

# PROPOSAL FOR LOCAL OPTION SALES TAX FOR EDUCATION

A collaboration of Anderson Districts 1, 2, 3, 4, and 5

#### Purpose

The unpopularity of property taxes and the simplicity and perceived fairness of sales taxes have made the Local Option Sales Tax for Education a popular method for funding capital projects for public schools.

#### Local Option Sales Data

Educational Capital Improvement Sales and Use Tax
The school district or districts within a county may
impose a 1% sales and use tax within the county for
specific education capital improvements for the
school district for not more than 15 years. The tax is
authorized under South Carolina Code Section 4-10410 and must be approved by a referendum open to
all qualified electors residing in the county.

# State of South Carolina Local Tax Designation by County Effective May 1, 2013 Collected by the SC Department of Revenue



#### Pros and Cons of Local Option Sales Tax

#### PROS:

- Provides a property tax reduction for all property and business owners
- Commuters, renters and tourist populations will bear part of the tax burden
- Substantial revenue raising potential
- Seen as a "pay as you go" system and is the least of the "unpopular" taxes
- Impact experienced quickly for educational capital improvements

#### CONS:

- Some individuals may not want an extra sales tax or financial burden
- If the economy worsens, there is less sales tax collected for capital projects that have been planned
- Must be closely monitored so property tax reduction is not miscalculated

#### **Debt Service Reduction**

- The goal is to reduce property tax and debt service and provide school improvement funds.
- The 2014 SC Education Capital Improvements Sales and Use Tax Act requires any district to use 10% of the 1 cent proceeds to reduce property taxes by offsetting the existing debt service millage levy on general obligation bonds.
- The Board of Trustees for Anderson County School Districts 1, 2, 3, 4, and 5 have chosen to use even more of the proceeds – 20%!

#### Proposed Projects for Anderson One

- <u>High Priority</u>: **Safety and Security Enhancements**, to include access doors, additional cameras, entryways, fire alarms, and improved communication equipment, AEDs
- Technology Equipment and Instructional Software to be updated district wide to sustain the Digital Innovation initiative
- Update Digital and Print Media in all school libraries.
- Renovate Science/STEM labs in all schools

#### Proposed Projects for Anderson One

- Roof improvements to Palmetto and Wren Middle Schools
- Equipment/Program Upgrades Anderson 1 & 2
   Career & Technology Center
- Building a six room addition at Concrete Primary School
- New Band and Fine Arts equipment and production technologies
- High School Stadium and Athletic Field Improvements: renovating restrooms, concession stands, field houses, walking tracks and parking areas

#### Proposed Projects for Anderson One

- Construction of a Multipurpose Athletic Facility at Palmetto High School
- Tennis Courts at Powdersville and Wren High Schools
- HVAC Improvements
- New Activity Buses for extracurricular events

The district is open to other input/suggestions for future projects.

## The Impact of a Penny

School District	2012-2013 135 Day ADM	District Allocation %	Calculated Amount Per Year
District One	9,100.89	30.01%	4,129,038.49
District Two	3,667.85	12.09%	1,664, 083.57
District Three	2,508.76	8.27%	1,138,213.85
District Four	2,814.40	9.28%	1,276,881.44
District Five	12,238.96	40.35%	5,552,764.65
Total	30,330.85	100%	13,760,979.00

1% Sales Tax Calculation B&C Board Conservative Estimate \$13,760,979

## Per Pupil Revenue 2013-2014 (includes Local, State, & Federal)

District	Per Pupil Revenue	
Anderson One	\$8,717	
State Average	\$11,438	

The Anderson One pupil to teacher ratio always ranks among the lowest in the state. These extra funds could have a major impact on school safety, instructional programs, fine arts, and athletics.

## **Examples of Estimated Tax Savings**

The 20% property tax credit would result in an estimated 4.6 mill reduction in debt service millage. Examples of estimated tax savings are listed below:

PRIMARY RESIDENCE \$18.40 in tax credit per

\$100,000 value

BUSINESS PROPERTY \$27.60 in tax credit per

\$100,000 value

RENTAL PROPERTY \$27.60 in tax credit per

\$100,000 value

PERSONAL VEHICLES \$2.76 in tax credit per

\$10,000 value

#### EDUCATION CAPITAL IMPROVEMENTS SALES AND USE TAX ACT REFERENDUM FOR ANDERSON COUNTY

Must a special one percent sales and use tax be imposed in Anderson County for not more than fifteen (15) calendar years with the revenue of the tax used to provide property tax relief, and to pay, directly or indirectly, the cost of education capital improvement projects in Anderson County, as follows:

- At least twenty percent (20%) of the proceeds of such tax must be used to reduce property taxes by offsetting the existing debt service millage levy on general obligation bonds of any school district in Anderson County;
- (2) Installation, maintenance and improvement of security and public safety measures in each school district in Anderson County;
- Acquisition or updating of technology hardware, software and necessary infrastructure in each school district in Anderson County;
- (4) Constructing, improving and equipping a facility for career and technical education to serve Anderson County School District Nos. 3, 4 and 5, but solely from proceeds of such tax allocated to those school districts; and
- (5) Repairing or replacing roofs and HVAC systems for any school buildings in each school district in Anderson County;
  - (6) Constructing, improving, renovating and equipping any instructional, fine arts or athletic spaces or facilities in each school district in Anderson County;
- (7) Acquiring land whereon to construct school facilities in each school district in Anderson County; and
- (8) Acquiring student transportation vehicles in each school district in Anderson County?

All revenue received by the school districts from the sales and use tax will be used to reduce property taxes needed to pay debt service on school district bonds or to directly pay costs of education capital improvements projects identified herein.

Yes [ ]

Those voting in favor of the question shall deposit a ballot with a check or cross mark in the square after the word "Yes", and those voting against the question shall deposit a ballot with a check or cross mark in the square after the word "No".

# Questions?

