

**WAYS & MEANS COMMITTEE MEETING**  
**Municipal Center Council Chambers**  
**November 4, 2025, 10:00 am**

**Minutes**

- I. **Call to Order:** *In the absence of Chairman Farrell, Mayor Belt called the meeting to order at 10:00 am.*
  
- II. **Roll Call:**
  - Present at the Meeting:** Brad Belt, *Mayor*  
Lance Spencer, *Committee Member*
  
  - Absent:** Luke Farrell, *Chairman*
  
  - Also Present:** Stephanie Tillerson, *Town Administrator*  
Dorota Szubert, *Finance Director*  
Mayor Pro Tem Berner, *Council Member*
  
- III. **Approval of Minutes:**
  - A. Minutes of the Ways and Means Committee Meeting of September 9, 2025  
Mayor Belt indicated that the minutes of the September 9<sup>th</sup> meeting had been circulated prior to the meeting and asked if there were any edits. Without edits, the minutes were deemed approved
  
- IV. **Citizens' Comments (Agenda Items Only):**

No citizens were present to offer comments on agenda items.
  
- V. **Old Business:**

None
  
- VI. **New Business:**
  - A. To Consider Approval of Ordinance 2025-17 - An Ordinance To Amend Article 4, Finance and Taxation, Chapter 3, Municipal Business Licenses, Section 4-321. – Classification and Rates, Appendix B: Business License Rate Schedule – First Reading  
Ms. Szubert presented information about Ordinance 2025-17 regarding business license classifications. Ms. Szubert explained that South Carolina Act 176 requires all municipalities that require business licenses to update their business license schedule every two years in odd-numbered years. The updated schedule was provided as an attachment in Appendix B of the ordinance.  
  
Ms. Szubert noted that the update resulted from analysis done by the IRS based on 2019-2021 tax statistics, which were COVID years. Based on this analysis, there were changes in business classifications under NAICS codes, with many businesses being moved to lower classes. This would affect approximately 1,800 businesses, of which about 85% were short-term rentals and management companies.  
  
With the class changes and current rates, Ms. Szubert estimated about \$65,000 less in revenue collected, though this was characterized as an estimate based on last year's gross receipts reporting. Ms. Szubert provided a comparison of license fees across other jurisdictions, noting that Kiawah's rates were in the middle range compared to those of similar municipalities.  
  
Despite the potential revenue reduction, Ms. Szubert recommended not changing the rates for several reasons:

- The revenue drop calculation was based on the current year's gross receipts, but projections showed increased accommodation taxes and business license revenues.
- The current rate structure was clear and easy to understand, increasing by \$5 for each class.
- The estimated \$65,000 reduction was minimal compared to the \$4,900,000 collected last year in business license revenues.

Mayor Belt clarified that municipalities are required to implement the IRS reclassification but may adjust rates. When questioned about the reason for reclassification, Ms. Szubert explained that the IRS determined certain businesses were less profitable during the COVID years based on nationwide data. However, Ms. Szubert noted that Kiawah's situation was unique, as its beach never closed, and we experienced higher revenues during COVID.

Discussing the implications of the revenue reduction and the potential options, Ms. Szubert mentioned they could change rates only for affected classes, but cautioned that this might appear to be directed at the businesses the IRS deemed less profitable. Alternatively, rates could be changed across the board, such as leaving the base rate unchanged while increasing the incremental charge from \$1.95 to \$2.00, which would bring in approximately \$100,000 in additional revenue.

***Council Member Spencer made a motion to recommend to the Town Council that it approve staff's recommendation to implement the required classification changes while maintaining the current rate structure. Mayor Belt seconded the motion.***

Mayor Belt stated that Chairman Farrell had some concerns about the staff's recommendation regarding the current and potential future reduction in business license revenues if there is no adjustment in the rates. He felt comfortable moving forward with the recommendation to the Council because the classification change needs to be approved before the end of the year. Still, at second reading, the Council could revisit the rates.

Committee Members engaged in an in-depth discussion of the classification changes. Ms. Szubert noted that while the classification change would result in lower fees for short-term rental companies and property owners, the reduction per business would be minimal, averaging about \$30 based on typical gross receipts.

***Following the discussion, the motion was unanimously approved.***

**B. To Consider Approval of the Contract of Caplea Coe/H3 as Architect of Record for the Design**

Mayor Belt noted that this item was not ready for consideration as contract negotiations with Caplea Coe had not been completed.

***Council Member Spencer made a motion to amend the agenda to remove Approval of the Contract of Caplea Coe/H3 from new business. Mayor Belt seconded the motion, and it was unanimously approved.***

**VII. Chairman's Report:**

None

**VIII. Treasurer's Report:**

**A. Monthly Budget Report**

Ms. Szubert presented the Town's Balance Sheet as of September 30, 2025, and the Budget to Actual Report for the first three months of the fiscal year. The Budget-to-Actual Report is compiled on a cash basis, with all funds consolidated.

As of September 30, 2025, the Town's governmental funds combined have an ending fund balance of \$49.5 million, reflecting an increase of \$1.9 million from June 30, 2025. The total fund balance consists of:

- Unassigned Fund Balance (available for discretionary spending): \$29.1 million (59%)
- Capital and Emergency Reserves: \$11 million (22%)
- Restricted for Tourism-Related Funding: \$9.4 million (19%)

Overall, for the first three months, the Town’s consolidated revenues totaled \$4.3 million, an increase of \$726,000, or 20% compared to the same period in FY2025. This amount represents 24% of the total budgeted revenues for the current year. Revenues are performing in line with expectations. Both business license and building permit revenues show positive variances compared to the same period last year. Higher permit fees primarily drive the increase in building permit revenues. The growth of business license revenues reflects the Finance department’s ongoing efforts to improve licensing compliance.

At 25% of the fiscal year elapsed, total expenditures stand at \$2.4 million, \$46,000, or 2%, higher than the same period in FY2025. This amount represents 16% of the current year's budget. Overall, expenditures remain consistent with both the approved budget and prior year spending patterns. The only notable exception was approximately \$250,000 for flooding, which was covered by insurance with a \$3,000 deductible. Ms. Szubert reported receiving confirmation that insurance reimbursement was in process.

Mayor Belt commented on the extraordinary level of reserves for a municipality of Kiawah's size, noting that municipalities typically do not maintain such substantial fund balances. He suggested a more creative, proactive approach to the balance sheet by strategically investing in goods, services, infrastructure, and amenities that benefit the community, while maintaining sufficient reserves for catastrophic events.

Ms. Szubert mentioned that the financial audit was complete and would be presented at today’s Town Council meeting. The internal control audit was still being finalized and would be presented in December or January.

**IX. Citizens’ Comments:**

There were no citizen comments.


**X. Committee Member’s Comments:**

Committee Member Spencer reminded everyone that it was Election Day and encouraged all listeners to vote, despite the election being uncontested.

**XI. Adjournment:**

*Mayor Belt adjourned the meeting at 10:30 am.*

Submitted by,

  
 Petra S. Reynolds, Town Clerk

12-3-2025  
 Date