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REPORT OF THE LOCAL OPTION SALES TAX SUBCOMMITTEE

(Huggins, Ballentine and Rutherford - Staff Contact: Rena N. Grant)

HOUSE BILL 4272

H. 4272 -- Rep. Spires: A BILL TO EXTEND THE ONE PERCENT SALES TAX IMPOSED BY ACT 378 OF 2004, THE LEXINGTON COUNTY SCHOOL DISTRICT PROPERTY TAX RELIEF ACT, FOR AN ADDITIONAL SEVEN YEARS.

Summary of Bill:

This bill provides a seven year extension for the current one percent special sales and use tax imposed by Lexington County. Act 88 of 2011 extended the one percent special sales and use tax for seven years, signed by His Excellency on 9 May 2011. The Lexington County School District Property Tax Relief Act was originally established by Act 378 of 2004, signed by the His Excellency on 23 April 2004.

Estimated Revenue Impact:

The revenues collected provide Lexington County taxpayers a credit against school property tax liability. In FY 2016-17, revenue collected pursuant to this special local sales and use tax totaled \$44,100,000, so the bill would have an estimated fiscal impact on local revenue in the same amount.

Subcommittee Recommendation: *Favorable*

Ways & Means Recommendation: *Pending*



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 4272 Introduced on May 3, 2017
Author: Spires
Subject: Act No. 378 Lexington County School District Property Tax Relief Act
Requestor: House Ways and Means
RFA Analyst(s): Shuford
Impact Date: February 5, 2018

Estimate of Fiscal Impact

	FY 2018-19	FY 2019-20
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$44,100,000	\$0

Fiscal Impact Summary

This bill increases Lexington County sales and use tax revenue collections from the special one percent special sales and use tax by an estimated \$44,100,000 in FY 2018-19 due to the extension authorized in this bill.

Explanation of Fiscal Impact

Introduced on May 3, 2017

State Expenditure

N/A

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

This bill extends the imposition of the one percent special sales and use tax originally imposed by Act 378 of 2004 for an additional seven years. The revenues collected provide Lexington County taxpayers a credit against the school property tax liability. Revenue collected pursuant to this special local sales and use tax totaled \$44,100,000 in FY 2016-17. The extension allowed in this bill increases Lexington County sales and use tax revenue collections from the special one percent special sales and use tax by an estimated \$44,100,000 in FY 2018-19.

Frank A. Rainwater, Executive Director

South Carolina General Assembly
122nd Session, 2017-2018

H. 4272

STATUS INFORMATION

General Bill

Sponsors: Rep. Spires

Document Path: I:\council\bill\bbm\9674dg17.docx

Introduced in the House on May 3, 2017

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

Summary: Act No. 378 Lexington County School District Property Tax Relief Act

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
5/3/2017	House	Introduced and read first time (<u>House Journal-page 86</u>)
5/3/2017	House	Referred to Committee on Ways and Means (<u>House Journal-page 86</u>)

View the latest legislative information at the website

VERSIONS OF THIS BILL

5/3/2017

South Carolina General Assembly
119th Session, 2011-2012

A88, R35, S584

STATUS INFORMATION

General Bill

Sponsors: Senators Knotts, Setzler, Courson, Cromer and Leatherman

Document Path: I:\s-jud\bill\knotts\jud0086.ssp.docx

Introduced in the Senate on February 16, 2011

Introduced in the House on March 9, 2011

Passed by the General Assembly on April 8, 2011

Governor's Action: May 9, 2011, Signed

Summary: Extend one cent sales tax for Lexington County School District Property Tax Relief Act

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
2/16/2011	Senate	Introduced, read first time, placed on local & uncontested calendar (<u>Senate Journal-page 11</u>)
2/24/2011	Senate	Read second time (<u>Senate Journal-page 10</u>)
2/24/2011	Senate	Roll call Ayes-3 Nays-0 (<u>Senate Journal-page 10</u>)
3/8/2011	Senate	Read third time and sent to House (<u>Senate Journal-page 40</u>)
3/9/2011	House	Introduced and read first time (<u>House Journal-page 15</u>)
3/9/2011	House	Referred to Lexington Delegation (<u>House Journal-page 15</u>)
3/31/2011	House	Delegation report: Favorable Lexington Delegation (<u>House Journal-page 1</u>)
4/5/2011	House	Debate adjourned until Wednesday, April 6, 2011 (<u>House Journal-page 10</u>)
4/6/2011	House	Debate adjourned until Thursday, April 7, 2011 (<u>House Journal-page 17</u>)
4/7/2011	House	Read second time (<u>House Journal-page 7</u>)
4/7/2011	House	Roll call Yeas-9 Nays-0 (<u>House Journal-page 7</u>)
4/7/2011	House	Unanimous consent for third reading on next legislative day (<u>House Journal-page 8</u>)
4/8/2011	House	Read third time and enrolled
5/5/2011		Ratified R 35
5/9/2011		Signed By Governor
5/13/2011		Effective date 05/09/11
8/23/2011		Act No. 88

VERSIONS OF THIS BILL

2/16/2011

2/16/2011-A

3/31/2011

South Carolina General Assembly
115th Session, 2003-2004

A378, R251, S1127

STATUS INFORMATION

General Bill

Sponsors: Senators Knotts, Cromer, Courson and Setzler

Document Path: I:\council\billsgjk\21150sd04.doc

Companion/Similar bill(s): 5160

Introduced in the Senate on April 6, 2004

Introduced in the House on April 13, 2004

Passed by the General Assembly on April 15, 2004

Governor's Action: April 23, 2004, Signed

Summary: Lexington County, one percent sales tax for education purposes

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
4/6/2004	Senate	Intd. & placed on local & uncontested cal. w/o reference <u>SJ-4</u>
4/6/2004	Senate	Unanimous consent for second and third readings on next two consecutive legislative days <u>SJ-4</u>
4/7/2004	Senate	Read second time <u>SJ-35</u>
4/7/2004		Scrivener's error corrected
4/8/2004	Senate	Read third time and sent to House
4/13/2004	House	Introduced, read first time, placed on calendar without reference <u>HJ-17</u>
4/14/2004	House	Read second time <u>HJ-97</u>
4/15/2004	House	Read third time and enrolled <u>HJ-13</u>
4/20/2004		Ratified R 251
4/23/2004		Signed By Governor
5/3/2004		Copies available
5/3/2004		Effective date 04/23/04
10/20/2004		Act No. 378

VERSIONS OF THIS BILL

4/6/2004

4/6/2004-A

4/7/2004

4/13/2004

Lexington County School District Property Tax Relief Act

SECTION 1. This act may be cited as the Lexington County School District Property Tax Relief Act.

Lexington County School District Property Tax Relief Act

SECTION 2. The General Assembly finds:

(1) The school districts in Lexington County have substantial differences in per-pupil assessed value of property.

(2) All of the school districts in Lexington County have school facilities needs, all of the school districts have passed referendums to provide funds for a portion of those needs, and several of the school districts have implemented lease-purchase agreements to provide for building construction. As a consequence, the millage rates for payment of bonds and lease-purchase agreements are, with one exception, higher than the statewide average millage rates for such purposes.

(3) The disparity in millage rates between school districts and the exceptionally high millage rate in one district imposes heavy burdens on some of the taxpayers in the county and discourages economic development in portions of the county. Further, because a high percentage of the county's residents and school children reside in manufactured housing, the cost of education is borne disproportionately by other taxpayers and by personal property, including vehicle owners.

(4) In order to address these concerns, the General Assembly finds that a sales tax, with the revenues being distributed to school districts on the basis of enrollment will substantially reduce property tax liabilities in all districts and alleviate the disparity in property tax rates among districts in the county. Accordingly, this act is intended to provide the residents of Lexington County with an option to impose a sales and use tax of one percent and to use the proceeds of the tax to provide a credit against school taxes levied for operations and debt service.

Lexington County School District Property Tax Relief Act

SECTION 3. (A) Subject to the requirements of this act and the referendum required by it, there is imposed a special sales and use tax of one percent to raise revenue to allow the property tax credit provided in this act. The special sales and use tax authorized by this act is imposed for seven years, beginning January 1, 2005, but it may be reimposed or extended by the General Assembly by law.

a majority of the votes cast are in favor of imposing the tax, then the tax is imposed as provided in this act; otherwise, the tax is not imposed.

Lexington County School District Property Tax Relief Act

SECTION 5. (A) If the tax is approved in the referendum, the tax except as otherwise provided must be imposed beginning upon the first day of January following the filing of the certified results of the referendum with the Department of Revenue.

(B) The tax terminates on the seventh anniversary of its imposition, unless extended as provided in this act.

Lexington County School District Property Tax Relief Act

SECTION 6. (A) The tax levied pursuant to this act must be administered and collected by the Department of Revenue in the same manner that other sales and use taxes are collected. The department may prescribe the amounts which may be added to the sales price because of the tax.

(B) The tax authorized by this act is in addition to all other local sales and use taxes and applies to the gross proceeds of the sales in the applicable jurisdiction which are subject to the tax imposed by Chapter 36, Title 12 of the 1976 Code and the enforcement provisions of Chapter 54, Title 12 of the 1976 Code. The gross proceeds of the sale of items subject to a maximum tax in Chapter 36 of Title 12 of the 1976 Code are exempt from the tax imposed by this act. The gross proceeds of the sale of food which may lawfully be purchased with United States Department of Agriculture food coupons are exempt from the tax imposed by this act. The tax imposed by this act also applies to tangible personal property subject to the use tax in Article 13, Chapter 36 of Title 12 of the 1976 Code.

(C) Taxpayers required to remit taxes under Article 13, Chapter 36, Title 12 of the 1976 Code shall identify the county in which the tangible personal property purchased at retail is stored, used, or consumed in this State.

(D) Utilities are required to report sales in the county in which consumption of the tangible personal property occurs.

(E) A taxpayer subject to the tax imposed by Section 12-36-920 of the 1976 Code, who owns or manages rental units in more than one school district shall separately report in his sales tax return the total gross proceeds from business done in each school district.

(F) The gross proceeds of sales of tangible personal property delivered after the imposition date of the tax levied under this act in the

district in an amount determined by multiplying the appraised value of the taxable property by a fraction in which the numerator is the total estimated revenue allotted to the district during the applicable fiscal year of the district and the denominator is the total of the appraised value of taxable property in the district as of January first of the applicable property tax year. For motor vehicles subject to the payment of property taxes pursuant to Article 21, Chapter 37 of Title 12 of the 1976 Code, the credit provided under this subsection applies against the tax liability for motor vehicle tax years beginning after December of the year in which the credit is calculated. The credit applies first against the liability arising from millage imposed for debt service for schools, then against any liability arising from other methods of financing school capital projects, then against school building lease-purchase obligations, and finally against any liability arising from school operations.

(2) For purposes of this credit, school property tax liability does not include any liability to pay a fee in lieu of property taxes and taxable property does not include exempt property for which the owner must pay a fee in lieu of property tax.

(3) All interest accruing to the credit funds allotted to a district must be used to provide an additional credit as provided in this section.

(D) The credit provided by this act is in addition to any ad valorem school tax reductions provided by the Trust Fund for Tax Relief, and to the extent no ad valorem property tax liability remains after applying the reduction provided by the Trust Fund for Tax Relief, then the credit provided by this act may be applied against other property tax liability.

Lexington County School District Property Tax Relief Act

SECTION 8. The Department of Revenue shall furnish data to the State Treasurer and to the school districts receiving tax revenues pursuant to this act for the purpose of calculating distributions and estimating revenues. The information which must be supplied to each school district upon request includes, but is not limited to, gross receipts, net taxable sales, and tax liability by taxpayers. Information about a specific taxpayer is considered confidential and is governed by the provisions of Section 12-54-240 of the 1976 Code. A person violating this section is subject to the penalties provided in Section 12-54-240 of the 1976 Code.

Time effective

SECTION 13. This act takes effect upon approval by the Governor.

Ratified the 20th day of April, 2004.

Approved the 23rd day of April, 2004.
