**A** **BILL**

TO AMEND SECTION 11‑27‑110, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE REQUIREMENTS THAT CERTAIN FINANCING AGREEMENTS ENTERED INTO BY A GOVERNMENTAL ENTITY TO ACQUIRE AN ASSET ARE SUBJECT TO REFERENDUM APPROVAL IF THE PRINCIPAL BALANCE OF THE FINANCING AGREEMENT WHEN ADDED TO THE GOVERNMENTAL ENTITY’S EXISTING LIMITED BONDED INDEBTEDNESS EXCEEDS EIGHT PERCENT OF THE ASSESSED VALUE OF TAXABLE PROPERTY IN THE GOVERNMENTAL ENTITY, SO AS TO PROHIBIT A GOVERNMENTAL ENTITY FROM ENTERING INTO A CONTRACT IN WHICH INSTALLMENT PAYMENTS OF THE PURCHASE PRICE ARE TO BE PAID BY A GOVERNMENTAL ENTITY TO A NONPROFIT CORPORATION, POLITICAL SUBDIVISION, OR ANY OTHER ENTITY IN ORDER TO FINANCE THE ACQUISITION, CONSTRUCTION, RENOVATION, OR REPAIR OF ANY ASSET.

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

SECTION 1. Section 11‑27‑110(A) of the 1976 Code is amended by adding an appropriately numbered item to read:

“( ) After July 1, 2015, no governmental entity as described in item (8)(b) may enter into any contract in which installment payments of the purchase price are to be paid by a governmental entity to a nonprofit corporation, political subdivision, or any other entity in order to finance the acquisition, construction, renovation, or repair of any asset.”

SECTION 2. Items (6) and (11) of Section 11‑27‑110(A) of the 1976 Code are amended to read:

“(6) ‘financing agreement’ means, with respect to any governmental entity, any contract entered into after December 31, 1995, under the terms of which a governmental entity acquires the use of an asset which provides:

(a) for payments to be made in more than one fiscal year, whether by the stated term of the contract or under any renewal provisions, optional or otherwise;

(b) that the payments thereunder are divided into principal and interest components or which contain any reference to any portion of any payment under the agreement being treated as interest; and

(c) that title to the asset will be in the name of or be transferred to the governmental entity if all payments scheduled or provided for in the financing agreement are made~~; and~~

~~(d)~~ ~~for any contract entered into after December 31, 2006, pursuant to which installment payments of the purchase price are to be paid by a school district or other political subdivision to a nonprofit corporation, political subdivision, or any other entity in order to finance the acquisition, construction, renovation, or repair of school buildings or other school facilities. This item shall apply to any contracts entered into after August 31, 2006, pursuant to which installment payments of the purchase price are to be paid by a school district or other political subdivision to a non‑profit corporation, political subdivision, or any other entity, from any source other than the issuance of general obligation indebtedness by the school district, in order to finance the acquisition, construction, renovation, or repair of school buildings or other school facilities~~.

However, the term excludes any refinancing agreement and contracts entered into in connection with issues of general obligation bonds or revenue bonds issued pursuant to authorization provided in Article X of the Constitution;

(11) ‘refinancing agreement’ means an agreement or agreements that would be a financing agreement except that (i) it refinances an asset acquired under the terms of a contract or contracts that is not a financing agreement solely by virtue of being dated ~~prior to~~ before January 1, 1996, ~~September 1, 2006, or January 1, 2007,~~ and (ii) the sum of all payments to be made under such agreement is less than the sum of the payments under the contract or contracts it refinances.”

SECTION 3. This act takes effect July 1, 2015.

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