

R2021-19: TO RATIFY AND RETROACTIVELY CONSENT TO CERTAIN HORRY COUNTY ORDINANCES (COLLECTION OF 1.5% HOSPITALITY FEE).

Applicant/Purpose: CFO / to give retroactive consent for the County to resume collection of its 1.5% hospitality fee inside the corporate limits per the terms of the Class Action Settlement Agreement.

Brief:

- The County’s 1.5% hospitality fee was adopted in 1996 w/ the consent of municipalities to fund the RIDE program. Each municipality gave consent to the County to collect the fee within their corporate limits, provided:
 - The fee would be used to fund the RIDE program.
 - The fee would sunset upon the maturity of the projected debt issue for the RIDE program (1/01/2017).
- In 2016 & 2018, the County took unilateral action to continue collecting the fee beyond 1/01/2017, & the final retirement of the RIDE debt.
- Legal action followed & eventually culminated in a Class Action Settlement Agreement (the “Settlement Agreement”) between all parties which was subsequently given preliminary approval by the Circuit Court on 2/16/21, pending a fairness hearing.
- Per the Court Order, a fairness hearing was conducted on 4/16/2021.
- The Court issued its final order approving the Settlement Agreement on 4/20/2021.

Issues:

- In compliance w/ the Settlement Agreement:
 - The cities will give retroactive consent to the County to resume collections of the 1.5% hospitality fee & its rental car fee inside their corporate limits.
 - After withholding 1.0% of the collections as an administrative fee, the County will then return those collections to each municipality for uses defined in statutes governing Local Accommodations and Hospitality Taxes.
 - The City will continue collecting taxes at current rates through 6/30/2021.
- The County will resume collecting its 1.5% hospitality fee from City businesses on 7/01/2021.

Public Notification: Standard advertisement of resolution.

Alternatives: Any alternative would violate the April 20 Court Order offering final approval of the Settlement Agreement & is not recommended.

Financial Impact:

- The resulting inflow of hospitality fees from the 1.5% is projected to increase City revenues by \$18.5 million next fiscal year.

Manager’s Recommendation: I recommend approval.

Attachment(s): Proposed resolution.

RESOLUTION R2021-19

CITY OF MYRTLE BEACH
COUNTY OF HORRY
STATE OF SOUTH CAROLINA

RESOLUTION TO RATIFY AND
CONSENT RETROACTIVELY TO
CERTAIN HORRY COUNTY
ORDINANCES

WHEREAS, the City is a member of a proposed class of plaintiffs in that certain civil action styled “City of Myrtle Beach, For Itself and a Class of Similarly Situated Plaintiffs, vs. Horry County,” brought in the Court of Common Pleas for Horry County in Civil Action Number 2019-CP-26-01732 (“Class Action”); and

WHEREAS, the City is a signatory to that certain Class Action Settlement Agreement dated February 12, 2021, resolving the Class Action, which has been approved by order of the Court of Common Pleas for Horry County dated April 20, 2021 (“Settlement Agreement”); and

WHEREAS, the effectiveness of the Settlement Agreement is conditioned upon, among others, the ratification and retroactive consent of the City to Horry County Ordinance Numbers 105-96, 11-04, 93-16, 32-17, 7-97, 76-97, 80-01, 111-01, and 50-04 (“County Ordinances”); and

WHEREAS, the City is willing to give its ratification and retroactive consent to the County Ordinances provided that the City and County have executed same and the required written consents of other municipalities to same have been given,

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The City Council of the City of Myrtle Beach hereby ratifies and gives retroactive consent to the County Ordinances as required by Section 6.2.1 of the Settlement Agreement.
2. This resolution is made pursuant to S.C. Code Ann. §5-7-260.

SIGNED AND SEALED THIS 25TH DAY OF MAY, 2021

BRENDA BETHUNE, MAYOR

ATTEST:

JENNIFER ADKINS, CITY CLERK