

**BOARD AGENDA ITEM**

July 16, 2024

***SUBJECT:***

Resolution to Approve Reimposition of 1% Education Capital Improvements Sales & Use Tax

***BACKGROUND INFORMATION:***

The current 1% Education Capital Improvements Sales & Use Tax, approved by voters in November 2014, expires at the end of February 2025. The sales tax does not automatically renew.

***ADMINISTRATIVE CONSIDERATION:***

Renewal of the 1% Education Capital Improvements Sales & Use Tax with no lapse in collections requires voter approval during the November 2024 election. Our bond attorney has presented a resolution for Board consideration to approve the reimposition of the sales tax in Aiken County, the form of the ballot question, and ask the Elections Office to hold a referendum.

***RECOMMENDATION:***

Approve the resolution to provide for the reimposition of the sales tax and related matters.

***ATTACHMENTS:***

Proposed resolution

***PREPARED BY:***

Corey J. Murphy  
M. O. Traxler III

APPROVING THE REIMPOSITION OF A ONE PERCENT EDUCATION CAPITAL IMPROVEMENTS SALES AND USE TAX IN AIKEN COUNTY, SUBJECT TO REFERENDUM APPROVAL; REQUESTING THE BOARD OF VOTER REGISTRATION AND ELECTIONS OF AIKEN COUNTY TO HOLD A REFERENDUM; SETTING FORTH THE BALLOT QUESTION; AND OTHER MATTERS RELATING THERETO.

BE IT RESOLVED BY THE BOARD OF EDUCATION OF THE CONSOLIDATED SCHOOL DISTRICT OF AIKEN COUNTY, SOUTH CAROLINA, AS FOLLOWS:

SECTION 1. Findings. The Board of Education (the “Board”), as the governing body of The Consolidated School District of Aiken County, South Carolina (the “School District”), hereby finds and determines:

(a) The School District was created pursuant to the provisions of Act No. 503 (1982 Acts). Pursuant to the provisions of Act No. 503 (1982 Acts), the governing body of the School District is the Board.

(b) The Education Capital Improvements Sales and Use Tax Act (the “Act”) codified at Section 4-10-410 to 4-10-470 of the Code of Laws of South Carolina 1976, as amended (the “Code”), was amended by the South Carolina General Assembly on June 19, 2014, and became law with the signature of the Governor on June 24, 2014.

(c) Aiken County, South Carolina (the “County”) is a county where a one percent education capital improvements sales and use tax (the “Tax”) may be imposed pursuant to Sections 4-10-420 and 4-10-470(B) of the Act; and

(d) The Board qualifies as a “school district board of trustees” under the Act.

(e) Pursuant to a successful referendum held on Tuesday, November 4, 2014, the Tax was imposed in the County.

(f) The Board finds it would be in the best interest of the School District to provide for the continuation and reimposition of the Tax subject to a successful referendum.

SECTION 2. Approval of Tax. The Board hereby approves the reimposition in the County of the Tax authorized by the Act, upon approval of the reimposition of the Tax by referendum open to all qualified electors residing in the County.

SECTION 3. Period for Which the Tax Must Be Imposed. The Tax must be imposed for a period of ten calendar years.

SECTION 4. Date of Referendum. The date of the referendum shall be Tuesday, November 5, 2024.

SECTION 5. Specific Capital Improvements. The Board hereby covenants and agrees to use the revenues from the Tax only to provide a credit against existing debt service millage within the County on general obligation bonds of the School District or to provide a credit against millage imposed within the County for debt service on not to exceed \$285,000,000 general obligation bonds, the proceeds of which shall be used to pay the costs of renovations and additions at South Aiken High School, Midland Valley High School, Silver Bluff High School and North Augusta Middle School; and construction of a new

elementary school in Area 3 including, if necessary, the cost of purchasing land (the “Projects”); provided that the total debt service on such general obligation bonds shall not exceed 90% of the available revenue received from the Tax.

SECTION 6. Contingency Projects. If all of the Projects have been completed or if all funding necessary for completion of the Projects has been provided, and if additional Tax revenue is available, any one or more of the following projects may be undertaken: repair or replacement of roofing at various facilities in the School District; construction of security vestibule and door lock upgrades at various facilities throughout the School District; classroom additions at Byrd Elementary School; replacement of Greendale Elementary School; and classroom additions at Gloverville Elementary School.

SECTION 7. Ballot Question. The ballot to be voted upon in the referendum must read substantially as follows:

EDUCATION CAPITAL IMPROVEMENTS SALES  
AND USE TAX ACT REFERENDUM FOR AIKEN COUNTY

Shall The Consolidated School District of Aiken County, South Carolina (the “School District”), reimpose a special one percent education capital improvement sales and use tax (the “Tax”) in Aiken County (the “County”) for ten years with the revenue of the Tax to be used by the School District as follows:

1. 10% of the revenue from the Tax must be used to reduce property taxes by providing a credit against existing debt service millage within Aiken County on general obligation bonds of the School District;
2. 90% of the available revenue from the Tax after deducting 10% of the revenue identified in (1) above, must be used to provide a credit against millage imposed in the County for debt service as follows:

(a) by the School District (in the event a companion question on a dependent bond referendum should be unsuccessful) for retiring or defeasing existing or future eight percent bonded indebtedness during the imposition of the Tax; or

(b) by the School District for debt service on one or more general obligation bond issue(s) not to exceed in the aggregate \$285,000,000, which shall be issued by the School District to facilitate construction and funding flexibility in an effort to lower construction costs, the proceeds of such bonds to be used to pay some or all of the costs of renovations and additions at South Aiken High School, Midland Valley High School, Silver Bluff High School and North Augusta Middle School; and construction of a new elementary school in Area 3 including, if necessary, the cost of purchasing land (the “Projects”); provided that the total debt service on such general obligation bonds shall not exceed 90% of the available revenue received from the Tax; and

(c) If all of the Projects have been completed or if all funding necessary for completion of the Projects has been provided, and if additional Tax revenue is available, any one or more of the following projects may be undertaken: repair or replacement of roofing at various facilities in the School District; construction of security vestibule and door lock upgrades at various facilities in the School District; classroom additions at Byrd Elementary School; replacement of Greendale Elementary School; and classroom additions at Gloverville Elementary School?

3. The balance of the revenue from the Tax must be used to provide additional property tax reductions or to pay directly or indirectly a portion of the capital costs of the projects identified above.

All revenue received by the School District from the 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 of the School District identified herein.

If the voter wishes to vote in favor of the question, fill in the oval next to “In favor of the question/yes;” if the voter wishes to vote against the question, fill in the oval next to the words, “Opposed to the question/no.”

In favor of the question/yes

Opposed to the question/no

SECTION 8. Conditions Required by Section 4-10-470(B) of the Act. The Board hereby agrees to comply with the following:

- (a) the Tax may not be reimposed for more than ten years;
- (b) at least ten percent of the proceeds must be used to provide a credit against existing debt service millage on general obligation bonds in the same manner as in subitems (d) and (e) with the applicable adjustment to the numerator. The offset only may be applied within the County, and not to the portion of the adjacent county, in a manner similar to subitem (d) and (e).
- (c) the total debt service on bonds issued by the School District resulting from the imposition, net of any premium or accrued interest, shall not exceed ninety percent of the total amount of Tax proceeds estimated to be allocated to the School District during the imposition, minus any amounts dedicated to the credit required pursuant to subitem (b). The Board of Economic Advisors shall provide the estimate of the total amount.
- (d) the revenues allotted to the School District must be used to provide a nonrefundable credit against the millage imposed for debt service to service bonds issued by the district resulting from the imposition, on property taxable in the County only. The amount of the credit is determined by multiplying the value of the taxable property, before the exemption provided in Section 12-37-250 of the Code, by a fraction in which the numerator is the total estimated revenue allotted to the district during the applicable fiscal year of the district minus the amounts set forth in subitems (b) and (c), and the denominator is the total of the property tax value of taxable property in the county as defined pursuant to Section 12-37-3135(5) of the Code, including the value exempted in Section 12-37-250 of the Code, in the School District as of January first of the applicable property tax year. For motor vehicles subject to the payment of property taxes pursuant to Article 21, Chapter 37, Title 12 of the Code, the credit provided pursuant to this subsection applies against the tax liability for motor vehicle tax years beginning after December of the year in which the credit is calculated. The credit applies first against the liability arising from millage imposed for debt obligations for schools, and then against any liability arising from school operations.
- (e) the credit provided by the Act is in addition to any credits allowed pursuant to Article 1 of Title 4, Chapter 10, and to the extent that there is unused credit, then the credit provided by the Act may be applied proportionately against other property tax liability.
- (f) before the provisions of subitem (e) apply, an amount equal to the credit that would apply against the property tax liability for school operations imposed on an owner-occupied residence but for

the exemption allowed pursuant to Section 12-37-220(B)(47) of the Code is allowed as a credit to be applied proportionately against all non school-related property tax otherwise due on the residence.

(g) if proceeds from the imposition are unused after the termination of the Tax, then the unused funds must be used to provide a credit in the same manner as provided in subitem (d) over the next three property tax years.

SECTION 9. Expenses of Referendum. The School District hereby agrees to pay the expenses of the referendum.

SECTION 10. Forwarding to Election Authority. The Board hereby authorizes and directs the Superintendent of the School District or a lawfully authorized designee to forward this Resolution upon adoption to the Board of Voter Registration and Elections of Aiken County.

SECTION 11. Record Keeping. The Board hereby authorizes and directs the Superintendent of the School District or a lawfully authorized designee, if and when the Tax is reimposed, to maintain records which demonstrate that Tax proceeds are spent only for the purposes approved by the Board in Sections 5 and 6 of this Resolution and in accordance with the Act.

SECTION 12. Application of Tax Revenues to Debt Service. The Board hereby authorizes and directs the Superintendent of the School District or a lawfully authorized designee, if and when the Tax is reimposed, to notify the Aiken County Treasurer in writing no later than the first day of August of each year of the amount of the Tax to be applied to offset the debt service millage levy for general obligation debt as required by Section 8(d) hereof. The amount so specified must not exceed the amount of Tax proceeds held by the Aiken County Treasurer for the School District as of the June thirtieth immediately preceding such first day of August. If the School District presents the Aiken County Treasurer with a surety bond or letter of credit that satisfies the description in Section 4-10-445(B) of the Act, the Aiken County Treasurer may treat the amount available under the surety bond or letter of credit as if it were taxes held by the Aiken County Treasurer, for the purposes and under the conditions described in the Act. The notice applies only to debt service payments to be made in the eighteen-month period following that June thirtieth.

SECTION 13. Miscellaneous. All rules, regulations, resolutions and parts thereof, procedural or otherwise, in conflict herewith or the proceedings authorizing the reimposition of the Tax are, to the extent of such conflict, hereby repealed and this Resolution shall take effect and be in full force from and after its adoption.

Adopted this \_\_\_\_ day of \_\_\_\_\_, 2024.

THE CONSOLIDATED SCHOOL DISTRICT OF  
AIKEN COUNTY, SOUTH CAROLINA

\_\_\_\_\_  
Chair, Board of Education

(SEAL)

ATTEST:

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Secretary, Board of Education