INTRODUCED

March 11, 2014

**S. 1101**

Introduced by Senator Peeler

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Read the first time March 11, 2014.

**A** **BILL**

TO ENACT THE CHEROKEE COUNTY SCHOOL DISTRICT 1 SCHOOL BOND‑PROPERTY TAX RELIEF ACT OF 2014 SO AS TO ALLOW, UPON REFERENDUM APPROVAL, THE CHEROKEE COUNTY SCHOOL DISTRICT TO IMPOSE A ONE PERCENT SALES AND USE TAX WITHIN THE COUNTY TO PAY DEBT SERVICE ON SCHOOL BONDS, AND TO SPECIFY THE MANNER IN WHICH THE TAX IS IMPOSED, COLLECTED, AND ADMINISTERED.

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

SECTION 1. This act may be cited as the Cherokee County School District 1 School Bond‑Property Tax Relief Act of 2014.

SECTION 2. Subject to the requirements of this act, the governing body of Cherokee County School District 1 may by resolution impose a one percent sales and use tax within Cherokee County for a specific purpose and for a specified period of time to collect funds to be used to pay debt service on general obligation bonds issued pursuant to Article 1, Chapter 71, Title 59 of the 1976 Code (School Bond Act).

SECTION 3. (A)(1) The governing body of Cherokee County School District 1 may vote to impose the tax authorized by this act, subject to a referendum, by enacting a resolution. The resolution must specify:

(a) the improvements to be financed through the issuance of general obligation bonds of the school district together with the imposition of the tax;

(b) the maximum time, stated in calendar years or calendar quarters, or a combination of them, not to exceed twenty years, for which the tax may be imposed; and

(c) the maximum principal amount of general obligation bonds to be issued and repaid with proceeds of the tax.

(2) The findings provided in item (1) may be incorporated within a resolution of the governing body of Cherokee County School District 1 calling for a referendum upon the question of the issuance of general obligation bonds pursuant to Article 1, Chapter 71, Title 59 of the 1976 Code, if the proposed tax will be applied to payment of debt service upon the bonds.

(B) Upon receipt of the resolution, the Cherokee County Election Commission shall conduct a referendum on the question of imposing the optional special sales and use tax in the county. The referendum for the imposition must be held at the time of the general election. Notice of the election must be provided in the manner provided by the general election law and include the question to be voted upon in the referendum. In addition, if the question of the issuance of general obligation bonds also is to be voted upon in the referendum, publication of notice of the referendum also must be given in compliance with Article 1, Chapter 71, Title 59 of the 1976 Code. Expenses of the referendum must be paid by the school district.

(C) The question to be voted upon in the referendum shall read substantially as follows:

“Must a special one percent sales and use tax be imposed in Cherokee County for not more than twenty years in order to raise funds which will be applied to pay debt service on general obligation bonds issued to defray the cost of (identify improvements) for Cherokee County School District 1?

Yes 

No ”

The ballot may, in the discretion of the governing body of the school district, contain a short explanation of the question to be voted upon in this referendum.

(D) All qualified electors desiring to vote in favor of imposing the tax for a particular purpose shall vote “yes” and all qualified electors opposed to levying the tax for the particular purpose shall vote “no”. Upon receipt of the returns of the referendum, the election commission shall, by resolution, declare the results of it and shall file the resolution with the Cherokee County Clerk of Court. The resolution also shall be filed with the South Carolina Department of Revenue. The results of the referendum, as declared by resolution of the election commission and as filed with the clerk of court, is not open to question except by a civil action instituted within twenty days of the filing of it. If 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. A referendum on imposition of the tax authorized in this act may not be held more than once in a period of twelve consecutive months.

SECTION 4. (A) If the tax is approved in the referendum, the tax must be imposed beginning upon the first day of the third full month following the filing of the declaration of results of the referendum with the Department of Revenue.

(B) The tax terminates:

(1) on the final day of the maximum time specified for the imposition; or

(2) if earlier, but not if later, upon payment of the final maturing installments of principal of the bonds to which application of the tax is authorized, or upon payment of the final maturing installments of principal of general obligation bonds issued to refund the bonds.

(C) When the optional sales and use tax is imposed for more than one purpose, the governing body of the school district authorizing the referendum for the tax shall determine the priority for the expenditure of the net proceeds of the tax for the purposes stated in the referendum.

SECTION 5. (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, Title 12 of the 1976 Code are exempt from the tax imposed by this act. The gross proceeds of the sale of food which is eligible to be purchased with benefits under the United States Department of Agriculture Supplemental Nutrition Assistance Program (SNAP) 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, 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 county, 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 Cherokee County, either under the terms of a construction contract executed before the imposition date, or a written bid submitted before the imposition date, culminating in a construction contract entered into before or after the imposition date, are exempt from the special local sales and use tax provided in this section if a verified copy of the contract is filed with the Department of Revenue within six months after the imposition of the special local sales and use tax.

(G) Notwithstanding the imposition date of the special local sales and use tax authorized pursuant to this act, with respect to services that are regularly billed on a monthly basis, the special local sales and use tax is imposed beginning on the first day of the billing period beginning on or after the imposition date.

SECTION 6. (A) The revenues of the tax collected in the county under this act must be remitted to the State Treasurer and credited to a fund separate and distinct from the General Fund of the State. After deducting the amount of refunds made and costs to the Department of Revenue of administering the tax, not to exceed one percent of the revenues, the State Treasurer shall distribute the revenues quarterly to the county treasurer who holds the debt service funds established for payment of principal and interest on the bonds to which the tax is applicable. The State Treasurer may correct misallocation costs or refunds by adjusting subsequent distributions, but these adjustments must be made in the same fiscal year as the misallocation.

(B) The Cherokee County Treasurer holding taxes collected pursuant to this act must certify to the auditor of the county on July fifteenth of each calendar year as to the amount of taxes held by that county treasurer as of June thirtieth of the calendar year. The Cherokee County Auditor shall reduce the next levy of ad valorem property taxes required to pay debt service on bonds to which the tax is applicable by the amount of tax revenues certified as collected as of June thirtieth by the county treasurer. Taxes collected as of June thirtieth of a calendar year in excess of the amounts required to pay debt service due in the eighteen months following June thirtieth on bonds to which the tax is applicable must be applied to reduce the next levy of ad valorem property taxes required for payment of operational and maintenance expenses of Cherokee County School District 1.

(C) The State Treasurer, in consultation with the Department of Education, shall determine an average per pupil amount by dividing the amount of revenues generated in the county by the imposition of the tax authorized by this act by the total number of students in grades K‑12 in Cherokee County. The State Treasurer shall pay any other school district located in Cherokee County an amount equal to the average per pupil amount based on the number of pupils attending schools residing in Cherokee County to be used exclusively for capital projects.

SECTION 7. 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 Cherokee County School District 1 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.

SECTION 8. This act takes effect upon approval by the Governor.

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