

The Town of James Island held a Special Meeting on Wednesday, June 30, 2021 at 4:00 p.m. at the Town Hall, 1122 Dills Bluff Rd., James Island, SC. Councilmembers present: Boles, Mignano, Milliken, and Mayor Woolsey, presided. Absent: Councilman Darren "Troy" Mullinax, (gave notice). Also, Town Administrator, Ashley Kellahan, Town Attorney, Bonum S. Wilson, Finance Director, Merrell Roe, and Town Clerk, Frances Simmons. A quorum was present to conduct business.

Public Comment: None

Mayor Woolsey asked for a motion to adopt the agenda item. Councilman Boles moved that Council vote to take action on a proposal to destroy documentation, records, checks and other materials from the previous Town of James Island Tax Credit procedures where checks were mailed to Town taxpayers; along with any similar documentation such as returned bank drafts or checks. Councilwoman Mignano seconded.

During the discussion, Councilman Boles stated that this was discussed at the last Town Council meeting, and he is in favor of it.

Councilman Milliken stated that something bothered him at the last meeting; and that we would not have needed a discussion with Counsel had the item been added to the agenda. He realizes that Councilman Boles requested the item on Thursday, the week of our meeting; however, the City of Charleston modifies their agendas up to the day before their meeting. He said it seems that if they have the ability to do that, we should have that same ability and perhaps we need to revisit our policy to be able to modify our agendas up to the day before our meeting. He thinks that would have avoided the discussion about whether or not the agenda item was considered an emergency and would have been easily done.

Mayor Woolsey's statement regarding destroying historical public records is attached.

Councilman Boles said he wished that statement had been made at the Tax Workshop. It is well written, illustrative, informative and it tells everyone the history of the documents and why the Mayor think they are important. He said it is so well written that it could take the place of the documents and be referred to whenever a question comes up about it. He thanked Mayor Woolsey for writing the statement and it should be saved so if there is a question again they could refer to the chronology that we have.

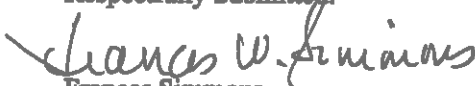
Mayor Woolsey addressed Councilman Boles that he took exception to language he used that he threw a tantrum at the Tax Workshop. He said he demonstrated that there was a large amount of materials in the bins which was an administrative nightmare. He said carrying the bins from his office was a mistake because of how he breathed, and they should have been in the Council chambers, but the notion that he had a tantrum is false and asked Councilman Boles for an apology. Councilman Boles responded that as soon as the Mayor writes his letter of apology he will write one back to him.

There was no further discussion. Mayor Woolsey called for the vote, and it passed. Mayor Woolsey opposed.

Executive Session: Not needed

There being no further business to come before the body, the meeting adjourned at 4:15 p.m.

Respectfully Submitted:


Frances Simmons
Town Clerk

Statement from June 20, 2021 on the Proposal to Destroy Historical Public Records

Mayor Bill Woolsey

Background

The Town of James Island has possession of some historical public records from the three Towns of James Island that were formed, operated for a time, and then found illegally formed and ordered dissolved by the South Carolina Supreme Court.

In my opinion, of special historical interest are documents associated with the tax refund program introduced by the third Town of James Island, formed in 2006 and dissolved in 2011.

There are many municipalities in South Carolina that receive revenue from the Local Option Sales Tax property tax credit fund and have no property tax to credit.

The third Town of James Island was unique in mailing tax refund checks to those who would have received such a credit if there had been a property tax.

Staff from the third Town described this effort as an administrative nightmare.

For the fourth Town of James Island, whose Council is meeting today, this became an issue in the 2014 Mayoral race, where one candidate advocated mailing property tax refund checks.

Further, this Town was sued seeking to compel a return to writing tax refund checks in 2015.

And so this was a unique historical episode of continuing practical significance.

Returned Checks

There are several types of public records of historical interest from this period.

First, there are checks that were returned by the post office because they were undeliverable.

There are 750 such checks.

These checks were never deposited or cashed and so include no banking information for the taxpayer.

At the June 17 meeting of Council, these were described as "cancelled checks." That was a significant error because cancelled checks that are deposited rather than cashed would have included codes on the reverse side that can identify the taxpayer's bank and deposit account.

These checks returned by the post office are all blank on the reverse side.

The only banking information is from the Town. Not the current Town's bank or account number. Not even the third Town's regular checking account. This is was a special account that was used by the third Town for tax refund checks. It was closed by Charleston County soon after the third Town was dissolved in 2011. Subsequently, First Federal was merged into another bank, so the only banking information is from a defunct account for a defunct Town in a defunct bank.

Also interesting is that for most years, the mailers for the checks included the Town's "Tax Refund Hotline Number." The Town had a dedicated phone line because of all the difficulties taxpayers had receiving these refunds.

These checks are important because they are evidence of the number of taxpayers who were due refunds, but never received them.

Today, with the Town's cost share agreement with the James Island Public Service District, this is never a problem, because the credit is on the tax bill and the taxpayer just pays less.

Bank Statements and Reconciliation Printouts

The second set of public records are bank statements and reconciliation sheets for the third Town's special tax refund account at First Federal. The third Town had other bank accounts, but this one was dedicated for writing the refund checks.

There are 41 bank statements for that account.

Also included are printouts from the Town's accounting software used to reconcile all of the checks.

The statements include images of all the checks that cleared.

At the June 17 meeting, it was stated that First Federal statements included images of the reverse of checks, and so information about the bank where a check was deposited and the bank account number of the taxpayer depositing the check.

Review of all items found no images of the reverse of any check. The only information on the images is of the third Town's bank account.

The Town's finance officer checked with our current bank, First Citizens. Our statements include images of the checks the Town has written, but our bankers verified that there is no information on the statement that can be used to identify the bank or account number of those receiving payment.

Doug Adams, who was the third Town's banker at First Federal, verified that the same was true of the third Town's bank statements.

The historical significance of these public records is that it shows the effort required to reconcile these bank accounts. The third Town's one finance officer had to spend days reconciling all of these thousands of checks.

Truly, an administrative nightmare.

The Town's cost share agreement requires the reconciliation of only 12 checks sent by the Town to the James Island Public Service District.

Tax Refund Appeal Forms

The third set of historical public records is made up of appeal forms filled out by taxpayers of the third Town who had some problem or issue with their tax refund check. There are 650 appeals.

Most of these taxpayers received a refund check that had some error, though some appeals are for a taxpayer who received no check at all.

This is important for two reasons.

First, it shows an additional burden this program created for the staff of Town three. All of these applications had to be reviewed and approved or rejected. For the most part, new checks needed to be prepared.

But more importantly, it shows that the program created a major inconvenience for many taxpayers.

For most taxpayers, the program was only a small inconvenience. A check was received in the mail and it was deposited. While that is not as convenient as just paying less in the first place, the inconvenience was minor.

For those taxpayers who needed to file an appeal, the tax refund was a significant inconvenience. With the Town's current cost sharing program with the James Island Public Service District, when the tax credit reduces the amount of property tax paid in the first place, this is much less of an issue than when thousands of refund checks had to be mailed after the taxes were paid.

These applications typically include the original check with the error, a stub for a new check, a form that identifies the nature of the problem, and frequently a print out of information from the Charleston County website, that is available to the public. There is no information about the taxpayer's bank or bank account.

The Town also retains printouts of lists of the TMS numbers of taxable property in the Town, the name of the person who paid the tax, the address of that person, and the tax refund due that taxpayer.

In my view, these historical public records should be retained.