~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

March 7, 2012

**S. 1002**

Introduced by Senator L. Martin

S. Printed 3/7/12--S.

Read the first time January 10, 2012.

**THE COMMITTEE ON FINANCE**

To whom was referred a Bill (S. 1002) to amend Section 31‑6‑40 of the 1976 Code, relating to tax increment financing for redevelopment projects, by striking language that surplus funds must be sent to the, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, page 2, by striking line 5 and inserting:

/ securing of the redevelopment project costs and obligations and the excess funds are surplus funds. /

Amend the bill further, as and if amended, page 2, by inserting after line 23:

/ All or a portion of the revenues derived from a redevelopment project (after payment of operation and maintenance expenses thereof) described in a redevelopment plan may be pledged for the payment of obligations issued in connection with such redevelopment plan. /

Amend the bill further, as and if amended, page 3, by striking lines 26‑30 and inserting:

/ “Section 31‑6‑45. Any redevelopment projects identified in a redevelopment plan approved by ordinance enacted on or after July 1, 2012 under the authority of this chapter must be described in the redevelopment plan with reasonable particularity to give notice of the extent of the redevelopment projects and must include a specific pledge of funds from obligations or generated revenue.”

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Amend the bill further, as and if amended, page 4, by striking lines 1‑11 and inserting:

/ (A) All proceeds from obligations issued under authority of this chapter, revenues deposited into the special tax allocation fund, and any premium or accrued interest must only be applied for:

(1) the payment of the principal and interest, including prepayment of principal, accrued interest, and redemption premium if any, on the obligations sold for projects specified and budgeted in the municipal ordinance authorized by this chapter which approves the redevelopment plan; or

(2) redevelopment project costs for projects only specified and budgeted in the municipal ordinance authorized by this chapter which approves the redevelopment plan.

(B) All remaining monies are surplus funds. Surplus funds may /

Amend the bill further, as and if amended, page 4, by striking line 19 and inserting:

/ property in the redevelopment project area.

(C) Notwithstanding any provision to the contrary in this chapter:

(1) the requirements set forth in subsections (A)(1) and (A)(2) above and in Section 31‑6‑45 shall only apply to redevelopment plans approved by ordinance of the municipality enacted on and after July 1, 2012;

(2) the requirements set forth in subsections (A)(1) and (A)(2) above and in Section 31‑6‑45 shall not apply to a municipality’s obligations, redevelopment projects, redevelopment plan, or ordinance approving any of the foregoing to the extent otherwise agreed to by and between the municipality and the applicable affected taxing district that would otherwise receive a distribution of surplus funds, if any.

(3) Taxes allocated pursuant to Section 31‑6‑70(2)(b) and budgeted to the payment of redevelopment project costs by the municipality are not surplus funds regardless of whether such taxes are not expended for the applicable redevelopment projects during the year in which the taxes are collected.” /

Renumber sections to conform.

Amend title to conform.

HUGH K. LEATHERMAN, SR. for Committee.

**A** **BILL**

TO AMEND SECTION 31‑6‑40 OF THE 1976 CODE, RELATING TO TAX INCREMENT FINANCING FOR REDEVELOPMENT PROJECTS, BY STRIKING LANGUAGE THAT SURPLUS FUNDS MUST BE SENT TO THE TAXING DISTRICT AND THAT MUNICIPALITIES MAY PLEDGE OBLIGATION FUNDS TO ANY REDEVELOPMENT PROJECT; TO ADD SECTION 31‑6‑45 TO DEFINE THE REQUIREMENTS OF A REDEVELOPMENT PROJECT; AND TO AMEND SECTION 31‑6‑50 TO LIMIT THE USE OF FUNDS TO PROJECTS SPECIFIED BY THE AUTHORIZING REDEVELOPMENT PLAN, AND TO REQUIRE THAT SURPLUS FUNDS MAY BE USED TO PAY DOWN OUTSTANDING DEBT OBLIGATIONS OR OTHERWISE MUST BE RETURNED TO THE TAXING DISTRICT.

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

SECTION 1. Section 31‑6‑40 of the 1976 Code is amended to read:

“Section 31‑6‑40. Obligations secured by the special tax allocation fund set forth in Section 31‑6‑70 for the redevelopment project area may be issued to provide for redevelopment project costs. The obligations, when so issued, must be retired in the manner provided in the ordinance authorizing the issuance of the obligations by the receipts of taxes levied as specified in Section 31‑6‑110 against the taxable property included in the area and other revenue as specified in Section 31‑6‑110 designated by the municipality which source does not involve revenues from any tax or license. In the ordinance the municipality may pledge all or any part of the funds in and to be deposited in the special tax allocation fund created pursuant to Section 31‑6‑70 to the payment of the redevelopment project costs and obligations. Any pledge of funds in the special tax allocation fund must provide for distribution to the taxing districts of monies not required for payment and securing of the obligations and the excess funds are surplus funds. In the event a municipality only pledges a portion of the monies in the special tax allocation fund for the payment of redevelopment project costs or obligations, any funds remaining in the special tax allocation fund after complying with the requirements of the pledge are also considered surplus funds. ~~All surplus funds must be distributed annually to the taxing districts in the redevelopment project area by being paid by the municipality to the county treasurer of the county in which the municipality is located. The county treasurer shall immediately thereafter make distribution to the respective taxing districts in the same manner and proportion as the most recent distribution by the county treasurer to the affected districts of real property taxes from real property in the redevelopment project area.~~

~~In addition to obligations secured by the special tax allocation fund, the municipality may pledge for a period not greater than the term of the obligations toward payment of the obligations any part of the revenues remaining after payment of operation and maintenance, of all or part of any redevelopment project.~~

The obligations may be issued in one or more series, may bear such date or dates, may mature at such time or times not exceeding thirty years from their respective dates, may bear such rate or rates of interest as the governing body shall determine, may be in such denomination or denominations, may be in such form, either coupon or registered, may carry such registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment, at such place or places, may be subject to such terms of redemption, with or without premium, may be declared or become due before the maturity date thereof, may provide for the replacement of mutilated, destroyed, stolen, or lost bonds, may be authenticated in such manner and upon compliance with such conditions, and may contain such other terms and covenants, as may be provided by the governing body of the municipality. If the governing body determines to sell any obligations the obligations must be sold at public or private sale in such manner and upon such terms as the governing body considers best for the interest of the municipality.

A certified copy of the ordinance authorizing the issuance of the obligations must be filed with the clerk of the governing body of each county and treasurer of each county in which any portion of the municipality is situated and shall constitute the authority for the extension and collection of the taxes to be deposited in the special tax allocation fund.

A municipality also may issue its obligations to refund in whole or in part obligations previously issued by the municipality under the authority of this chapter, whether at or prior to maturity, and all references in this chapter to ‘obligations’ are considered to include these refunding obligations.

The debt incurred by a municipality pursuant to this chapter is exclusive of any statutory limitation upon the indebtedness a taxing district may incur. All obligations issued pursuant to this chapter shall contain a statement on the face of the obligation specifying the sources from which payment is to be made and shall state that the full faith, credit, and taxing powers are not pledged for the obligations.

The trustee or depositary under any indenture may be such persons or corporations as the governing body designates, or they may be nonresidents of South Carolina or incorporated under the laws of the United States or the laws of other states of the United States.”

SECTION 2. Chapter 6, Title 31 of the 1976 Code is amended by adding:

“Section 31‑6‑45. Any redevelopment project designated under the authority of this chapter must be described in the authorizing ordinance with reasonable particularity to give notice of the extent of the project and must include a specific pledge of funds from obligations or generated revenue.”

SECTION 3. Section 31‑6‑50 of the 1976 Code is amended to read:

**“Section 31‑6‑50.** ~~The proceeds from obligations issued under authority of this chapter must be applied only for the purpose for which they were issued. Any premium and accrued interest received in any such sale must be applied to the payment of the principal of or the interest on the obligations sold. Any portion of the proceeds not needed for redevelopment project costs must be applied to the payment of the principal of or the interest on the obligations.~~

(A) All proceeds from obligations issued under authority of this chapter, revenues raised by the special tax allocation, and any premium or accrued interest must only be applied for:

(1) the payment of the principal or interest on the obligations sold for projects specified and budgeted in the municipal ordinance authorized by this section; or

(2) redevelopment project costs for projects only specified and budgeted in the municipal ordinance authorized by this section.

(B) All remaining monies are surplus funds. Surplus funds may be used to pay down the outstanding debt obligations or otherwise must be distributed annually to the taxing districts in the redevelopment project area by being paid by the municipality to the county treasurer of the county in which the municipality is located. The county treasurer shall immediately thereafter make distribution to the respective taxing districts in the same manner and proportion as the most recent distribution by the county treasurer to the affected districts of real property taxes from real property in the redevelopment project area.”

SECTION 4. This act takes effect upon approval by the Governor.

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