
19 and the sharing of the costs thereof;"

20  
21 **WHEREAS**, the City Council of the Municipality (the "Council") now wishes to authorize and direct  
22 the Municipality to join LRS and to participate in one or more local revenue service programs;

23  
24 **NOW, THEREFORE, BE IT ORDAINED** by the Mayor and Council of the City of Myrtle Beach, as  
25 follows:

26  
27 **SECTION 1. Direction to Apply to and Join LRS.** The form of the Local Revenue Services  
28 Agreement (the "Agreement") pursuant to which a municipality may request to participate in LRS  
29 and, if approved, become a participant is attached hereto as Exhibit A. The City Manager of  
30 Myrtle Beach (the "Executive Officer") is hereby authorized and directed to apply to participate  
31 in LRS. If the Municipality's application is approved by LRS, then the Executive Officer shall  
32 execute and deliver a counterpart to the Agreement in substantially the form attached hereto.  
33 The Council hereby approves the terms and conditions of and agrees to comply with the  
34 Agreement upon the execution and delivery thereof by the Executive Officer.

35  
36 **SECTION 2. Participation in Local Revenue Service Programs.** The Council determines that, if  
37 admitted to LRS, the Municipality will participate in the ITP, the BTP, and the TTP. The Executive  
38 Officer is hereby authorized and directed to execute and deliver any required Participant Program  
39 Supplements (as such term is defined in the Agreement) as may be necessary to participate in  
40 such local revenue service programs.

1 **SECTION 3. Business License Taxes Applicable to Insurance Companies.** Notwithstanding  
2 anything in the Current Business License Ordinance to the contrary, the following provisions shall  
3 apply to insurance companies subject to Title 38, Chapter 7 of the S.C. Code.

- 4 a) Except as set forth below, "gross premiums" for insurance companies means gross  
5 premiums written for policies for property or a risk located within the municipality. In  
6 addition, "gross premiums" shall include premiums written for policies that are sold,  
7 solicited, negotiated, taken, transmitted, received, delivered, applied for, produced or  
8 serviced by (1) the insurance company's office located in the municipality, (2) the  
9 insurance company's employee conducting business within the municipality, or (3) the  
10 office of the insurance company's licensed or appointed producer (agent) conducting  
11 business within the municipality, regardless of where the property or risk is located,  
12 provided no tax has been paid to another municipality in which the property or risk is  
13 located based on the same premium.
- 14 b) As to fire insurance, "gross premiums" means gross premiums (1) collected in the  
15 municipality, and/or (2) realized from risks located within the limits of the municipality.
- 16 c) As to bail bonds, "gross premiums" shall exclude any amounts retained by a licensed bail  
17 bondsman as defined in Title 38, Chapter 53 of the S.C. Code for authorized commissions,  
18 fees, and expenses.
- 19 d) Gross premiums shall include all business conducted in the prior calendar year. Gross  
20 premiums shall include new and renewal business without deductions for any dividend,  
21 credit, return premiums, or deposit.
- 22 e) Solicitation for insurance, receiving or transmitting an application or policy, examination  
23 of a risk, collection or transmitting of a premium, adjusting a claim, delivering a benefit,  
24 or doing any act in connection with a policy or claim shall constitute conducting business  
25 within the municipality, regardless of whether or not an office is maintained in the  
26 municipality.
- 27 f) The business license tax for insurance companies under Title 38, Chapter 7 of the S.C.  
28 Code shall be established at the rates set forth below. Declining rates shall not apply.

**NAICS Code**

- 524113 **Life, Health, and Accident.** 1.0% of Gross Premiums.
- 524126 **Fire and Casualty.** 2.0% of Gross Premiums.
- 524127 **Title Insurance.** 2.0% of Gross Premiums.

- 29 g) License taxes for insurance companies shall be payable on or before May 31 in each year  
30 without penalty. The penalty for delinquent payments shall be 5% of the tax due per  
31 month, or portion thereof, after the due date until paid.  
32

33 **SECTION 4. Business License Tax Applicable to Brokers.** Title 38, Chapter 45 of the S.C. Code (the  
34 "Brokers Act") establishes a blended premium tax rate applicable to brokers of 6 percent,  
35 comprising a 4 percent State premium tax and a 2 percent municipal premium tax, each to be  
36 collected by the South Carolina Department of Insurance. Pursuant to §§ 38-45-10 and 38-45-60  
37 of the Brokers Act, the Municipal Association of South Carolina is designated the municipal agent

1 for purposes of administration of the municipal broker’s premium tax.  
2

3 **SECTION 5. Business License Taxes Applicable to Telecommunication Companies.**

- 4 a) Notwithstanding any other provisions of the Current Business License Ordinance, the  
5 business license tax for “retail telecommunications services,” as defined in S. C. Code  
6 Section 58-9-2200, shall be at the maximum rate authorized by S. C. Code Section 58-9-  
7 2220, as it now provides or as provided by its amendment. Declining rates shall not apply.  
8 b) The business license tax year for retail telecommunications services shall begin on January  
9 1 of each year. The business license tax for retail telecommunications services shall be  
10 due on January 1 of each year and payable by January 31 of that year, without penalty.  
11 The delinquent penalty shall be five percent (5%) of the tax due for each month, or portion  
12 thereof, after the due date until paid.  
13 c) In conformity with S.C. Code Section 58-9-2220, the business license tax for “retail  
14 telecommunications services” shall apply to the gross income derived from the sale of  
15 retail telecommunications services for the preceding calendar or fiscal year which either  
16 originate or terminate in the municipality and which are charged to a service address  
17 within the municipality regardless of where these amounts are billed or paid and on which  
18 a business license tax has not been paid to another municipality. The measurement of the  
19 amounts derived from the retail sale of mobile telecommunications services shall include  
20 only revenues from the fixed monthly recurring charge of customers whose service  
21 address is within the boundaries of the municipality. For a business in operation for less  
22 than one year, the amount of business license tax shall be computed on a twelve-month  
23 projected income.  
24 d) Nothing in this Ordinance shall be interpreted to interfere with continuing obligations of  
25 any franchise agreement or contractual agreement. All fees collected under such a  
26 franchise or contractual agreement shall be in lieu of fees or taxes which might otherwise  
27 be authorized by this Ordinance.  
28

29 **SECTION 6. No Exemption for Interstate Commerce.** Properly apportioned gross income from  
30 interstate commerce shall be included in the gross income for every business subject to a  
31 business license tax.  
32

33 **SECTION 7. LRS to Appoint Business License Official and to Designate Appeals Board.** Pursuant  
34 to the Agreement, LRS is hereby authorized to appoint one or more individuals (each, an “LRS  
35 Business License Official”) to act as the Municipality’s business license official for purposes of  
36 administering Statewide Business License Taxes. In addition, LRS is hereby authorized pursuant  
37 to the Agreement to designate an appeals board (the “Appeals Board”) for purposes of appeals  
38 arising with respect to such taxes. The LRS Business License Official so appointed and the Appeals  
39 Board so designated shall have all of the powers granted to the Municipality’s business license  
40 official and appeals board under the Current Business License Ordinance, except as may be  
41 modified by this ordinance.

1 **SECTION 8. Appeals Process.** With respect to the calculation, assessment, and collection of  
2 Statewide Business License Taxes, in lieu of the appeals process described in the Current Business  
3 License Ordinance, the following appeals process required by S.C. Code Section 6-1-410 shall  
4 apply:

- 5 a) If a taxpayer fails or refuses to pay a Statewide Business License Tax by the date on which  
6 it is due, the LRS Business License Official may serve notice of assessment of the Statewide  
7 Business License Tax due on the taxpayer by mail or personal service. Within thirty days  
8 after the date of postmark or personal service, a taxpayer may request, in writing with  
9 reasons stated, an adjustment of the assessment. An informal conference between the  
10 LRS Business License Official and the taxpayer must be held within fifteen days of the  
11 receipt of the request, at which time the taxpayer may present any information or  
12 documents in support of the requested adjustment. Within five days after the conference,  
13 the LRS Business License Official shall issue a notice of final assessment and serve the  
14 taxpayer by mail or personal service with the notice and provide a form for any further  
15 appeal of the assessment by the taxpayer.
- 16 b) Within thirty days after the date of postmark or personal service, the taxpayer may appeal  
17 the notice of final assessment by filing a completed appeal form with the LRS Business  
18 License Official, by mail or personal service, and by paying to LRS in protest at least eighty  
19 percent of the business license tax based on the final assessment. The appeal must be  
20 heard and determined by the Appeals Board. The Appeals Board shall provide the  
21 taxpayer with written notice of the hearing and with any rules of evidence or procedure  
22 prescribed by the Appeals Board. The hearing must be held within thirty days after receipt  
23 of the appeal form unless continued to another date by agreement of the parties. A  
24 hearing by the Appeals Board must be held at a regular or specially called meeting of the  
25 Appeals Board. At the appeals hearing, the taxpayer and LRS have the right to be  
26 represented by counsel, to present testimony and evidence, and to cross-examine  
27 witnesses. The hearing must be recorded and must be transcribed at the expense of the  
28 party so requesting. The Appeals Board shall decide the assessment by majority vote. The  
29 Appeals Board shall issue a written decision explaining the basis for the decision with  
30 findings of fact and conclusions and shall inform the taxpayer of the right to request a  
31 contested case hearing before the Administrative Law Court. The written decision must  
32 be filed with the LRS Business License Official and served on the taxpayer by mail or  
33 personal service. The decision is the final decision of LRS on the assessment.
- 34 c) Within thirty days after the date of postmark or personal service of LRS's written decision  
35 on the assessment, a taxpayer may appeal the decision to the Administrative Law Court  
36 in accordance with the rules of the Administrative Law Court.

37  
38 **SECTION 9. Repealer, Effective Date.** All ordinances in conflict with this ordinance are hereby  
39 repealed. This ordinance shall be effective on the date of final reading.  
40

1 **ENACTED IN REGULAR MEETING, this \_\_\_ day of \_\_\_\_\_, 20\_\_.**

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\_\_\_\_\_  
Brenda Bethune, Mayor

7

ATTEST:

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11

\_\_\_\_\_  
Jennifer Adkins, City Clerk

12

13

14 **First reading: 4-25-2023**

15

16 **Final reading:**

17

1 EXHIBIT A

2 LOCAL REVENUE SERVICES AGREEMENT

3 THIS AGREEMENT, made and entered into this \_\_\_\_ day of \_\_\_\_\_ A.D., 20\_\_, by and  
4 among the Municipal Association of South Carolina (the "Association") and all the parties who  
5 are now or may hereafter become participants ("Participants") in South Carolina Local Revenue  
6 Services, a division of the Association ("LRS"),

7 WITNESSETH:

8 WHEREAS, certain governmental functions may be more efficiently and effectively provided in  
9 cooperation with other governments, particularly when the sharing of such functions may deliver  
10 economies of scale, avoid redundancies in staffing, facilitate intergovernmental communication  
11 and coordination, benefit the citizens and taxpayers of the State by offering single points of  
12 contact, and allow retention of highly trained and specialized staff or private contractors in  
13 situations in which it would not be cost effective for a single government to retain such  
14 professionals;

15 WHEREAS, Article VIII, sec. 13 of the South Carolina Constitution provides that any incorporated  
16 municipality "may agree with . . . any other political subdivision for the joint administration of  
17 any function and exercise of powers and the sharing of the costs thereof," and that "[n]othing in  
18 this Constitution may be construed to prohibit the State or any of its counties, incorporated  
19 municipalities, or other political subdivisions from agreeing to share the lawful cost,  
20 responsibility, and administration of functions with any one or more governments, whether  
21 within or without this State;"

22 WHEREAS, S.C. Code § 4-9-41(A) provides that any "incorporated municipality ... may provide for  
23 the joint administration of any function and exercise of powers as authorized by Section 13 of  
24 Article VIII of the South Carolina Constitution;"

25 WHEREAS, certain municipalities in the State have determined that it would be effective and  
26 efficient to jointly perform certain functions, including without limitation the business license  
27 functions more fully described below;

28 WHEREAS, LRS is a division of the Association and a committee of the board of directors of the  
29 Association and will establish or continue one or more Revenue Service Programs (as hereinafter  
30 defined); and

31 WHEREAS, the Participants, through action of their respective governing bodies, have elected to  
32 comply with the conditions of this Agreement and to authorize LRS to perform the functions and  
33 exercise the powers herein described;

34 NOW, THEREFORE, for and in consideration of the mutual covenants, promises, and obligations  
35 herein contained, which are given to and accepted by each signatory hereof to the other, the  
36 parties hereto agree as follows:



1 **Section 1. Definitions.** As used in this Agreement, the following terms shall have the meanings  
2 set forth below:

3 (a) "Appeals Board" means the board created pursuant to Section 8 hereof for purposes of  
4 hearing and determining appeals under this Agreement.

5 (b) "Association" means the Municipal Association of South Carolina.

6 (c) "Gross Proceeds" means, with respect to any Revenue Service Program and for any period  
7 of calculation, the total amount of Impositions collected by LRS during such period.

8 (d) "Imposition" means any tax, fee, rate, charge, fine, penalty, or interest charge that has  
9 been lawfully imposed by a Participant and for which a Revenue Service Program has been  
10 established. Such Impositions include, without limitation, Statewide Business License  
11 Taxes.

12 (e) "LRS" means South Carolina Local Revenue Services, established by this Agreement.

13 (f) "LRS Board of Directors" means the board of directors of LRS.

14 (g) "LRS Business License Official" shall mean the person designated from time to time by the  
15 LRS Board of Directors to act as the business license official (as such term is used in S.C.  
16 Code §§ 6-1-400 to -420) with respect to one or more Revenue Service Programs. The LRS  
17 Board of Directors may, but need not, designate different persons as the LRS Business  
18 License Official for different Revenue Service Programs.

19 (h) "Participant" means a local government that has become a participant in LRS by applying  
20 to LRS for admission and, if approved, accepting the terms of participation in LRS by  
21 ordinance and signing this Agreement in counterpart.

22 (i) "Net Proceeds" means, with respect to any Revenue Service Program and for any period  
23 of calculation, the amount of Gross Proceeds that remain for distribution to Participants  
24 after the payment of operation and maintenance expenses (including, without limitation,  
25 LRS's compensation) for such period.

26 (j) "Revenue Service Programs" means any one or more programs established or continued  
27 by LRS to administer, assess, collect, and enforce Impositions. Such Revenue Service  
28 Programs may include, without limitation, programs for the administration, assessment,  
29 collection, and enforcement of Statewide Business License Taxes.

30 (k) "S.C. Code" means the South Carolina Code of Laws of 1976, as amended.

31 (l) "State" means the State of South Carolina.

32 (m) "Statewide Business License Taxes" means business license taxes that, pursuant to the  
33 S.C. Code, are applicable in a manner or at a rate that applies throughout the State. Such  
34 business license taxes include without limitation the business license taxes applicable to  
35 insurers under Title 38, Chapter 7 of the S.C. Code; to brokers under Title 38, Chapter 45  
36 of the S.C. Code; to telecommunications companies under Title 58, Chapter 9, Article 20

1 of the S.C. Code; and such other business license taxes as may now or hereafter be made  
2 applicable throughout the State in a manner or at a rate that has been established by  
3 State law.

4 **Section 2. Authorization of LRS.** The municipalities that are initial signatories hereto do hereby  
5 establish LRS and authorize it to perform the functions and exercise the powers described in this  
6 Agreement. The functions to be performed hereunder are more specifically described in Section  
7 5 below and the powers to be exercised are more specifically described in Section 6 below. The  
8 Participants, regardless of their respective dates of admission to LRS, further agree as follows:

9 (a) The functions and powers described in this Agreement would be more efficiently and  
10 effectively performed and exercised in cooperation with other governments through LRS;

11 (b) The Participants shall comply with the conditions of this Agreement and, by joining LRS,  
12 shall jointly perform the functions and exercise the powers herein described by contract  
13 with LRS.

14 **Section 3. Participation.** The right to participate in LRS shall be limited to local governments  
15 within the State. A qualifying entity may become a Participant by applying to LRS for admission  
16 and, if approved, accepting the terms of participation in LRS by ordinance and signing this  
17 Agreement in counterpart. LRS shall be sole judge of whether an applicant shall be admitted as a  
18 Participant. A Participant may be suspended or expelled by the LRS Board of Directors from LRS,  
19 provided that such suspension or expulsion shall not be effective until 30 days after written  
20 notice of suspension or expulsion has been mailed to it.

21 **Section 4. LRS Board of Directors.** LRS shall be governed by a Board of Directors containing five  
22 Directors. The members of the Association's Executive Committee (comprising the President,  
23 First Vice President, Second Vice President, Third Vice President, and Immediate Past President  
24 of the Association) shall serve *ex officio* as Directors of LRS, with terms of office coterminous with  
25 their terms as officers of the Association. The President of the Association, or in his or her absence  
26 the First Vice President of the Association, shall serve as chair at meetings of the LRS Board of  
27 Directors. With respect to LRS's officers, the members of the LRS Board of Directors shall occupy  
28 the same offices as they do with respect to the Association.

29 **Section 5. Functions of LRS.** LRS may, and at the direction of and subject to the control of the LRS  
30 Board of Directors shall, establish or continue one or more Revenue Service Programs including,  
31 without limitation, for the administration, assessment, collection, and enforcement of Statewide  
32 Business License Taxes and other Impositions related to Statewide Business License Taxes. LRS's  
33 functions with respect to the Revenue Service Programs shall include, without limitation, training  
34 employees; developing resources to assist business license functions; making necessary  
35 investigations into entities or individuals subject to Impositions; developing databases for the  
36 application, calculation, allocation, and distribution of Impositions; establishing procedures for  
37 determining and calculating the amounts due as Impositions; communicating with entities or  
38 individuals subject to Impositions; collecting current and delinquent Impositions; initiating,

1 defending, managing, resolving, and settling disputes or litigation matters that affect more than  
2 one Participant; and acquiring, licensing, developing, improving, maintaining, and protecting  
3 software and other information technology infrastructure.

4 **Section 6. Powers of LRS.** LRS shall have the following powers:

- 5 (a) adopt bylaws for the regulation of its affairs and the conduct of its business and prescribe  
6 rules and policies and promulgate regulations in connection with the performance of its  
7 functions and duties;
- 8 (b) adopt an official seal and alter it at its pleasure;
- 9 (c) maintain an office at a place it determines;
- 10 (d) sue and be sued in its own name and plead and be impleaded;
- 11 (e) require documentation of amounts due from taxpayers, including without limitation by  
12 requiring reconciliation reports in which the taxpayer provides sufficient information to  
13 verify whether revenues of the taxpayer are appropriate for exclusion as non-municipal  
14 revenues and to determine the proper allocation of Impositions among Participants;
- 15 (f) receive, administer, and comply with the conditions and requirements of a gift, grant, or  
16 donation of property or money;
- 17 (g) acquire by purchase, lease, gift, or otherwise, or obtain options for the acquisition of, any  
18 property, real or personal, improved or unimproved, including an interest in land less than  
19 the fee thereof in conformity with state law;
- 20 (h) sell, lease, exchange, transfer, mortgage, or otherwise dispose of, or grant options for any  
21 such purposes with respect to, any real or personal property or interest therein in  
22 conformity with state law;
- 23 (i) make and execute contracts, agreements, or other undertakings with such agents, service  
24 contractors, persons, firms, corporations, and attorneys as it deems appropriate to  
25 perform its functions and exercise its powers;
- 26 (j) acquire, license, develop, improve, maintain, and protect software and other information  
27 technology infrastructure;
- 28 (k) employ professionals, support staff, attorneys, appraisers, financial advisors, and other  
29 consultants and employees as required in the judgment of LRS and fix and pay their  
30 compensation from funds available to LRS for that purpose;
- 31 (l) transact any lawful business that will aid the purposes and functions of LRS;
- 32 (m) make payments or donations, or do any other act, not inconsistent with law, that furthers  
33 the business and affairs of LRS; and
- 34 (n) do all things necessary or convenient, not inconsistent with law, to further the activities  
35 and affairs of LRS

1 **Section 7. Attorney-in-Fact Designation; Dispute Resolution and Conduct of Litigation.** Each  
2 Participant hereby appoints LRS and its designees as its agent and attorney-in-fact to act on its  
3 behalf with respect to Impositions. As agent and attorney-in-fact, LRS shall be fully empowered  
4 to initiate, defend, manage, resolve, and settle any disputes or litigation (whether in its own  
5 name or in the name of the Participants) relating to Impositions owing or payable to one or more  
6 Participants; to pay all expenses, costs, and judgments that might be incurred against LRS when  
7 acting on behalf of its Participants for communication, investigation, negotiation, enforcement,  
8 defense, or settlement with respect to Impositions; and to take all other actions as may be  
9 necessary to administer, collect, investigate, enforce, and implement the Revenue Service  
10 Programs. Each Participant, pursuant to Rule 17 of the S. C. Rules of Civil Procedure and Rule 17  
11 of the Federal Rules of Civil Procedure, specifically acknowledges the standing of LRS to prosecute  
12 a civil action for collection in its behalf and hereby ratifies any such action that LRS may  
13 commence.

14 The LRS Board of Directors may, by majority vote, authorize a third party (including without  
15 limitation the Association) to act as attorney-in-fact to the same extent as set forth in this section  
16 on behalf of the Participants.

17 LRS's authority to initiate, defend, manage, resolve, and settle disputes and litigation shall be  
18 subject to the following terms and conditions:

19 (a) If, with respect to any particular dispute, a proposed compromise or settlement would  
20 reduce the amount asserted by LRS to be payable to an individual Participant by more  
21 than ten percent (10%) of the total amount remitted by LRS to such Participant in the  
22 immediately preceding year for the relevant Revenue Service Program, then,  
23 notwithstanding subsections 7(b) and 7(c) below, LRS shall be required to secure the  
24 written consent of such Participant before compromising or settling such dispute with  
25 respect to such Participant. Otherwise, LRS shall be entitled to compromise or settle such  
26 dispute on behalf of each Participant without further authorization by such Participants  
27 beyond that contained herein.

28 (b) Any proposed compromise or settlement that would result in a reduction of \$100,000 or  
29 less from the amount originally claimed to be due and owing by LRS may be approved or  
30 denied by LRS without separate approval by the LRS Board of Directors. The LRS Board of  
31 Directors shall, by appropriate action from time to time, designate one or more staff  
32 members or contractual counterparties who are authorized to compromise or settle such  
33 disputes.

34 (c) Any proposed compromise or settlement that would result in a reduction of more than  
35 \$100,000 from the amount originally claimed to be due and owing by LRS must be  
36 approved or denied by the LRS Board of Directors.

1 (d) Any proposed compromise or settlement that would result in a waiver of penalties,  
2 interest, late charges, or other amounts owing due to late payment of an Imposition must  
3 be approved or denied by the LRS Board of Directors.

4 **Section 8. Appeals Process.** The Participants acknowledge that, pursuant to local ordinances,  
5 regulations, and rules, each Participant has its own procedures by which matters relating to the  
6 calculation, assessment, and collection of business license taxes may be appealed. With respect  
7 to Impositions subject to this Agreement, however, each Participant has enacted a local  
8 ordinance by which appeals relating to such Impositions are excluded from the otherwise  
9 applicable local ordinance. Each Participant agrees that the appeals process described in this  
10 Section shall apply to all appeals relating to Impositions subject to this Agreement. Each  
11 Participant hereby consents to the adoption of the appeals process described in this Section;  
12 specifically declares its intention that such appeals process shall be deemed an exception to its  
13 otherwise applicable local ordinances, regulations, and rules; and agrees that it has or will  
14 approve such appeals process by appropriate local action.

15 (a) There is hereby created a board for purposes of hearing appeals pursuant to this Section  
16 (the "Appeals Board"). The Appeals Board shall contain three members. The President of  
17 the Association, the Executive Director of the Association, and the President of the South  
18 Carolina Business Licensing Officials Association ("BLOA") shall each serve *ex officio* as  
19 members of the Appeals Board, with terms of office coterminous with their terms as  
20 officers of the Association or BLOA, as appropriate. The President of the Association, or  
21 in his or her absence the Executive Director of the Association, shall serve as chair at  
22 meetings of the Appeals Board.

23 (b) With respect to the calculation, assessment, and collection of Impositions, the following  
24 appeals process, as required by Section 6-1-410, shall apply.

25 (1) If a taxpayer fails or refuses to pay an Imposition by the date on which such  
26 Imposition is due, the LRS Business License Official may serve notice of assessment  
27 of the Imposition due on the taxpayer by mail or personal service. Within thirty  
28 days after the date of postmark or personal service, a taxpayer may request, in  
29 writing with reasons stated, an adjustment of the assessment. An informal  
30 conference between the LRS Business License Official and the taxpayer must be  
31 held within fifteen days of the receipt of the request, at which time the taxpayer  
32 may present any information or documents in support of the requested  
33 adjustment. Within five days after the conference, the LRS Business License  
34 Official shall issue a notice of final assessment and serve the taxpayer by mail or  
35 personal service with the notice and provide a form for any further appeal of the  
36 assessment by the taxpayer.

37 (2) Within thirty days after the date of postmark or personal service, the taxpayer  
38 may appeal the notice of final assessment by filing a completed appeal form with  
39 the LRS Business License Official, by mail or personal service, and by paying to LRS

1 in protest at least eighty percent of the business license tax based on the final  
2 assessment. The appeal must be heard and determined by the Appeals Board. The  
3 Appeals Board shall provide the taxpayer with written notice of the hearing and  
4 with any rules of evidence or procedure prescribed by the Appeals Board. The  
5 hearing must be held within thirty days after receipt of the appeal form unless  
6 continued to another date by agreement of the parties. A hearing by the Appeals  
7 Board must be held at a regular or specially called meeting of the Appeals Board.  
8 At the appeals hearing, the taxpayer and LRS have the right to be represented by  
9 counsel, to present testimony and evidence, and to cross-examine witnesses. The  
10 hearing must be recorded and must be transcribed at the expense of the party so  
11 requesting. The Appeals Board shall decide the assessment by majority vote. The  
12 Appeals Board shall issue a written decision explaining the basis for the decision  
13 with findings of fact and conclusions and shall inform the taxpayer of the right to  
14 request a contested case hearing before the Administrative Law Court. The  
15 written decision must be filed with the LRS Business License Official and served on  
16 the taxpayer by mail or personal service. The decision is the final decision of LRS  
17 on the assessment.

- 18 (3) Within thirty days after the date of postmark or personal service of LRS's written  
19 decision on the assessment, a taxpayer may appeal the decision to the  
20 Administrative Law Court in accordance with the rules of the Administrative Law  
21 Court.

22 **Section 9. LRS May Be Separately Organized.** Hereafter, the LRS Board of Directors may  
23 determine, for corporate governance, recordkeeping, and operational purposes, that LRS should  
24 be established as a separate entity, either under the South Carolina Nonprofit Corporation Act,  
25 currently codified at Title 33, Chapter 31 of the S.C. Code, or otherwise. If the LRS Board of  
26 Directors so determines, it may take all such actions as may be necessary to organize LRS as a  
27 separate entity without further approval by the Participants, provided that such organization  
28 shall not otherwise vary or modify the terms of this Agreement except to the extent necessary  
29 to reflect the new organizational structure of LRS.

30 **Section 10. Participation in a Revenue Service Program.** A Participant may elect to participate in  
31 a Revenue Service Program by signing and delivering a separate supplement to this Agreement  
32 with respect to such Revenue Service Program (each, a "Participant Program Supplement"). The  
33 Participant Program Supplements shall be substantially identical within each Revenue Service  
34 Program. The form of the Participant Program Supplement is attached hereto as Appendix A.

35 **Section 11. Collection of Impositions; Distributions; Payment for Services; Prohibition on**  
36 **Lobbying Activity.**

- 37 (a) LRS shall collect, subject to the Participant Program Supplements, all Impositions subject to  
38 this Agreement.

1 (b) The Participants will compensate LRS for its services. Initially, such compensation shall be in  
2 the amount of four percent of Gross Proceeds collected for the benefit of each Participant  
3 within each Revenue Service Program, subject to any volume discount approved from time  
4 to time by the LRS Board of Directors, together with any interest earned on funds held on  
5 deposit prior to disbursement. The Participants acknowledge that this amount represents  
6 operating expenses payable to LRS for services rendered. For accounting and recordkeeping  
7 purposes, LRS will apply this rate to each Participant separately within each Revenue Service  
8 Program. Hereafter, and notwithstanding Section 13 below, the LRS Board of Directors by  
9 majority vote may amend the compensation method by giving notice to all participating  
10 Participants at least ninety days prior to the effective date of such amendment. Such  
11 amendment shall become effective after the ninety-day notice period with respect to each  
12 Participant without further action by such Participant, provided that such Participant may  
13 withdraw from participation at any time within ninety days after notice of the amendment is  
14 provided.

15 (c) LRS will regularly, and not less than once in each calendar quarter, distribute the Net Proceeds  
16 to Participants.

17 (d) No funds or personnel of LRS may be used or employed to influence any election; support or  
18 oppose any partisan organization; support or oppose the enactment, repeal, or modification  
19 of any federal or state legislation; or seek to influence any federal or state local government  
20 officials in the discharge of their official functions.

21 **Section 12. Fiscal Year.** LRS shall operate on a fiscal year from 12:01 a.m. January 1 of each year  
22 to 12:00 midnight December 31 of the succeeding year (the "LRS Year"). Application for  
23 participation, when approved in writing by LRS shall constitute a continuing contract for each  
24 succeeding LRS Year unless cancelled by LRS.

25 **Section 13. Amendment.** This Agreement may be amended by an agreement executed by those  
26 Participants constituting a majority of the Participants in LRS during the current LRS Year. In lieu  
27 of this amendment procedure, the Participants hereby appoint a 4/5 majority (i.e., at least four  
28 Directors) of the LRS Board of Directors agents to make any amendments to this Agreement that  
29 would not fundamentally alter the contemplated arrangement. Written notice of any  
30 amendment proposed for adoption by the LRS Board of Directors shall be mailed to each  
31 Participant not less than 30 days in advance. Written notice of amendments finally adopted by  
32 the LRS Board of Directors shall be mailed to each Participant not more than 30 days after  
33 adoption.

34 **Section 14. Terms Applicable on Admission.** Any entity that formally applies to participate in LRS  
35 and is accepted by LRS shall thereupon become a party to this Agreement and be bound by all of  
36 the terms and conditions hereof. A Participant may withdraw from participation by delivery of  
37 written notice of withdrawal at least 90 days prior to the end of an LRS Year, to be effective as of  
38 the end of such LRS Year.

1 **Section 15. Term; Dissolution.** LRS has been established with the bona fide intention that it shall  
2 be continued in operation indefinitely and that the contributions to LRS shall continue for an  
3 indefinite period. However, the LRS Board of Directors reserves the right at any time to terminate  
4 LRS by a written instrument to that effect executed by at least four-fifths (4/5) of the members  
5 of the LRS Board of Directors. Such written termination notice shall be delivered to each  
6 Participant no less than 120 days prior to the effective date of termination. In the event of such  
7 termination, Participant contributions shall cease as of the date of termination and the assets  
8 then remaining in the fund shall continue to be used and applied, to the extent available, for the  
9 (a) payment of claims arising prior to such termination and (b) payment of reasonable and  
10 necessary expenses incurred in such termination. Any monies or other assets thereafter  
11 remaining in LRS shall be distributed pro rata to the Participants in LRS as of the day of  
12 termination. In no event shall any such assets be returned or distributed to any individual. Upon  
13 such termination, the LRS Board of Directors shall continue to serve for such period of time and  
14 to the extent necessary to effectuate termination of LRS.

15 *[signatures appear on following page]*

16



1 **IN WITNESS WHEREOF**, the Participants listed below acknowledge their participation in LRS and  
2 acceptance of obligations thereunder, by the due execution hereof, following appropriate  
3 governmental body approval, by its mayor or other duly authorized official. Further, LRS has  
4 caused these presents to be signed by its President and attested by its Vice President.

5  
6 **MUNICIPAL ASSOCIATION OF SOUTH CAROLINA**

7  
8  
9  
10 \_\_\_\_\_  
11 B. Todd Glover, Executive Director

12 **LOCAL REVENUE SERVICES, A DIVISION OF THE**  
13 **MUNICIPAL ASSOCIATION OF SOUTH CAROLINA**

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16 \_\_\_\_\_  
17 Mayor Rick Osbon, President of LRS

18 **ATTEST:**

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22 \_\_\_\_\_  
23 Mayor Barbara Blain-Bellamy, Vice President of LRS  
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25

**PARTICIPANT SIGNATURE PAGE**

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**CITY OF MYRTLE BEACH, SOUTH CAROLINA**

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**Name:**  
**Title:**

**ATTEST:**

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**Name:**  
**Title: City Clerk of Myrtle Beach**



1 Association of South Carolina as the municipal agent to act on behalf of the municipality for the  
2 purposes of the Brokers Insurance Statute.

3 (b) The Brokers Insurance Statute governs the receipt from the South Carolina  
4 Department of Insurance ("DOI") and distribution to the Municipality of all municipal premium  
5 taxes from brokers for non-admitted surplus lines insurance. Upon receipt of the taxes from the  
6 DOI, LRS will deposit all funds received in an appropriate account for which accurate records will  
7 be maintained. Taxes will be disbursed to the Municipality, less the service charge herein agreed  
8 to, as collections permit.