

HOUSE  
AMENDMENT

THIS AMENDMENT  
ADOPTED

GOOD/HUTH  
MAY 12, 2014

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CLERK OF THE HOUSE

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THE PROPERTY TAX SUBCOMMITTEE PROPOSES THE  
FOLLOWING AMENDMENT No. TO S. 940  
(COUNCIL\BH\940C005.BH.DG14):

REFERENCE IS TO PRINTER'S DATE 3/19/14--S.

**AMEND THE BILL, AS AND IF AMENDED,  
SECTION 1, PAGE 3, BY ADDING TWO  
APPROPRIATELY LETTERED SUBSECTIONS AT THE  
END OF SECTION 4-10-470 TO READ:**

**/( ) (1) THE EDUCATION CAPITAL  
IMPROVEMENTS SALES AND USE TAX  
AUTHORIZED BY THIS ARTICLE ALSO MAY BE  
IMPOSED IN A COUNTY WHICH DOES NOT MEET  
THE COLLECTION REQUIREMENTS OF  
SUBSECTION (A) SO LONG AS THE COUNTY IN**

**WHICH THE TAX IS TO BE IMPOSED IS COMPRISED OF MORE THAN ONE SCHOOL DISTRICT.**

**(2) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE, IF THE EDUCATION CAPITAL IMPROVEMENTS SALES AND USE TAX IS IMPOSED PURSUANT TO THIS SUBSECTION, THEN:**

**(A) AT LEAST TEN PERCENT OF THE PROCEEDS MUST BE USED TO PROVIDE PROPERTY TAX RELIEF BY USING THE PROCEEDS TO OFFSET THE EXISTING DEBT SERVICE MILLAGE LEVY ON GENERAL OBLIGATION BONDS PURSUANT TO SECTION 4-10-445; AND**

**(B) THE TAX REVENUE DISTRIBUTED TO EACH DISTRICT MUST BE IN THE PROPORTION THAT THE DISTRICT'S AVERAGE DAILY MEMBERSHIP (ADM) ATTRIBUTES TO THE TOTAL ADM OF ALL THE SCHOOL DISTRICTS IN THE COUNTY, LIMITED TO ADM ATTRIBUTABLE TO THE COUNTY.**

**( ) THE EDUCATION CAPITAL IMPROVEMENTS SALES AND USE TAX AUTHORIZED BY THIS ARTICLE ALSO MAY BE IMPOSED IN A COUNTY**

WHICH DOES NOT MEET THE COLLECTION REQUIREMENTS OF SUBSECTION (A) SO LONG AS:

(1) IMMEDIATELY PRIOR TO THE IMPOSITION DATE, IF APPROVED:

(A) THE COUNTY IS IMPOSING THE LOCAL OPTION SALES TAX IMPOSED PURSUANT TO ARTICLE 1, AND THE COUNTY HAS NOT IMPOSED THAT TAX FOR TWENTY YEARS OR MORE, IN WHICH ANY PORTION OF A CALENDAR YEAR COUNTS AS A YEAR, AND NO OTHER LOCAL SALES AND USE TAX THAT IS ADMINISTERED BY THE DEPARTMENT OF REVENUE IS IMPOSED IN THE COUNTY; AND

(2) THE COUNTY COLLECTED AT LEAST ONE HUNDRED THOUSAND DOLLARS IN STATE ACCOMMODATIONS TAXES AS IMPOSED PURSUANT TO SECTION 12-36-920(A) IN THE MOST RECENT FISCAL YEAR FOR WHICH FULL COLLECTION FIGURES ARE AVAILABLE.

ONCE A COUNTY MEETS THE PROVISIONS OF ITEM (1) AND THE THRESHOLD IN ITEM (2), IT

**THEREAFTER REMAINS ELIGIBLE TO IMPOSE THIS  
TAX PURSUANT TO THIS SUBSECTION.** /

RENUMBER SECTIONS TO CONFORM.  
AMEND TITLE TO CONFORM.

# REPORT OF THE PROPERTY TAX SUBCOMMITTEE

(Clyburn, Merrill, Huggins, Skelton & G.R. Smith - Staff Contact: Emily Heatwole)

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## SENATE BILL 940

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***Summary of Bill:***

TO AMEND SECTION 4/1-/470, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE EDUCATION CAPITAL IMPROVEMENTS SALES AND USE TAX, SO AS TO ALLOW A COUNTY THAT DOES NOT COLLECT A CERTAIN AMOUNT IN ACCOMMODATIONS TAX TO IMPOSE THE SALES TAX SO LONG AS NO PORTION OF THE COUNTY AREA IS A SUBJECT TO MORE THAN TWO PERCENT TOTAL SALES TAX.

***Introduced:*** 01/15/2014

***Received by Ways and Means:*** 04/01/2014

***Estimated Fiscal Impact:***

Attached

***Subcommittee Recommendation:***

Favorable as Amended

***Full Committee Recommendation:***

Pending

***Other Notes/Comments:***

[CLICK HERE](#) to Edit Notes/Comments

# Statement of Estimated Local Revenue Impact

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**Date:** March 12, 2014 (As amended March 11, 2014 by the Senate)

**Bill Number:** S. 940

**Authors:** Young, Massey, Setzler, and Peeler

**Committee Requesting Impact:** Senate Finance Committee

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## Bill Summary

A bill to amend Section 4-10-470, Code of Laws of South Carolina, 1976, relating to the Education Capital Improvements Sales and Use tax, so as to allow a county that does not collect a certain amount in accommodations tax to impose the sales tax so long as no portion of the county area is subject to more than two percent total sales tax.

## REVENUE IMPACT <sup>1/</sup>

This bill, as amended, would affect the eligibility requirements concerning the Education Capital Improvements Sales and Use Tax. Currently, Charleston and Horry County are eligible and are imposing this tax. This bill, as amended would allow the following counties to impose the tax: Aiken, Beaufort, Cherokee, Chesterfield, Clarendon, Darlington, Dillon, Georgetown, Jasper, Lexington, and Marlboro. Of these counties, only Aiken, Beaufort, Cherokee, and Georgetown may impose the tax for FY 16; these counties either have no school district tax or have a school district tax which is expected to terminate. Assuming they each impose the tax; this bill would result in a \$47,754,613 increase in local revenues for FY 16.

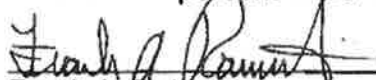
## Explanation of Amendment (03/11/14) – By the Senate

Counties, not eligible pursuant to Section 4-19-470(A), can impose the tax so long as the county area is subject to no more than a 2 percent total sales tax, has only one school district within its boundaries, and has collected at least \$750,000 from the state accommodations tax. Additionally, a county would become eligible to impose the tax if the county had imposed a local sales tax to fund education capital improvements on January 1, 2014; only after the local sales tax has been terminated can a county then impose the Education Capital Improvements sales tax. At least ten percent of the proceeds, from those counties which become eligible pursuant to Section 4-19-470(B) as proposed, must be used to provide property tax relief.

## Explanation of Bill filed January 15, 2014

This bill would amend Section 4-10-470, Code of Laws of South Carolina, 1976, relating to the Education Capital Improvements Sales and Use tax, so as to allow a county that does not collect a certain amount in accommodations tax to impose the sales tax so long as no portion of the county area is subject to more than two percent total sales tax.

Based on information from the SC Department of Revenue (DOR), 25 counties impose a sales tax rate of 1 percent or below; these counties would become eligible.

  
Frank A. Rainwater  
Chief Economist

**Analyst:** Williams

<sup>1/</sup> This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact of Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

**S. 940 COUNTY ELIGIBILITY - amended March 11, 2014**

<b>SC COUNTIES</b>	<b>(B)(1)(a)</b>	<b>(B)(1)(b)</b>	<b>(B)(1)(c)</b>	<b>ELIGIBLE</b>	<b>FY 16 REVENUE</b>
ABBEVILLE	ABBEVILLE	AIKEN	AIKEN	AIKEN	\$11,285,069
AIKEN	AIKEN	ALLENDALE	BEAUFORT	BEAUFORT	\$24,707,335
ALLENDALE	ANDERSON	BEAUFORT	CHARLESTON	GEORGETOWN	\$6,723,736
ANDERSON	BARNWELL	BERKELEY	FLORENCE		
BAMBERG	BEAUFORT	CALHOUN	GEORGETOWN	(B)(5)(C)	
BARNWELL	CALHOUN	CHARLESTON	GREENVILLE	CHEROKEE	\$5,038,473
BEAUFORT	COLLETON	CHESTER	HORRY	CHESTERFIELD	
BERKELEY	DORCHESTER	CHESTERFIELD	LEXINGTON	CLARENDON	
CALHOUN	EDGEFIELD	COLLETON	RICHLAND	DARLINGTON	
CHARLESTON	FAIRFIELD	DARLINGTON	SPARTANBURG	DILLON	
CHEROKEE	GEORGETOWN	EDGEFIELD	YORK	JASPER	
CHESTER	GREENVILLE	FAIRFIELD		LEXINGTON	
CHESTERFIELD	GREENWOOD	GEORGETOWN		MARLBORO	
CLARENDON	KERSHAW	HORRY			
COLLETON	LAURENS	JASPER		TOTAL	\$47,754,613
DARLINGTON	LEXINGTON	KERSHAW			
DILLON	MCCORMICK	LANCASTER			
DORCHESTER	NEWBERRY	LEE			
EDGEFIELD	OCONEE	UNION			
FAIRFIELD	ORANGEBURG				
FLORENCE	PICKENS				
GEORGETOWN	SALUDA				
GREENVILLE	SPARTANBURG				
GREENWOOD	UNION				
HAMPTON	WILLIAMSBURG				
HORRY	YORK				
JASPER					
KERSHAW					
LANCASTER					
LAURENS					
LEE					
LEXINGTON					
MARION					
MARLBORO					
MCCORMICK					
NEWBERRY					
OCONEE					
ORANGEBURG					
PICKENS					
RICHLAND					
SALUDA					
SPARTANBURG					
SUMTER					
UNION					
WILLIAMSBURG					
YORK					

Source: ORS/BJW-03/11/14  
Amendment to S. 940

**South Carolina General Assembly**  
120th Session, 2013-2014

**S. 940**

**STATUS INFORMATION**

General Bill

Sponsors: Senators Young, Massey, Setzler and Peeler

Document Path: I:\council\bill\bh\26025dg14.docx

Companion/Similar bill(s): 4512

Introduced in the Senate on January 15, 2014

Introduced in the House on April 1, 2014

Last Amended on March 26, 2014

Currently residing in the House Committee on **Ways and Means**

Summary: Capital improvement sales and use tax

**HISTORY OF LEGISLATIVE ACTIONS**

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
1/15/2014	Senate	Introduced and read first time ( <a href="#">Senate Journal-page 7</a> )
1/15/2014	Senate	Referred to Committee on <b>Finance</b> ( <a href="#">Senate Journal-page 7</a> )
2/5/2014	Senate	Committee report: Favorable with amendment <b>Finance</b> ( <a href="#">Senate Journal-page 27</a> )
2/6/2014	Senate	Committee Amendment Adopted ( <a href="#">Senate Journal-page 23</a> )
2/6/2014	Senate	Amended ( <a href="#">Senate Journal-page 23</a> )
2/27/2014	Senate	Amended ( <a href="#">Senate Journal-page 33</a> )
3/11/2014	Senate	Amended ( <a href="#">Senate Journal-page 14</a> )
3/12/2014		Scrivener's error corrected
3/19/2014	Senate	Amended ( <a href="#">Senate Journal-page 30</a> )
3/20/2014		Scrivener's error corrected
3/26/2014	Senate	Amended ( <a href="#">Senate Journal-page 50</a> )
3/26/2014	Senate	Read second time ( <a href="#">Senate Journal-page 50</a> )
3/26/2014	Senate	Roll call Ayes-35 Nays-9 ( <a href="#">Senate Journal-page 50</a> )
3/27/2014	Senate	Read third time and sent to House ( <a href="#">Senate Journal-page 20</a> )
4/1/2014	House	Introduced and read first time ( <a href="#">House Journal-page 13</a> )
4/1/2014	House	Referred to Committee on <b>Ways and Means</b> ( <a href="#">House Journal-page 13</a> )

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**VERSIONS OF THIS BILL**

[1/15/2014](#)  
[2/5/2014](#)  
[2/6/2014](#)  
[2/27/2014](#)  
[3/11/2014](#)  
[3/12/2014](#)  
[3/19/2014](#)  
[3/20/2014](#)  
[3/26/2014](#)



1 ~~Indicates Matter Stricken~~

2 Indicates New Matter

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4 AMENDED

5 March 26, 2014

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## S. 940

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9 Introduced by Senators Young, Massey, Setzler and Peeler

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11 S. Printed 3/19/14

12 Read the first time January 15, 2014.

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**A BILL**

TO AMEND SECTION 4-10-470, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE EDUCATION CAPITAL IMPROVEMENTS SALES AND USE TAX, SO AS TO ALLOW A COUNTY THAT DOES NOT COLLECT A CERTAIN AMOUNT IN ACCOMMODATIONS TAX TO IMPOSE THE SALES TAX SO LONG AS NO PORTION OF THE COUNTY AREA IS SUBJECT TO MORE THAN TWO PERCENT TOTAL SALES TAX.

Amend Title To Conform

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 4-10-470 of the 1976 Code, as added by Act 316 of 2008, is amended to read:

“Section 4-10-470. (A) The Education Capital Improvements Sales and Use Tax authorized by this article may only be imposed in counties which have collected at least seven million dollars in state accommodations taxes as imposed pursuant to Section 12-36-920(A) in the most recent fiscal year for which full collection figures are available. Once a county meets this threshold it thereafter remains eligible to impose this tax.

(B)(1) The Education Capital Improvements Sales and Use Tax authorized by this article also may be imposed in a school district without regards to the requirements of subsection (A) if:

(a) at any time, no portion of the school district in which the tax is to be imposed is subject to more than two percent total local sales tax; and

(b) the school district in which the tax is to be imposed encompasses the entire county area of one county and extends into one adjacent county.

1       (2) Notwithstanding any other provision of this article, if the  
2 Education Capital Improvements Sales and Use Tax is imposed  
3 pursuant to this subsection, then:

4       (a) stated in calendar years, the tax may not be imposed  
5 for more than ten years;

6       (b) at least ten percent of the proceeds must be used to  
7 provide property tax relief by using the proceeds to offset the  
8 existing debt service millage levy on general obligation bonds  
9 pursuant to Section 4-10-445; and

10       (c) the total debt service on bonds issued by the school  
11 district resulting from the imposition, net of any premium or  
12 accrued interest, shall not exceed ninety percent of the total  
13 amount of Education Capital Improvements Sales and Use Tax  
14 proceeds estimated to be allocated to the school district during the  
15 imposition, minus any amounts dedicated to property tax relief.  
16 The Board of Economic Advisors shall provide the estimate of the  
17 total amount.

18       (3) The State Treasurer, in consultation with the governing  
19 body of the imposing district and the county treasurers and  
20 auditors of the affected counties, shall distribute and administer the  
21 revenues as provided in this article, mutatis mutandis. A  
22 resolution for the imposition of the tax in the school district must  
23 be directed to the election commissions of the affected counties  
24 and a referendum required pursuant to this article must be  
25 conducted in the school district. The question in the referendum  
26 must be revised to reflect the imposition of the tax in the school  
27 district rather than the county. If a majority of those voting in the  
28 school district approve the tax, then the tax is imposed in the  
29 school district as provided in this article and all references in this  
30 article to county, with respect to the imposition, administration,  
31 collection, and distribution of the revenues of the tax are deemed  
32 to mean the school district. Definitions included in Section  
33 4-10-415 must be construed to extend to a tax allowed to be  
34 imposed pursuant to this subsection.

35       (4) Notwithstanding any other provision of law, if, within a  
36 school district there is imposed the Education Capital  
37 Improvements Sales and Use Tax pursuant to this subsection, then  
38 no other sales tax may be imposed in that school district if the  
39 subsequent imposition causes the total sales tax to exceed two  
40 percent in any portion of the school district. This limitation  
41 applies so long as this subsection is utilized to impose the  
42 Education Capital Improvements Sales and Use Tax.

1       (5) Notwithstanding any other provision of law, if the tax  
2 imposed pursuant to this subsection and another sales tax are  
3 approved at the same referendum, and the approval of both  
4 subjects any portion of the school district to more than two percent  
5 total local sales tax, then only the tax whose approving resolution  
6 was adopted first may be imposed, and the other tax is deemed to  
7 not have been approved.

8       (6) For purposes of this subsection, a sales tax is a tax levied  
9 pursuant to this chapter, pursuant to Chapter 37, Title 4, or  
10 pursuant to any local law enacted by the General Assembly.

11       (C) Notwithstanding any other provision of this section, the  
12 Education Capital Improvements Sales and Use Tax authorized by  
13 this article also may be imposed in a county so long as the county  
14 or school district imposed a local sales and use tax to fund  
15 education capital improvements on January 1, 2014. The  
16 Education Capital Improvements Sales and Use Tax may be  
17 imposed pursuant to this subsection at any time after the local sales  
18 and use tax terminates.

19       (D) The Education Capital Improvements Sales and Use Tax  
20 authorized by this article also may be imposed in a county which  
21 does not meet the collection requirements of subsection (A) so  
22 long as:

23           (1) the county only has one school district which  
24 encompasses the entire county area in which the tax is to be  
25 imposed; and

26           (2) the county collected at least one million dollars in state  
27 accommodations taxes as imposed pursuant to Section  
28 12-36-920(A) in the most recent fiscal year for which full  
29 collection figures are available. Once a county meets this  
30 threshold, it thereafter remains eligible to impose this tax pursuant  
31 to this subsection.”

32  
33 SECTION 2. Section 4-10-460 of the 1976 Code, as added by Act  
34 316 of 2008, is amended to read:

35  
36       “Section 4-10-460. The tax authorized in this article may be  
37 renewed and imposed within a county in the same manner as  
38 proceedings for the initial imposition of the tax. A referendum on  
39 the question of reimposition of a tax must not be held ~~more~~ earlier  
40 than within the calendar year which is two years before the date  
41 upon calendar year in which the tax then in effect is scheduled to  
42 terminate, but any reimposition is effective immediately upon the  
43 termination of the tax previously imposed.”

1 SECTION 3. This act takes effect upon approval by the Governor.

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