

Public School District Capital Improvement Funding

Belief: SCSBA believes that all South Carolina public school districts enabled with authority to set debt service millage should have access to a mechanism that provides them all an equal ability to fund capital improvement projects through the use of a one percent sales and use tax.

Rationale: The South Carolina Code of Laws limits the ability of most public school districts to seek local voter approval of a one percent sales and use tax to fund district capital improvement projects. Two legislative options are presently available, to a limited number of South Carolina public school districts, to implement a one percent sales and use tax. Each option requires popular vote approval by registered voters residing in the district.

A one percent sales and use tax referendum can be placed on a ballot, for registered voter approval, after adoption of local legislation in accordance with SC Code of Laws Section 4-10-300. Subsection 310 of SC Law 4-10-300 contains a provision that does not allow any county area to be subject to more than one percent sales tax levied by any local law at a time. The provision limits the option of local legislation to fund school district capital improvement projects through a local option penny where there is already a county government local option penny approved and implemented – a practical exclusion leaving less than twenty public school districts in South Carolina with realistic relief.

The South Carolina Education Capital Improvement Sales and Use Tax Act (SC Code of Laws Section 4-10-410) provides school districts the ability to place on a ballot, for registered voter approval, in counties that have collected at least seven million dollars in state accommodations taxes, a one percent sales and use tax referendum. The accommodations tax provision limits the Education Capital Improvement Act option to two public school districts in South Carolina, even though it otherwise seems to have been intended as a state-wide stand-alone act (cumulative to the enabling act for county governments).

Through the provisions of SC Law, only about 20 of the 81 public school districts in the State of South Carolina can fund capital improvements using a one percent sales and use tax through either method. The SCSBA does not consider these limitations to be fair and equitable to all public school districts in South Carolina. The SCSBA supports statewide legislation to remove these legal restrictions and allow all South Carolina public school districts to pursue a one percent sales and use tax upon approval by registered voters residing in the district.