# 2025 – 2026 LEGISLATIVE SESSION
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## Special Section: General Governance

# 2025 – 2026 Legislative Session
## Brings New Advocacy Initiatives for Cities and Towns
### The 126th General Assembly convenes in January to begin a new two-year session in Columbia.

**M**any new faces will join veteran members in the House and Senate. Following November's elections, 19 new representatives and 13 new senators are joining the returning members for the new legislative session. New committee and subcommittee chairpersons will join leadership to set the tone for the upcoming several months and determine what new laws need to be passed and what current laws need to be updated.

Since this is the beginning of a two-year session, bills that are not passed by May will still be active for the 2026 legislative session.

## New legislative tracking system

The Municipal Association of SC debuted a new legislative tracking system that is initially tracking those bills that House and Senate members in November and December.

By changing from the outdated software that has served Municipal Association members for more than 15 years, local officials have access to more information on each bill and easier search features. The new tracking system is located on the Association's website at www.masc.sc (keyword: legislative tracking).

## Advocacy Initiatives process

In September and October, local elected officials had several different opportunities to share ideas and solutions with Municipal Association staff. Instead of Regional Advocacy Meetings this year, the Association hosted an Advocacy Initiative Building Day in Columbia. Officials had the choice of two sessions to attend and share problems, solutions and ideas for statewide legislation to help cities and towns provide more resources for residents, visitors and businesses.

In addition to the two in-person sessions, local elected officials and staff received a survey to share their thoughts about legislative priorities and communication. Association staff also compiled information from meetings taking place with legislators about bills that are already being drafted.

The Association staff took all of the ideas from the in-person sessions and the survey and compiled a list of the most mentioned suggestions. The Association's legislative committee and board of directors met in October and adopted the Advocacy Initiatives for 2025 – 2026.

## Advocacy Initiatives

The Municipal Association board of directors adopted 12 Advocacy Initiatives for the 2025 – 2026 legislative session. Several of those initiatives are highlighted here. The rest can be found on the Municipal Association's website.

- **Allow cities and towns with no property tax millage to impose a millage with certain limitations.**

  Millage is the property tax rate cities and towns use to generate revenue for emergency services, police departments, infrastructure, parks and community programs. This legislation would clarify that cities and towns without an operating millage may impose a millage within certain limitations.

- **Protect the authority of cities and towns to regulate short-term rentals within municipal boundaries.**

  Local leaders, working with residents, neighborhoods and businesses, know best how to regulate and manage the challenges presented by short-term rentals. A one-size-fits-all statewide approach to managing short-term rentals in diverse South Carolina cities and towns is not the solution. Regulation of these properties is critical for public health and safety, as well as revenue generation for local governments and the general viability of neighborhoods.

- **Support efforts to help solve the liquor liability insurance burden on small businesses.**

  The rising cost of liquor liability insurance in South Carolina is negatively impacting small businesses and forcing businesses to close. Locally owned restaurants are a vital part of cities, offering residents a place to gather, and serving as destinations for visitors. A statewide solution is required to fix this ongoing problem for cities and towns statewide.

- **Support legislation that allows retirees to return to work with no earnings cap.**

  Allowing retirees to return to work without an earrings cap on their retirement system benefits would help local law enforcement agencies by helping to reduce the burden of not being fully staffed. There are tremendous benefits in allowing retirees to return to work because of the collective experience and institutional knowledge they provide for less experienced officers.

  For a full list of the new Advocacy Initiatives, visit www.masc.sc (keyword: advocacy). During the session, subscribe to the weekly legislative email *From the Dome to Your Home* and listen to the *From the Dome to Your Home* podcast for more updates. Both are available through the website (keyword: Dome).

# NEWS BRIEFS

The SC Business Licensing Officials Association elected its 2025 board of directors, including President **Cynthia Oliver,** City of Hardeeville; Vice President **Kathy Teague,** City of Union; Secretary/Treasurer **Teresa Eaton,** City of Florence; at-large members **Andrew Ridout,** City of Aiken; **Angie Wilson,** City of Anderson; and Past President **Joy Krutek,** Dorchester County.

The SC Municipal Finance Officers, Clerks and Treasurers Association elected its 2025 board of directors, including President **Erika D. Moore Hammond,** City of Columbia; Vice President **Laura Snelling,** City of Abbeville; Secretary/Treasurer **Amber Barnes,** Town of Pendleton; directors **Bert O'Rear,** Town of Olar; **Paula Payton,** Town of West Pelzer; **Shannon Bowers,** Town of Chapin; **Laura Culler,** Town of Winnsboro; and Past President **Patricia Brown,** City of Marion.

Members of the Municipal Technology Association of SC elected their 2025 board of directors. They include President **Jim Ridgill,** City of Greer; First Vice President **Leo Larkin,** Town of Summerville; Second Vice President **Travis Simpson,** Laurens Commission of Public Works; Members at Large **Alicia Domina,** City of Goose Creek; **Noah Vega,** City of Clinton; **Robert Popenhagen,** City of Aiken; and Past President **Jason Nixon,** City of Anderson.

**Shannon Bowers,** municipal clerk for the Town of Chapin; and **Janice Miller,** records manager for the City of Rock Hill, received the Certified Municipal Clerk designation from the International Institute of Municipal Clerks.

**Randie Marie Evans,** business license inspector for the City of Florence, received the Master in Business Licensing designation through the SC Business Licensing Officials Association.

# Build Connections With Legislators
## Before and After Hometown Legislative Action Day

**Municipal Association of South Carolina**

Coming on Tuesday, January 21, 2025, the Municipal Association of SC Hometown Legislative Action Day will take place sooner than its usual February date. It will also come just days after the first year of the two-year session begins on January 14.

HLAD provides an important time for city and town officials to connect with the state representatives and senators who serve their municipalities, either during the visit to the State House or the legislative reception. The 2025 HLAD will feature a session with the Municipal Association's legislative team sharing tips on how to build a productive working relationship with a local delegation. It's far from the only time that mayors and councilmembers should reach out to their delegation, however — they should maintain ongoing contact throughout not only the session, but also throughout the entire year.

Here are some key points to consider when keeping the advocacy channels open:

### Build the relationship long before asking for anything.

While municipal officials and their legislators represent some of the same people, it's important for municipal leaders not to assume that legislators have extensive knowledge of everything happening in their city. They should take the time to provide periodic updates about city projects, strategies and challenges. This can help the delegation better understand the city council's decisions, can also help them identify possible funding opportunities or other resources. Follow up on meetings with additional information and thanks as quickly as possible.

### Involve the delegation in hometown activities.

Invite legislators to council meetings where they can report on their State House priorities and learn about the council's work, but also be sure to invite them to ribbon cuttings and other special events.

### Thank legislators personally and publicly.

When legislators do something helpful for the city, be sure to drop them a note of thanks, but also thank them publicly through the city's regular communication channels, and invite them to council meetings to thank them personally.

### Stay on top of the issues at the General Assembly that matter most to the city.

The Association's *From the Dome to Your Home* legislative report and podcast, found at www.masc.sc (keyword: Dome) provides a critical source of information about legislative action throughout the session. Beyond following along, the reports can help officials understand the legislative process, and help them to provide accurate and consistent messages to their legislators at the right moment in time.

*Find the full agenda and details for Hometown Legislative Action Day at www.masc.sc (keyword: HLAD).*

## Apply for a 2025 Achievement Award by February 5

The Municipal Association of SC Achievement Awards exist to recognize innovative projects in city and town governments, share these projects with other municipalities and demonstrate the value of South Carolina's cities and towns. The time is approaching for submissions once again.

Each submission requires a completed application along with supporting material and three photos, and a signature from the mayor.

### Key dates

- **February 5:** Submission deadline.
- **February 24 or 25:** Cities competing in subject categories will have an oral presentation time assigned on one of these dates.
- **July 18:** Award winners will be recognized during the Association's 2025 Annual Meeting.

### Award categories

Municipalities with populations of 20,000 or fewer can compete in a population category or a subject category. There are four population categories:

- 1 – 1,000
- 1,001 – 5,000
- 5,001 – 10,000
- 10,001 – 20,000

Municipalities with populations greater than 20,000 can compete in a subject category only:

- Communications
- Economic Development
- Public Safety
- Public Service
- Public Works

*For more information and the awards application, visit www.masc.sc (keyword: achievement awards).*

# 12 Cities and Towns Receive 2024 Hometown Economic Development Grants

The Municipal Association of South Carolina has awarded Hometown Economic Development Grants powered by VC3 to 12 cities and towns for the 2024 grant cycle.

Available in amounts of up to $25,000 each, the grants fund economic development projects that will have positive effects on a municipality's quality of life, can be maintained over time and illustrate innovative practices that can be replicated in other cities. The grants have matching requirements of either funds or in-kind contributions ranging from 5% to 15%, depending on the municipality's population.

Here are the recipients in the 2024 cycle:

### City of Belton – Pickleball Public Restroom Conversion

Looking to take advantage of the explosive growth of pickleball's popularity, Belton plans to renovate an old softball field adjacent to its downtown into a pickleball facility with six courts. It will renovate an existing concession stand into an accessible restroom facility, along with shaded benches for players and spectators.

### City of Fountain Inn – Trade Street Plaza

Trade Street is a small alley connecting Fountain Inn's Main Street to its Commerce Park. The city plans to utilize grant funding to install new lighting, outdoor seating and a colorful outdoor art gallery to entice pedestrians visiting the adjoining restaurants and retail stores to spend more time downtown.

### Town of Greeleyville – Town Centre Pocket Park Revitalization

After completing a Community Development Block Grant project for significant streetscape improvements in 2024, Greeleyville turned its sights on renovating a pocket park it owns downtown. It will combine new grant funds with funding already received from the SC Department of Parks, Recreation & Tourism, the SC Department of Commerce, Duke Energy and the Williamsburg Hometown Chamber to install state-of-the-art passive and active recreation equipment, a new play surface and a picnic shelter to drive activity and traffic into the downtown.

### City of Greenwood – Conversion of Dilapidated Retail Space Into Destination Center

Uptown Greenwood, which serves as Greenwood's Main Street America program, needs a new home. The city will use grant funding to renovate an existing storefront to create a permanent home and "destination center" for Uptown Greenwood and Discover Greenwood. The space will provide hospitality training for local businesses, serve as the headquarters for local tours, and provide a venue for family events.

### City of Hanahan – Town Center Storefront Revitalization Fund

Hanahan is determined to become a catalyst for commercial investment in its downtown. It will use grant money to fund a Town Center Storefront Revitalization Fund, whereby local businesses can apply for facade grants to improve the exterior of their buildings. The program will require a 50% match from the local business, promoting buy-in from the city's business community.

### Town of Honea Path – Facade Flair: Enhancing Storefronts, Revitalizing Downtown Charm

After recovering from the COVID-19 pandemic, downtown Honea Path is starting to take off again. The town is partnering with the local nonprofit Empower Honea Path on a facade grant program aimed at small changes across a wide range of properties. Focusing on "mini grants" of $800 to $2500, the project will use an architect trained in community design to create a cohesive, charming look for downtown Honea Path.

### Town of Johnston – The Johnston Arts and Cultural Center

Last year, Johnston renovated a warehouse to house the popular Old Edgefield District Genealogical Society to generate activity and visits downtown. To build on that investment, the town will use grant funds to renovate an identical downtown warehouse to house an Arts and Cultural Center, which will include space for local artists and meeting space for local groups and town events.

### Town of Kershaw – "Little" Library's BIG Impact

Kershaw's first library, known as the "Little Library," is owned by the town and leased to the Chamber of Commerce. The town will combine grant funding with funding from the Chamber and the SC Energy Office to renovate the interior and exterior of the building, allowing volunteers to welcome visitors to the town, share information about the town's history and host local events.

### Town of Lexington – Finding Lexington's Identity

Lexington has grown from what was once a bedroom community into a thriving employment and entertainment destination. Now a municipality with cultural and generational diversity, Lexington will use grant funds to engage a branding consultant, host community meetings and help shape the town's new identity. The new brand will reflect Lexington's vibrant reputation and community values.

### City of North Augusta – Follow the Signs: Explore North Augusta's Vibrant Downtown

North Augusta already has a thriving downtown, but connecting it to parks, historic sites and recreation facilities has been a challenge. This project will install a network of well-designed, strategically placed wayfinding signs that will direct visitors to all that the city has to offer. The city will use the grant funds to enhance the visitor experience, increase foot traffic to local businesses and restaurants, and further cement North Augusta's identity as a place with a bustling downtown.

### Town of Olanta – Olanta Emporium: A Multi-purpose Community Market

Olanta wants residents to be able to stay in town to shop for items like clothing, fresh produce and gifts. To stop retail leakage, the town will use grant funding to renovate a 1,200-square-foot building downtown to host tenants in a multipurpose market, The Olanta Emporium. After listening to resident feedback, the town plans to target a coffee shop, a nail salon and a produce market to fill the first round of available retail space.

### City of West Columbia – West Columbia Overlay Plan Development

U.S. Highway 1 and Botanical Parkway are two of West Columbia's most important economic development corridors. To enhance them, the city will hire a planning firm to develop comprehensive overlay district guidelines, ensuring that future development along the corridors meets the expectations of the city and its stakeholders.

*The Municipal Association launched the Hometown Economic Development Grants in 2016 and has awarded grants each year since then. Learn more about past winners at www.masc.sc (keyword: hometown grant).*

# Risk Management Institute Recognizes 10 Graduates

The SC Municipal Insurance Trust and SC Municipal Insurance and Risk Financing Fund recognized 10 new graduates of the Risk Management Institute as well as six Risk Management Services award winners during the RMS Annual Members Meeting in November.

SCMIT provides self-funded workers' compensation coverage to its member cities, while SCMIRF provides all lines of property and casualty coverage, including tort liability and automobile coverage for its members. The Municipal Association of SC sponsors both programs.

The Risk Management Institute serves as a continuing education program for municipal staff who have risk management responsibilities and work for cities and towns that are SCMIT and SCMIRF members.

**Here are the new graduates:**

- **Joy Belton-Robinson,** HR generalist III, City of Hartsville
- **Mary Bradley,** human resources generalist, City of North Augusta
- **Keith Choate,** risk manager, City of Greer
- **Bruce Fallon,** safety coordinator, Greer CPW
- **Sara Herring,** solid waste administrator, City of Aiken
- **Randall Human,** lieutenant, City of Anderson
- **Kimberly Jones,** human resource director, City of Hartsville
- **Torrun Mance,** human resource specialist, City of Manning
- **Christine McKaba,** town administrator, Town of Reidville
- **Sam Woodward,** police chief, City of Hardeeville

The annual RMS Awards recognize those SCMIT and SCMIRF members who keep employees safe and reduce their total costs. RMS determines the winners using each member's record of loss experience over the previous three years.

There are three winners each for SCMIT and SCMIRF, based on population divisions. The award winners receive a plaque and a $2,500 award. The 2024 winners for SCMIT are the **City of Manning**, the **City of North Augusta** and the **Town of Timmonsville.** The 2024 SCMIRF winners are the **Town of Jefferson,** the **Town of Ridgeland** and the **City of Walterboro.**

*Learn more about these programs at www.masc.sc (keywords: RMS).*

# Bustling Downtowns Need Well-managed Parking



*The paid parking spots at the end of 8th Ave. N. provide immediate access to the Myrtle Beach Boardwalk and Promenade. Photo: City of Myrtle Beach.*

With South Carolina being one of the fastest growing states in the nation in 2023, according to the U.S. Census Bureau, cities and towns across the state are implementing both tried-and-true and out-of-the-box strategies to managing public parking in their downtown business districts.

Myrtle Beach, Fountain Inn and Spartanburg are among those working to determine how to best allow for parking availability where it is needed most.

"We've got a wide mix across the city," said Brian Schmitt, downtown research and development associate for the City of Myrtle Beach.

The city employs paid, free and permit parking among its 2,608 parking spaces.

"Any area of the right-of-way that we manage [and where] we have the space is paid parking year-round," he said, adding that the spaces are also enforced by a team of 17 full-time staffers, with 10 seasonal workers.

"We run a front office that services all of the visitors and residents with the different types of decals that we offer. We do have a lot of golf cart spaces in the city that we manage and enforce the same way," he said.

The city allows residents and non-residents to register their vehicles, including golf carts, for a decal that provides free parking anywhere in the city. Annual passes are also an option.

"When we look at golf carts in 2021, just for non-residents, we issued 166; in 2022 we issued 177, and then that jumped in 2023, when we issued 336," Schmitt said.

Numbers on the residents' side are generally the same, he said.

Myrtle Beach offers paid parking for $2 an hour, or $10 all day, except for beach accesses, where the charge is $3 per hour or $15 all day.

The city has multiple ways to pay by coin or credit card, including by using Text-2-Park and the ParkMobile app. Schmitt said there are 1,370 coin-operated meters citywide, and 200 "smart" meters that take credit cards. On top of this, Text-2-Park and ParkMobile app payments are available at any parking space. Lastly, 32 pay stations are available at the beach access points.

"All of 2023 season, 15% [of parking revenue] was cash, 29% was credit, and 57% was ParkMobile and text," said Schmitt. "If we look over the last seven years or so, that hasn't really changed — people are still using credit cards, but nobody is using cash anymore," he said. "We're probably going to do 23% less in our coin [meters] this year."

In the Upstate, the City of Fountain Inn has employed parking management efforts such as auditing its existing parking inventory — it has no paid parking spots — for possible improvements, working with businesses and property owners, and improving wayfinding with proper signage to guide people to available spaces.

"We heard from the businesses downtown that parking is an issue. We did an audit on public parking spaces available and we've got a little over 500 in our downtown area," said Martin Lane, director of community relations.

Lane said the redesign of the parking spaces off of McKnight Street netted 15 additional parking spaces.

"We also are looking at other opportunities — we've got a building downtown, the old Fountain Inn Natural Gas property," he said, sharing that the city plans to repave that area, adding 61 more parking spaces.

"What we find is that we have lots of parking. You may have to walk a block to get some of these parking spaces, so, what we're trying to work with downtown businesses on is to encourage them to have their employees park in the parking lots that may not be right there at the businesses [and] to leave those parking spaces for the people who are visiting our area," he said.

The city is redesigning South Main Street and will add parking spaces — and that's not all.

"City council [has] for years [pushed] for residents to utilize golf carts downtown, and we've never had any

*Spartanburg's Magnolia Street Parking Garage, just off Morgan Square, is home to 554 parking spaces. Photo: City of Spartanburg.*

dedicated golf cart parking spaces, so, just a few months ago, we were able to add 15 new golf carts parking spaces, dedicated just for golf carts, and we were able to do that without eliminating other parking spaces for larger vehicles," he said.

"One [strategy] is to work with private business owners — even though we do have 500 public parking spaces — we probably have at least that many that would be considered private parking spaces. Now they're not gated parking spaces, people use them as public, but we don't own them, we don't control them, but working with those property owners to identify spaces that could be used as public parking spaces," Lane said.

In nearby Spartanburg, a combination of parking decks with cashless kiosks and surface lots are servicing the city's over 2,700 spaces.

"Earlier this year, we launched our automated system for our parking garages," said Communications Manager Christopher George. "The first time we have taken this step as our downtown is rapidly developing — and we're going to be looking to increase our parking supply by building some more parking decks. We thought it would be a good time to go ahead and modernize our approach to those parking decks and managing them and to bring us into alignment with other peer cities."

George said that the city will lose its largest surface lot at the old City Hall location. A new mixed-use redevelopment of the site will include city and county offices and will make way for a new parking deck that will hold a minimum of 600 spaces, although the exact number has yet to be finalized.

Kiosks at the parking garages have been well received.

"It's been good — initially, it took some getting used to for folks who used the garages regularly and were used to interacting with the attendant, but we've kept some folks around to help our regular users navigate that process and transition, and that's been really helpful. Now, several months on, it goes very smoothly. We're not having nearly as many issues anymore with folks not familiar with how the system works. I think emphasizing that education period in the very beginning was helpful for us," George said.

The education component played a factor in the success of the automated system. George said his office rolled out a robust social media campaign leading up to the changes and put out a press release which garnered media coverage. Signage was also utilized to announce that the garages were now cashless.

"That transition towards having some street parking, and then parking decks as opposed to street parking plus surface lots, it's just been a natural progression for us," he said.

Diversifying tactics to managing parking in downtown business districts requires inspection of current availability and future planning for growth and development. Municipalities are working with businesses and property owners to forge partnerships with hopes to facilitate greater parking options for residents, and to alleviate spaces for those visiting the downtown.

## Parking Payment Methods Among SC cities

Those SC cities that reported having a municipal pay-to-park program indicated they use these payment methods:

**Mobile app:  80%**

**Monthly or annual parking space rental: 40%**

**Metered parking (coins or other): 60%**

**Gated/ticketed parking (cash, credit card, contactless payments): 40%**

**Sale of parking permits: 40%**

*Source: October 2024 survey of South Carolina municipalities.*


*Fountain Inn's downtown has no paid parking, and has more than 500 spaces, with more on the way. Photo: City of Fountain Inn.*

# Planning and Collaboration Make House Demolitions Work

Cities may have any of several reasons to pursue demolition of vacant houses that are decayed past the point of repair. It eliminates a fire hazard and a potential crime location, and it can help property values in the area. Demolitions come with challenges, however, both for funding and legal processes in some cases.

Several officials at the Fall Meeting of the SC Community Development Association discussed the procedures and opportunities involved, beginning with Municipal Association of SC General Counsel Eric Shytle. He distinguished between an involuntary demolition, occurring without a property owner's cooperation, and a voluntary process.

Several provisions of state law can allow a municipality to pursue involuntary demolitions. SC Code Section 5-7-80 allows local ordinances requiring that "the owner of any lot or property in the municipality shall keep such lot or property clean and free of rubbish, debris and other unhealthy and unsightly material or conditions which constitute a public nuisance." Section 31-15-10 authorizes municipalities to demolish "dwellings which are unfit for human habitation."

With involuntary demolition, cities must notify owners and give them an opportunity to communicate with the city about a potential demolition.

"Your local ordinance needs to address due process. I think the hardest part about this is that sometimes you can't get ahold of the owners, particularly if it's heirs' property," Shytle said. "It's tempting to just look at the tax records to see who owns the structure, and the property tax records are often going to lead you astray. You need to do a title search before you tear the house down."

With legal challenges and the difficulty of recovering expenses, Shytle said, it's much more efficient to seek voluntary demolitions, but this brings the challenges of persuading owners to participate and finding funding.

One funding method is the Community Development Block Grant program of the SC Department of Commerce, aimed at addressing the needs of low- and moderate-income individuals and available to local governments. In the 2024 program year, $7.1 million was available for community enrichment, the category covering demolitions, said Stefanie Smith Dewort, CDBG grants manager for the SC Department of Commerce.

These funds can be used for demolition of large structures, if owned by the local government. For residential demolition, she said, structures do not have to be owned by the local government, and do not require liens in all cases.

"The majority will be voluntary, and then most likely will have one or two units that you do have to use your [demolition] ordinance for," she said. "Liens are required by us for neighborhood demolition projects if the total cost of the demolition is more than $10,000 per property or property owner."

She also noted that entities applying for CDBG funds should budget for title searches, asbestos testing and air monitoring.

The City of Hartsville's Residential Demolition Assistance Program, a collaboration with the nonprofit Hartsville Community Development Foundation, has helped persuade owners to demolish houses since 2013, as outlined by Hartsville Codes & Licensing Officer Christopher Morgan.

The program identifies candidate properties and contacts owners about them. Applicants contribute amounts of $500 to $1,000 toward the demolition, with the program providing the remaining funds. The owner retains ownership of the newly vacant lot. Morgan stressed the importance of being sensitive to the challenges faced by communities where demolition happens, and the fear of losing ownership.

"It's important that you don't have a 'take' mentality, but a 'give' mentality," he said.

Having the owner participate in the demolition financially makes a critical difference as well.

Morgan asked which sounded better — "'the city demolished this house,' or 'I demolished my property.' It's a big difference."

# Business Licensing Standardization Requires Ongoing Ordinances

The Business License Tax Standardization Act of 2020, or Act 176, established an ongoing process that cities and towns in South Carolina must maintain to keep their business licensing practices compliant with state law.
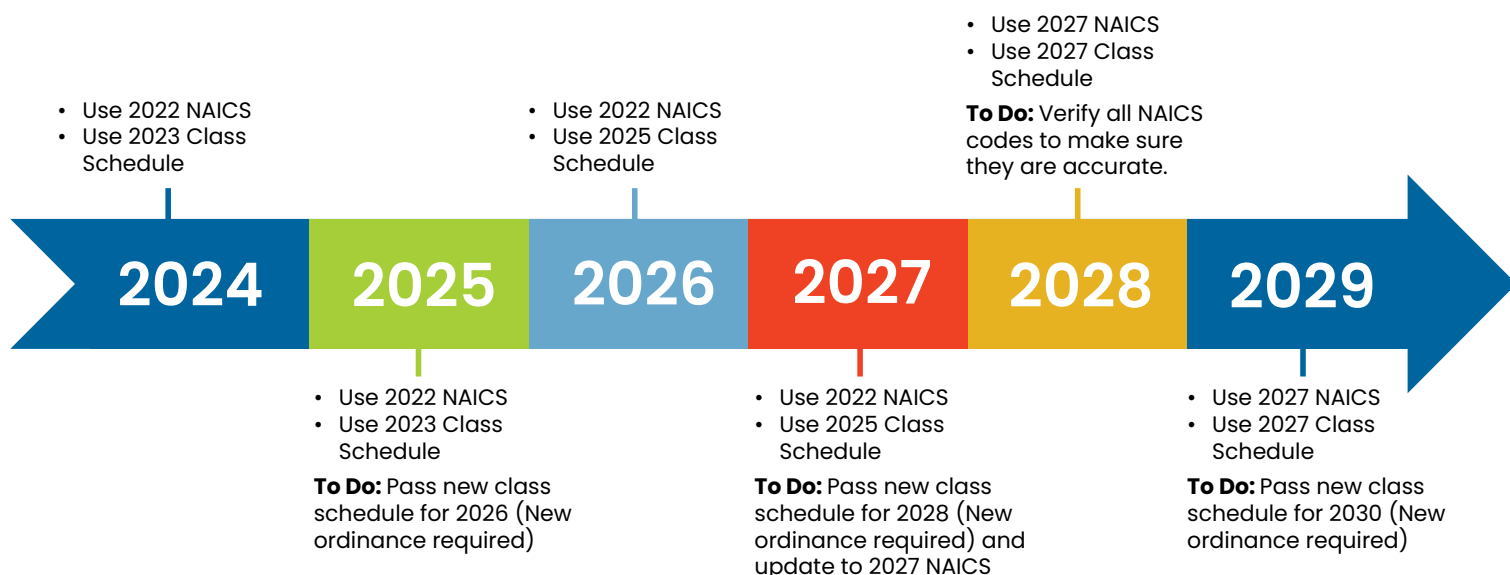
The ongoing requirements involve cities updating their class schedules every odd-numbered year to comply with the most recent statistical profitability data from the Internal Revenue Service and for cities to use the most current North American Industry Classification System codes, also known as NAICS codes.

## Updating the class schedule and NAICS codes

Act 176 requires jurisdictions with business licenses to use a standard class schedule for categorizing businesses accurately. A standardized class schedule promotes clarity by providing businesses with an understanding of their licensing requirements based on their specific business activity.

The Municipal Association of SC provides a sample ordinance for every update. Municipalities must adopt this class schedule by ordinance every two years, with the next update required by December 31, 2025. This class schedule will be used for the business licensing year running from May 1, 2026, to April 30, 2027, as well as the license year running from May 1, 2027 to April 30, 2028. Once completed, cities and towns will not need to complete this process again until December 2027.

The U.S. Office of Management and Budget updates NAICS codes every five years to keep the classification system current with economic changes, and released the most recent NAICS codes in 2022. The next update will be released in 2027 to be used beginning with the May 1, 2028, to April 30, 2029, business license year. The update to the NAICS code does not require an ordinance or approval by council.

**2024**
- Use 2022 NAICS
- Use 2023 Class Schedule

**2025**
- Use 2022 NAICS
- Use 2023 Class Schedule

**To Do:** Pass new class schedule for 2026 (New ordinance required)

**2026**
- Use 2022 NAICS
- Use 2025 Class Schedule

**2027**
- Use 2027 NAICS
- Use 2027 Class Schedule

**To Do:** Verify all NAICS codes to make sure they are accurate.

- Use 2022 NAICS
- Use 2025 Class Schedule

**To Do:** Pass new class schedule for 2028 (New ordinance required) and update to 2027 NAICS

**2028**

**2029**
- Use 2027 NAICS
- Use 2027 Class Schedule

**To Do:** Pass new class schedule for 2030 (New ordinance required)

## Keep up with business licensing issues

The Municipal Association of SC offers "Business Licensing Essentials," a quarterly virtual session for business license officials to learn about difficult licensing topics. Find future dates and topics at www.masc.sc (keywords: business licensing essentials).

The Association also offers membership in the SC Business Licensing Officials Association, which offers its members training in administering and enforcing local business license taxes. BLOA members may earn an Accreditation in Business Licensing and a Master in Business Licensing, and BLOA offers a listserve for members to ask questions and provide insight. Learn more at www.masc.sc (keyword: BLOA).

# New Year, New Required Financial and Ethics Reporting

**2025**

The early months of a new year bring several critical state reporting requirements for municipalities and municipal officials.

## Audit

Depending on when a city's fiscal year begins, audit reporting may or may not be a beginning-of-year issue. SC Code Section 5-7-240 requires all municipalities to submit a financial audit to the Office of the State Treasurer within 13 months of the end of that municipality's fiscal year.

An audit must include all financial records and transactions of the municipality and any agency funded in whole by the municipality, plus a report that includes the recording, collection and distribution of applicable court fines.

For municipalities with fiscal year beginning January 1, the 13-month requirement means that the audit for FY 2023 is due by February 1, 2025. For a fiscal year beginning July 1, the audit for FY 2022-2023 will be due August 1, 2025.

Any municipality missing its audit submission deadline may have all of its state payments — including 100% of Local Government Fund dollars — withheld by the State Treasurer's office until the audit is received. The State Treasurer posts a list of municipal delinquent audits at www.treasurer.sc.gov.

Act 71, passed in 2023, allows cities and towns with less than $500,000 in total recurring revenues the option of providing a compilation of financial statements instead of a full audit. Municipalities with a court system must submit this annually, and those without a court system must submit them once every three years. They should follow the same rule of submitting them within 13 months of the end of the fiscal year.

## Local Government Finance Report

Cities and towns must also submit the Local Government Finance Report to the SC Department of Revenue and Fiscal Affairs, due by March 15. The online report is available through www.rfa.sc.gov. Municipalities that do not submit this report on time face the penalty of losing 10% of the municipality's share of the Local Government Fund, according to SC Code Section 6-1-50.

## Statement of Economic Interest

Under SC Code Section 8-13-1110, public officials must use the State Ethic Commission's Statement of Economic Interest forms to report their income as well as any economic interest in real, personal or business property. They must report income through these forms even if their public service is unpaid.

The law defines an economic interest as "an interest distinct from that of the general public in a purchase, sale, lease, contract, option, or other transaction or arrangement involving property or services in which a public official, public member, or public employee may gain an economic benefit."

The economic interests that officials must disclose on the forms include their own business dealings and property, but also those of immediate family members as well.

The State Ethics Commission maintains a full list of all types of public officials subject to the SEI requirement, as well as the circumstances under which they must make a disclosure, on its website, www.ethics.sc.gov. The forms are due by electronic filing by noon on March 30.

The fines that can be charged to the individual official, not the municipality, for overdue SEI submissions can be substantial. Once the forms become overdue, fines for not filing them can start increasing daily until they hit maximum amounts.

## Key Dates

- **February 1:** Audits due for cities with fiscal year beginning January 1

- **March 15:** Local Government Finance Report due

- **March 30 at noon:** Statements of Economic Interest due

- **August 1:** Audits due for cities with fiscal year beginning July 1

# Capital Projects Directors Manage Funding, Logistics and Time



*In Aiken, the Cuthbert Stream restoration project made use of an SC Rural Infrastructure Authority grant and the capital project sales tax. Photo: City of Aiken.*

A city's capital project director or manager wears many hats. The role includes responsibility for budgeting, planning and construction management — and the list often goes on from there.

Ask Dani Fox, the capital projects manager in Aiken, whose job includes oversight and management of major capital projects for the city.

Fox spent more than 20 years in the construction industry, and said she was prepared for the role in Aiken through "a blend of technical education and hands-on experience."

"Project management in the public sector involves an understanding of project development, budgeting, funding, procurement, construction and project monitoring. You really need exposure and experience in all facets of local government to really excel in this role," she said. "While my education provided the foundation for the critical thinking and managing skills, completing projects hands-on and having great mentors over the years really prepared me for all of the project management roles I have held."

Fox says she has been lucky in her career to work on cutting-edge projects in everything from pavement rehabilitation and heavy civil infrastructure to water, sewer and stormwater projects as well as airport improvements.

"The project portfolio I have offers such a diversity of projects that I get to work on utility improvements, roadway improvements and expansion, smaller tenant improvements, park projects, technical studies and many more," she said.

In Aiken, she currently is managing the two phases of the Powderhouse Connector project, Shaw's Creek water treatment plant, the University Parkway widening, Northside sewer improvements, Centennial waterline improvements, and other small projects including the interior remodeling of a recreation center and an exterior park renovation.

Project funding is among the most complex aspects of her role, she said. Aiken's capital improvement program is funded through many sources including local funds, state and federal grants, bonds, loans and the capital project sales tax. Her involvement typically begins after the funding is awarded, and involves all of the project administration tasks involved in procurement, reporting on the project, coordination of consultants, payment and reimbursement and ultimately close-out of a project.

"The partnership of city staff and granting agencies is really how projects get effectively built and managed," Fox said. "I will say that the community's support of the county capital project sales and use tax is a tremendous benefit to the capital improvement program for the City of Aiken and allows for funding that maintains, replaces and constructs new infrastructure that the city and our community needs. So part of my success is really partnership and success in keeping the program funded through the tax measure."

In Greenville, Nick DePalma's job as assistant city engineer for capital improvement projects gives him the opportunity to work on roadway, bridge and traffic solutions throughout the city.

"I run a small division of the engineering department that handles every phase of the project from planning and budgeting to design and construction," he said. "In addition to working on
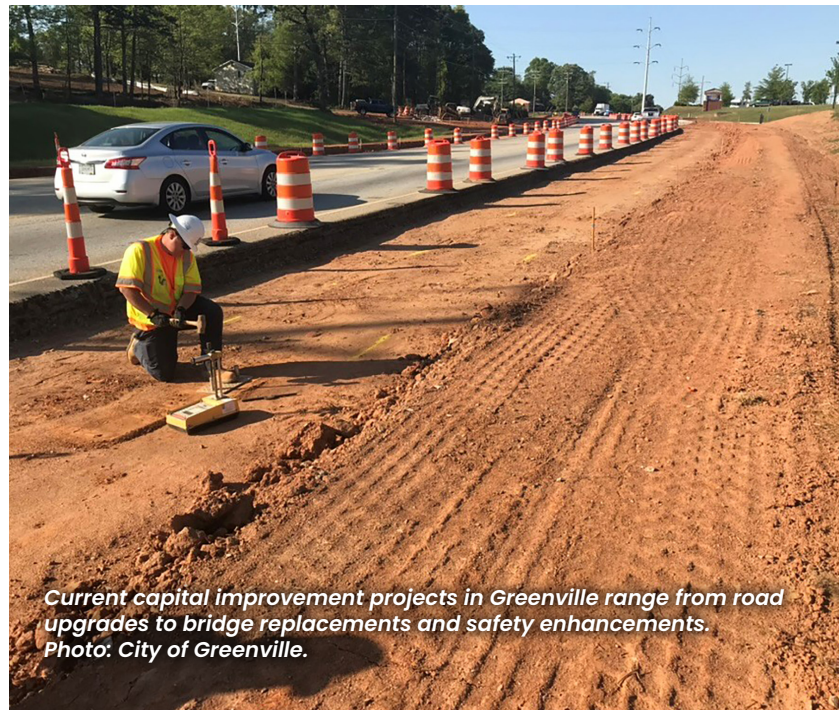


*Current capital improvement projects in Greenville range from road upgrades to bridge replacements and safety enhancements. Photo: City of Greenville.*

projects funded through city means, I also work to coordinate our efforts with other entities, such as [the SC Department of Transportation] and GPATS [the Greenville Pickens Area Transportation Study].”

Typically, his office serves as the main liaison between state transportation department staff and Greenville's communications team, ensuring projects are explained and coordinated with the public.

Currently, his team is working on several projects in various phases. For example, it is in the planning phase for a future Queen Street bridge replacement project, the design phase of the East North Gateway Safety Project, and the construction phase on the Cultural Corridor project. It's a position that requires a lot of juggling.

“I find that two of the most important skills are time management and adaptability. Many project managers will find themselves responsible for several things at once, so it is important to manage time wisely,” DePalma said. “Additionally, no project ever goes 100% according to plan. Being able to adapt to new information and a quick, sound decision-making process are critical to keeping projects on time and on budget.”

Jodie McMahon is the first capital improvement program director in Hardeeville, where she is responsible for the planning and management of a wide range of capital projects in a city where the population has exploded over the past decade.

While McMahon's background is in construction management, she went to school for architecture and also took some engineering classes. Those three areas helped form the skillset necessary for managing capital projects.

Hardeeville is completing an expansion and renovation of the police department, which is now home to the largest evidence vault in the area, along with a classroom for training, a breakroom, new garage and a renovated detectives' office. The city has also added a new nature walk adjacent to the park complex.

“That project turned out great. People love it and they use it all the time. It's for tourism, but also for mental health awareness. People can go back there and get away from the city,” she said, adding that a second phase will expand the trail to connect to a nearby K-12 school.

“The things I'm most proud of are making a difference in the community for citizens and staff of Hardeeville,” McMahon said. “Any time you put in a building project that impacts how people live, eat or work, that's a prideful moment to see people enjoying and taking pride in our community.”

She also managed development and construction of the Prosper Parkway. The road, which opened in May 2024, is the first road built by the city, and is expected to have a huge economic impact as it provides transportation and opportunities for new businesses in Commerce Park, she said.

Projects in the works include building three fire stations, parking and sidewalk projects, a splash pad, expansion to the city's playground, traffic signals and a joint police and fire department training facility. The city has also purchased a house to convert to workspace for city staff, and a memorial park for veterans and first responders.

“That park is going to be a showcase piece,” McMahon said. “It is beautifully designed and we are excited to get into construction on that.”

She said she enjoys the “in the field, boots on the ground” aspect of her job.

“It's constant change, every day. It's crisis management. It's being flexible. It's problem solving. You have to be an organized, flexible negotiator who can build relationships. I really like the staff I'm with. People here are committed to creating a beautiful city and helping the residents of Hardeeville. They're passionate about it.”

Her advice to other cities facing the “overwhelming task of prioritizing” capital improvement projects: “Don't sweat the small stuff. Tackle the things you have money for. Every single improvement is going to make a difference. I don't care if it's the smallest things, people start to notice when there's an investment in our city. They like the change. They like that it's moving forward. Everyone wants to feel pride and ownership in their city.”

McMahon's other piece of advice: “There's always a solution. If you have the right team in place that help one another, you'll find a way.”



*Hardeeville's slate of capital projects includes fire station construction as well as transportation and park upgrades. Photo: City of Hardeeville.*

# Three Forms of Municipal Government Have Key Differences

South Carolina state law, under SC Code Section 5-5-10, authorizes three forms of municipal government, and allows municipalities to choose one of them by referendum as their governance model.

The three forms all have some elements in common, especially the fact that all powers granted by the state to municipalities rest with the full city or town council, except as otherwise provided for specifically by law. The council is considered a legislative body and is the only entity within the municipality with the power to enact ordinances, adopt resolutions and establish policies. The council cannot delegate its legislative power.

The three forms have several differences, especially for administrative functions. A full summary of the differences as defined by South Carolina law can be found in the *Forms and Powers of Municipal Government* handbook, and the online, on-demand Municipal Elected Officials Institute of Government course "Forms of Municipal Government," both available at www.masc.sc (keyword: forms of government).

Here's an overview of some of the key differences:

| Council Form | Mayor–Council Form | Council–Manager Form |
|---|---|---|
| **Power of Mayor** | | |
| The mayor presides over meetings by tradition. | The mayor presides over meetings by law. | The mayor presides over meetings by tradition. |
| The mayor acts and votes as a member of council, and performs administrative duties only if authorized by council. The mayor has no additional statutory authority beyond other councilmembers. | The mayor acts and votes as a member of council. The mayor also acts as chief administrative officer, appointing and removing employees subject to personnel rules adopted by council, supervises departments, prepares budgets and capital programs for council, makes the annual financial report to the public and council, and reports on department operations to council. | The mayor acts and votes as a member of council, and has no additional statutory authority beyond other councilmembers. |
| All three forms: The mayor may call special meetings and designate temporary judges. | | |
| **Powers of Council** | | |
| Council has all legislative, policy and administrative power. | Council has all powers not otherwise provided for by law. | Council has all legislative and policy powers. |
| Council may hire an administrator to assist it, and may appoint an officer to administer departments subject to council direction. | Council may employ an administrator to assist the mayor. | Council employs the manager, and when needed appoints a temporary manager. |
| Council appoints the municipal clerk, attorney and judge. | Council appoints the municipal clerk, attorney and judge. | Council appoints the attorney and judge. |
| Council prepares and adopts a balanced budget. | Council adopts a balanced budget. | Council adopts a balanced budget. |
| All three forms: Council establishes departments and functions, investigates departments, elects the mayor pro tempore, and may call special meetings. | | |
| **Powers of Administrator or Manager** | | |
| If appointed, the administrator has only the authority delegated by council. | If appointed, the administrator has only the authority delegated by council. | The city or town manager is chief executive and head of the administrative branch. The manager appoints, sets salaries and removes employees at will, including the municipal clerk. The manager prepares and administers the annual budget, makes financial reports and advises council on departments and appointments. |

# Forecasting and Passing a Budget

The South Carolina Constitution, Article X, Section 7(b), requires municipalities to pass a balanced budget each year, with revenues equaling expenditures.

## Goal setting and preparation

Budget processes need a council and staff working together, but specifics vary based on the municipality's form of government. In the council-manager form, the manager is responsible for budget preparation, and in the mayor-council form, the mayor has this responsibility. Under the council form, the council has discretion for how it is prepared. In all forms, the council is ultimately responsible for setting and maintaining budget enforcement standards.

The council should set budgeting goals ahead of their fiscal year, considering major projects and initiatives, and guidelines for how staff can request a budget for their areas.

## Budget forecasting

Revenue comes from such sources as property taxes, business license taxes, franchise fees and permit fees, the state's Local Government Fund, and any local accommodations tax, hospitality tax or local option sales tax. In setting a budget, councils should study and adjust revenues and expenditures from the last several years.

As they evaluate revenue streams, it's important to distinguish between recurring and one-time sources. Recurring revenue like property taxes, business licenses, and utility fees supports consistent budgeting and planning.

However, one-time revenues like grants, past-due collections, insurance payouts, or permit fees because of temporary boosts from new developments require caution. Factors like fluctuating investment returns or the influence of weather events on water, sewer, natural gas and electric sales may impact revenue unpredictably.

For expenditures, the largest category is usually personnel, and other main types are operating and capital expenses. Possible increases to consider are health insurance premiums, state retirement contributions or utility rates.

## Utility fund transfers

If the municipality intends to transfer revenues from its enterprise or utility fund to its general fund, the budget should establish that those transfers are for expenses that have a legally sufficient connection, or nexus, to the utility fund, or are from surplus revenues that remain after providing for all expenses, contingencies and reserves required for the utility fund.

## Adjusting the millage cap or fees

Municipalities seeking to increase a property tax millage rate are constrained by Act 388 of 2006. They may increase millage for general operating purposes in one year by the previous calendar year's average consumer price index increase and the percentage increase in the municipality's previous year population as provided by the SC Revenue and Fiscal Affairs Office.

The law allows a "look-back" period of three years. Councils that did not impose the millage increase allowed by Act 388 during the previous three years may impose that increase in addition to their current-year allowance.

When imposing new fees, councils must provide notice of the new fee and have a public hearing before adopting the ordinance for it, and must disclose if the fee will fund a service previously funded by property taxes, according to SC Code Section 6-1-330.

## Adopting the budget

Councils must adopt their annual budget by ordinance using the number of readings specified by local code during public meetings.

Under SC Code Section 6-1-80, councils must conduct a public hearing on the budget, giving at least a 15-day public notice in a newspaper of general circulation in the area. The notice should follow the requirements of this section of law exactly, giving

- the name of the local government;
- the date, time and location of the hearing;
- total operating revenues and expenditures in the current-fiscal-year budget;
- the projected operating revenues and expenditures of next year's budget;
- the percentage change;
- the millage for the current fiscal year; and
- the estimated millage in dollars as necessary for next year's budget.

*Learn about the budget process in the* Handbook for Municipal Officials *in South Carolina, found at www.masc.sc (keyword: municipal officials handbook).*

# Calendar

*For a complete listing of the Association's training opportunities, visit www.masc.sc to view the calendar.*

## DECEMBER

**13 SC Municipal Attorneys Association Annual Meeting and Continuing Legal Education Seminar.** Hilton Columbia Center. Topics include standardizing business licensing practices, managing SC Freedom of Information Act requests and parliamentary procedure.

## 2025
## JANUARY

**8 Newly Elected Session - You've Been Elected, Now What?** Virtual.

**21 Hometown Legislative Action Day.** Columbia Metropolitan Convention Center, Columbia. For more information, see page 4.

**22 Municipal Elected Officials Institute of Government.** Columbia Metropolitan Convention Center, Columbia.

**29 – 31 Municipal Clerks and Treasurers Institute, Year 3, Session B Training.**

Cambria Hotel, Columbia. Topics include municipal law, records management, budgeting, negotiating and collaboration skills, as well as customer service.

## FEBRUARY

**5 Risk Management Services: SC Other Retirement Benefits Employer Trust Members Meeting.** Municipal Association of SC, Columbia.

**18 – 19 Municipal Court Administration Association 101 Session C.** Municipal Association of SC, Columbia. Topics include court financials.

## MARCH

**5 SC Business Licensing Officials Association Spring Academy.** Cooperative Conference Center, Columbia.

**10 – 12 SC Utility Billing Association Annual Meeting.** Spartanburg Marriott, Spartanburg.

**18 Municipal Elected Officials Institute of Government: Basic Budgeting and Municipal Finance.** Regional Council of Government locations.

**19 SC Association of Municipal Power Systems Associate Member Lunch.** Cooperative Conference Center, Columbia.

**20 SC Municipal Technology Association of SC Spring Meeting.** Cooperative Conference Center, Columbia.

**25 Risk Management Services: Defensive Driving Course.** Municipal Association of SC, Columbia.

**27 SC Association of Stormwater Managers First Quarter Meeting.** Cooperative Conference Center, Columbia.

## APRIL

**8 Risk Management Services: OSHA Confined Space Competent Person Training.** Municipal Association of SC, Columbia.

**10 SC Municipal Finance Officers, Clerks and Treasurers Association Spring Academy.** Cooperative Conference Center, Columbia.

**11 Municipal Court Administration Association of SC Spring Meeting.** Cooperative Conference Center, Columbia.

**24 SC Municipal Human Resources Association Spring Meeting.** Cooperative Conference Center, Columbia.

## MAY

**7 – 9 SC Community Development Association Annual Meeting.** Beach House Resort, Hilton Head Island.