South Carolina General Assembly
126th Session, 2025-2026

A228, R238, S866

STATUS INFORMATION

General Bill
Sponsors: Senators Elliott and Turner
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Introduced in the Senate on January 29, 2026
Introduced in the House on April 16, 2026
Last Amended on April 1, 2026
Currently residing in the House
Governor's Action: May 19, 2026, Signed

Summary: Municipal Tax Relief Act

HISTORY OF LEGISLATIVE ACTIONS

Date	Body	Action Description with journal page number
1/29/2026	Senate	Introduced and read first time (Senate Journal-page 3)
1/29/2026	Senate	Referred to Committee on **Finance** (Senate Journal-page 3)
3/18/2026	Senate	Committee report: Favorable **Finance** (Senate Journal-page 7)
3/24/2026		Scrivener's error corrected
4/1/2026	Senate	Amended (Senate Journal-page 40)
4/1/2026	Senate	Read second time (Senate Journal-page 40)
4/1/2026	Senate	Roll call Ayes-32 Nays-9 (Senate Journal-page 40)
4/15/2026	Senate	Read third time and sent to House (Senate Journal-page 53)
4/16/2026	House	Introduced and read first time (House Journal-page 8)
4/16/2026	House	Referred to Committee on **Ways and Means** (House Journal-page 8)
4/30/2026	House	Committee report: Favorable **Ways and Means** (House Journal-page 6)
5/4/2026		Scrivener's error corrected
5/5/2026	House	Requests for debate-Rep(s). Cromer, Gilreath, Harris, White, Edgerton, Beach (House Journal-page 36)
5/7/2026	House	Debate adjourned (House Journal-page 46)
5/13/2026	House	Requests for debate removed-Rep(s). Cromer, Edgerton, White, Harris, Beach, Gilreath (House Journal-page 63)
5/13/2026	House	Read second time (House Journal-page 127)
5/13/2026	House	Roll call Yeas-96 Nays-16 (House Journal-page 128)
5/14/2026	House	Read third time and enrolled (House Journal-page 15)
5/15/2026		Ratified R 238
5/19/2026		Signed By Governor
6/5/2026		Effective date 05/19/26
6/3/2026		Act No. 228

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VERSIONS OF THIS BILL

01/29/2026
03/18/2026
03/24/2026
04/01/2026
04/30/2026
05/04/2026

(A228, R238, S866)

AN ACT TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY ENACTING THE "MUNICIPAL TAX RELIEF ACT" BY ADDING CHAPTER 41 TO TITLE 5 SO AS TO AUTHORIZE CERTAIN MUNICIPALITIES TO IMPOSE UP TO A ONE PERCENT SALES TAX TO PROVIDE PROPERTY TAX RELIEF TO OWNER-OCCUPIED HOMES AND TO FINANCE CERTAIN PROJECTS, TO SPECIFY THE MANNER IN WHICH THE TAX MUST BE IMPOSED AND ADMINISTERED AND THE MANNER IN WHICH THE PROPERTY TAX CREDIT IS CALCULATED.

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

Municipal Tax Relief Act

SECTION 1. Title 5 of the S.C. Code is amended by adding:

CHAPTER 41

Municipal Tax Relief Act

Section 5-41-110. For purposes of this chapter:

(1) "Core government services" means the essential responsibilities of a municipality that protect public safety, support economic vitality, and maintain critical local infrastructure. Such services include the construction, repair, and improvement of local roads, bridges, and drainage systems, and supportive capital projects, such as police facilities, fire stations, public assembly facilities, emergency response buildings, and related technology infrastructure.

(2) "Department" means the South Carolina Department of Revenue.

(3) "General election" means the Tuesday following the first Monday in November in any even-numbered year.

(4) "Municipality" means a municipal corporation created pursuant to Chapter 1, or a municipal government as the use of the term dictates.

(5) "Tax" means the municipal tax relief sales and use tax allowed to be imposed pursuant to this chapter.

Section 5-41-120. (A)(1) Subject to the requirements of this chapter, a municipal governing body of a municipality wholly or partially located in a county that does not impose any tax pursuant to Chapter 10 or Chapter 37, Title 4 or any local law enacted by the General Assembly as of January 1, 2026, may impose a sales and use tax not to exceed one percent by ordinance, subject to a referendum to be held at the next general election which must be after the 2026 General Election, within the municipality for a specific purpose or purposes and for a limited amount of time. If a municipality is only located partially in a qualifying county, then the municipality only may impose the sales and use tax in the portion of the municipality located within the qualifying county.

(2) Notwithstanding item (1), a municipal governing body of a municipality wholly or partially located in a county that has never imposed any tax pursuant to Chapter 10 or Chapter 37, Title 4 or any local law enacted by the General Assembly, and otherwise qualifies, may impose the tax allowed by this chapter at any qualifying general election.

(B) No less than twenty percent of the revenues collected pursuant to this chapter must be used to provide a credit against a taxpayer's municipal ad valorem tax liability pursuant to Section 5-41-170. The credit only may be applied to property assessed pursuant to Section 12-43-220(c). Any revenues not dedicated to tax relief may be used to defray the cost associated with projects authorized in this chapter including, but not limited to, debt service on bonds issued to pay for such projects.

(C) To impose the tax, the governing body of the municipality shall enact an ordinance which contains the ballot question formulated by the municipality. The ordinance must specify:

(1) the purpose for which the proceeds of the tax are to be used. If any of the proceeds are to be used for purposes other than a tax credit, the proceeds may be used for projects located within or without, or both within and without, the boundaries of the municipality, and may include the following types of projects:

(a) highways, roads, streets, bridges, public parking lots, public parking garages, core local government services, and related facilities;

(b) administration buildings, civic centers, police stations, and fire stations;

(c) any combination of the projects described in this item;

(2) the maximum time, in two-year increments not to exceed eight years from the date of imposition, or in the case of a reimposed tax, a period ending on April thirtieth, not to exceed seven years, for which the tax may be imposed;

(3) at least twenty percent of the amount collected must be used to provide a nonrefundable credit against existing municipal ad valorem tax liability in accordance with Section 5-41-170 on property assessed pursuant to Section 12-43-220(c); and

(4)(a) if the municipality proposes to issue bonds to provide for the payment of any costs of the projects, the maximum amount of bonds to be issued, whether the tax proceeds are to be pledged to the payment of the bonds and, if other sources of funds are to be used for the projects, specifying the other sources;

(b) if any of the proceeds are to be used for purposes other than a tax credit, the maximum cost of the project or facilities or a portion of the project or facilities, to be funded from proceeds of the tax or bonds issued as provided in this chapter and the maximum amount of net proceeds expected to be used to pay the cost or debt service on the bonds, as the case may be.

(D) Upon receipt of the ordinance, the municipality must conduct a referendum on the question of imposing the sales and use tax in the municipality, or portion thereof, that is to be subject to the tax. The referendum for imposition of the tax must be held at the time of the general election. Two weeks before the referendum the appropriate election commission must publish in a newspaper of general circulation the question that is to appear on the ballot, with the list of projects and the cost of the projects. If the proposed question includes the use of sales taxes to defray debt service on bonds issued to pay the costs of any project, the notice must include a statement indicating that principal amount of the bonds proposed to be issued for the purpose and, if the issuance of the bonds is to be approved as part of the referendum, stating that the referendum includes the authorization of the issuance of bonds in that amount. This notice is in lieu of any other notice otherwise required by law.

(E) The referendum question to be on the ballot must read substantially as follows:

"Must a _____ percent sales and use tax be levied in (municipality or portion therof) for no more than (time) for the purpose of allowing a credit against certain municipal ad valorem tax liability and for the purpose of raising the amounts specified for the following purposes?

(1) $________ for __________

(2) $________ for __________

(3) etc.

Yes □

No □"

If the referendum includes the issuance of bonds, the question must be revised to include the principal amount of bonds proposed to be authorized by the referendum and the sources of payment of the bonds if the sales tax approved in the referendum is inadequate for the payment of the bonds. If the entirety of the revenues collected pursuant to this chapter are used for existing municipal ad valorem tax liability, the question must be revised appropriately.

(F) All qualified electors desiring to vote in favor of imposing the tax for the stated purposes shall vote "yes" and all qualified electors opposed to levying the tax shall vote "no." If a majority of the votes cast are in favor of imposing the tax, then the tax is imposed as provided in this chapter and the enacting ordinance. The appropriate election commission shall conduct the referendum under the election laws of this State, mutatis mutandis, and shall certify the result to the municipal governing body and to the Department of Revenue no later than thirty days after the election. Expenses of the referendum must be paid by the municipality.

(G) Upon receipt of the returns of the referendum, the municipal governing body must, by resolution, declare the results. In such event, the results of the referendum, as declared by resolution of the municipal governing body, are not open to question except by a suit or proceeding instituted within thirty days from the date the resolution is adopted.

(H) Once a certified copy of the ordinance is filed with the department, for the period of imposition provided in that ordinance, the department may not accept as filed any additional ordinance from the municipality that in any way relates to the tax allowed to be imposed pursuant to this chapter except an ordinance reducing or repealing the existing tax. The department shall accept for filing a certified copy of an ordinance reducing or repealing the tax and that reduction or repeal applies in the manner provided in subsection (D) for imposition.

(I) When the tax authorized by this chapter is imposed for more than one purpose, the enacting ordinance must set forth the priority in which the net proceeds are to be expended for the purposes stated. The enacting ordinance may set forth a formula or system by which multiple projects are funded simultaneously.

Section 5-41-130. (A) If the sales and use tax is approved in the referendum, the tax is imposed on the first of May following the date of the referendum. If the reimposition of an existing sales and use tax imposed pursuant to this chapter is approved in the referendum reimposing the tax, the new tax is imposed immediately following the termination of the earlier imposed tax and the reimposed tax terminates on the applicable thirtieth of April, not to exceed seven years from the date of reimposition. If the certification is not timely made to the Department of Revenue, the imposition is postponed for twelve months.

(B) The tax terminates the final day of the maximum time period specified for the imposition.

(C)(1) Amounts collected in excess of the required net proceeds must first be applied, if necessary, to complete a project for which the tax was imposed, if applicable.

(2) If funds still remain after first using the funds as described in item (1) and the tax is reimposed, the remaining funds must be used to

fund any projects approved by the voters in the referendum to reimpose the tax, in priority order as the projects appeared on the enacting ordinance.

(3) If funds still remain after first using the funds as described in item (1) and the tax is not reimposed, the remaining funds must be used for the purposes pursuant to Section 5-41-120(C)(1). These remaining funds only may be expended for the purposes pursuant to Section 5-41-120(C)(1) following an ordinance specifying the authorized purpose or purposes for which the funds will be used.

Section 5-41-140. (A) The tax allowed by this chapter is an amount not to exceed one percent of the gross proceeds of sales or sales price of all amounts subject to the sales and use tax imposed pursuant to Chapter 36, Title 12.

(B) The tax imposed pursuant to this chapter must be administered and collected by the department in the same manner that sales and use taxes are collected. The department may prescribe amounts that may be added to the sales price because of the tax.

(C) The tax authorized by this chapter is in addition to all other local sales and use taxes and applies to the gross proceeds of sales in the applicable area that is subject to the tax imposed by Chapter 36, Title 12 and the enforcement provisions of Chapter 54, Title 12. The gross proceeds of the sale of items subject to a maximum tax in Chapter 36, Title 12, and the gross proceeds of sales of unprepared food that lawfully may be purchased with United States Department of Agriculture food coupons are exempt from the tax imposed by this chapter. The tax imposed by this chapter also applies to tangible personal property subject to the use tax in Article 13, Chapter 36, Title 12.

(D) A taxpayer required to remit taxes pursuant to Article 13, Chapter

36, Title 12 must identify the municipality in which the personal property purchased at retail is stored, used, or consumed in this State.

(E) A utility is required to report sales in the municipality in which the consumption of the tangible personal property occurs.

(F) A taxpayer subject to the tax imposed by Section 12-36-920, who owns or manages rental units in more than one municipality, must report separately in his sales tax return the total gross proceeds from business done in each municipality.

(G) The gross proceeds of sales of tangible personal property delivered after the imposition date of the tax levied pursuant to this chapter in a municipality, 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 sales and use tax provided in this chapter if a verified copy of the contract is filed with the Department of Revenue within six months after the imposition date of the sales and use tax provided for in this chapter.

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

Section 5-41-150. The revenues of the tax imposed pursuant to this chapter must be remitted to the department and placed on deposit with the State Treasurer and credited to a fund separate and distinct from the general fund of the State. After deducting the amount of any refunds made and costs to the department of administering the tax not to exceed one percent of the revenues, the State Treasurer shall distribute the revenues and interest quarterly based on point of collection to the treasurer of the municipality in which the tax is imposed and the revenues must be used only for the purposes provided in Section 5-41-120. The State Treasurer may correct misallocations by adjusting subsequent distributions, but these adjustments must be made in the same fiscal year as the misallocations. However, allocations made as a result of municipal code errors must be corrected prospectively.

Section 5-41-160. The department shall furnish data to the State Treasurer and to the municipal treasurers receiving revenues for the purpose of calculating distributions and estimating revenues. The information that must be supplied to municipalities 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. A person violating this section is subject to the penalties provided in Section 12-54-240.

Section 5-41-170. (A)(1) The amount of any credit allowed pursuant to this chapter is determined by multiplying the property tax value of the property, before the exemption provided in Section 12-37-250, by a fraction in which the numerator is the total estimated revenue allotted to the credit during the applicable fiscal year of the municipality, and the denominator is the total of all property tax value on property assessed pursuant to Section 12-43-220(c) in the municipality or portion thereof in which the sales and use tax authorized by this chapter is imposed, including the value exempted in Section 12-37-250.

(2) For purposes of this subsection, "property tax value" means the fair market value as it may be adjusted downward to reflect the limits

imposed pursuant to Section 12-37-3140, in the municipality as of January first of the applicable property tax year.

(B) If there is any unused credit, then the unused funds must be used to provide a credit in the same manner as provided in subsection (A) over the next three property tax years.

Section 5-41-180. Notwithstanding any other provision of this chapter, the tax authorized by this chapter may not be reimposed if the reimposition plus any taxes authorized pursuant to Chapter 10 or Chapter 37, Title 4 or any local law enacted by the General Assembly would cause the cumulative rate of state and local sales and use taxes in any portion of the municipality to exceed nine percent.

Time effective

SECTION 2. This act takes effect upon approval by the Governor.

Ratified the 15th day of May, 2026.

Approved the 19th day of May, 2026.

SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

FRANK A. RAINWATER
Executive Director

July 27, 2026

Ms. Linda Oliver
Mayor
Town of West Union
P.O. Box 129
West Union, SC 29696

Dear Ms. Oliver:

This letter is in response to your request for an estimate of the amount of revenue that would be generated from imposing a 1 percent local option sales tax for the Town of West Union pursuant to S.C. Code of Laws §5-41-110 et seq., enacted in Act 228, the Municipal Tax Relief Act of 2026.

Our estimates are based on net taxable sales in the Town of West Union provided by the S.C. Department of Revenue (DOR), as well as the May 2026 statewide sales tax estimates for FY 2025-26 through FY 2027-28, as adopted by the S.C. Board of Economic Advisors, with a return to historical growth throughout the state in later years. Please note that net taxable sales are not based on actual sales tax collections. To the extent that these figures differ from actual sales tax collections, or if there is any significant change in the economy, these estimates would be affected.

Based upon these data and assumptions, if the tax is approved by referendum in November 2026 and is in effect for eight years, we estimate a local option sales tax in FY 2026-27 through FY 2034-35 in the Town of West Union to total as follows:

Fiscal Year	Estimated 1% Local Option Municipal Sales Tax Collections
2026-27 1/	$29,000
2027-28	$363,000
2028-29	$377,000
2029-30	$393,000
2030-31	$408,000
2031-32	$425,000
2032-33	$442,000
2033-34	$460,000
2034-35 2/	$439,000

Note: 1/ Estimate reflects 1 month of collections. If approved by referendum in November 2026, the proposed tax will be imposed on May 1, 2027, and collections by DOR will begin in June 2027.
2/ Estimate reflects 11 months of collections for the final year of the tax based upon the lag between sales and collections by DOR. The tax will end April 30, 2035, if not reimposed, and collections will end the following month in May.

Please note that start-up or compliance issues may impact these estimates and have not been taken into account. Hopefully, any such impact would be minimal, but we recommend budgeting a lower amount in the first year.

If we may be of further assistance, please advise.

Sincerely,

Frank A. Rainwater
Executive Director

FAR/mad

Enclosures: 1

Town of West Union
Local Option Municipal Sales Tax Estimate
FY 2026-27 through FY 2034-35

Fiscal Year	Net Taxable Sales	Estimated 1% Local Option Municipal Sales Tax Collections	Annual Percent Change 1/	
2024-25	$32,698,819			
2025-26 Est.	$34,010,000		4.0%	
2026-27 Est.	$35,044,000	$29,000	3.0%	2/
2027-28 Est.	$36,271,000	$363,000	3.5%	
2028-29 Est.	$37,736,000	$377,000	4.0%	
2029-30 Est.	$39,261,000	$393,000	4.0%	
2030-31 Est.	$40,847,000	$408,000	4.0%	
2031-32 Est.	$42,497,000	$425,000	4.0%	
2032-33 Est.	$44,214,000	$442,000	4.0%	
2033-34 Est.	$46,000,000	$460,000	4.0%	
2034-35 Est.	$47,858,000	$439,000	4.0%	3/

All figures are rounded.

1/ Growth rates for FY 2025-26 through FY 2034-35 are based on net taxable sales for the Town of West Union in FY 2024-25, as well as the May 2026 statewide sales tax estimates for FY 2025-26 through FY 2027-28, as adopted by the S.C. Board of Economic Advisors, and long-range historical sales tax growth estimates.

2/ Reflects 1 month of collections for the first year of the tax based upon the lag between sales and collections by the S.C. Department of Revenue (DOR). If approved by referendum in November 2026, the tax would begin May 1, 2027, and collections will begin June 1, 2027.

3/ Reflects 11 months of collections. The tax will end April 30, 2035, if not reimposed, and collections by DOR would end the following month in May.

RFA/mad - 07/27/2026

Year	Net Tabable Sales (Based 2025 DOR Data)	Total Tax Proceeds (1%)	Project Funds (80%)	Property Tax Relief (20%)
1	$ 32,698,819.00	$ 326,988.00	$ 261,590.00	$ 65,397.00
2	$ 32,698,819.00	$ 326,988.00	$ 261,590.00	$ 65,397.00
3	$ 32,698,819.00	$ 326,988.00	$ 261,590.00	$ 65,397.00
4	$ 32,698,819.00	$ 326,988.00	$ 261,590.00	$ 65,397.00
5	$ 32,698,819.00	$ 326,988.00	$ 261,590.00	$ 65,397.00
6	$ 32,698,819.00	$ 326,988.00	$ 261,590.00	$ 65,397.00
7	$ 32,698,819.00	$ 326,988.00	$ 261,590.00	$ 65,397.00
8	$ 32,698,819.00	$ 326,988.00	$ 261,590.00	$ 65,397.00
	$ 261,590,552.00	$ 2,615,904.00	$ 2,092,720.00	$ 523,176.00

Millage Rate = .0600

Calculating Credit Factor	$65,397 / Total Appraised Residential Value = Tax Credit Factor	
Applying Credit Factor - Credit Factor x Appraised Value of Home = Credit	$ 19,151,219.00	Data from Oconee County
$ 150,000.00	0.003415	
Tax Credit of $512.50		

Town of West Union Assessed and Market Values

TAX YEAR	2024		2025	
FISCAL YEAR	2025		2026	
Classification of Property	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value
Real Property classified as legal residence (4%)		$ -	$ 442,450	$ 11,061,250
Real Property classified as other (6%)	$ 1,946,630	$ 32,443,833	$ 1,682,550	$ 28,042,500
Total Real Property	1,946,630	32,443,833	2,125,000	39,103,750
Total Legal Residential Assessment	443,850		442,450	
Total Homestead Exemption Assessment	74,900		75,900	
Motor Vehicles (6%)	207,834	$ 3,463,900	239,748	$ 3,995,800
Watercraft and Motors (10.5%)	18,730	$ 178,381	14,270	$ 135,905
Aircraft (4%)	-	$ -	-	$ -
Other Personal Property (10.5%)	-	$ -	-	$ -
Documented Vessels (6%)	-	$ -	-	$ -
FILOT (6%)	-	$ -	-	$ -
Manufacturing Personal Property and Reimbursement (10.5%)	-	$ -	-	$ -
Utility Property (10.5%)	83,890	$ 798,952	94,230	$ 897,429
Railroad and Pipeline Property (9.5%)	12,470	$ 131,263	10,410	$ 109,579
Business Personal Property (10.5%)	359,640	$ 3,425,143	312,980	$ 2,980,762
Motor Carrier Reimbursement Assessment (10.5%)	28,348	$ 269,981	28,397	$ 270,448
Total Personal Property	710,912	8,267,620	700,035	8,389,922
Grand Total	$ 2,657,542	$ 40,711,454	$ 2,825,035	$ 47,493,672

Source: County Auditor's Office
Balanced AV to LG report
Watercraft from individual town reports
Vehicles from LG
Motorcarrier from Treasurer

STATE OF SOUTH CAROLINA **COUNTY OF OCONEE**	**ORDINANCE NO.: 2026-____**

AN ORDINANCE OF THE TOWN OF WEST UNION, SOUTH CAROLINA, PLACING ON THE NOVEMBER GENERAL ELECTION BALLOT THE QUESTION OF WHETHER TO IMPOSE A ONE PERCENT SALES AND USE TAX TO PROVIDE FOR MUNICIPAL PROPERTY TAX RELIEF FOR OWNER-OCCUPIED HOMES AND TO DEFRAY THE COSTS OF CRITICAL PROJECTS BENEFITING RESIDENTS AND VISITORS OF THE TOWN.

WEST UNION HOMEOWNERS TAX RELIEF AND CRITICAL PROJECTS REFERENDUM

WHEREAS, the South Carolina Municipal Tax Relief Act of 2026 authorizes voters in cities and towns in Oconee County to approve a 1% sales and use tax (also known as "penny sales tax") to provide municipal property tax relief (also known as municipal *ad valorem* taxes) and to support critical local infrastructure and core government services, because the County has never taken such action; and,

WHEREAS, visitors, non-residents, and other persons and entities use Town infrastructure and core government services, but contribute relatively little, if any, toward paying for such infrastructure and services; and,

WHEREAS, the Town has a limited number and type of revenue streams available to pay for critical infrastructure projects and core government services, and full funding of such would require significant increases in future property taxes and utility rates; and,

WHEREAS, many homeowners in Town survive on fixed incomes and would be significantly impacted by the increases needed to pay for critical local infrastructure and core government services; and,

WHEREAS, shifting a portion of the property tax burden from owner-occupied homes to consumers, including visitors and those who contribute little toward Town infrastructure and core government services, more fairly distributes the expenses of such infrastructure and services; and,

WHEREAS, Town Council finds it that it is in the best interests of homeowners, residents, businesses, and visitors to place the sales and use tax question on the ballot for the upcoming general election set for Tuesday, November 3, 2026; and,

WHEREAS, Council believes that collecting a 1% sales and use tax will benefit the health, safety, and general welfare of the community; and,

NOW, THEREFORE, BE IT ORDAINED by the West Union Town Council, duly assembled with a quorum present, and after due consideration and discussion, as follows:

1. The clauses above are adopted by reference as if fully recited again herein; and,

2. As required by the Municipal Tax Relief Act, the Ballot Question shall read as follows:

Must a one percent (1%) sales and use tax be levied in the Town of West Union for no more than eight (8) years for the purpose of allowing a credit against certain municipal ad valorem tax liability and for the purpose of raising the amounts specified for the following purposes?

[LIST PROJECTS or REFERENCE EXHIBIT]

YES [ ] NO [ ]

INSTRUCTIONS TO VOTERS: All qualified electors of the Town of West Union desiring to vote in favor of imposing the tax for the stated purposes above shall vote "YES," and all qualified electors opposed to levying the tax shall vote "NO."

3. Upon receipt of the returns of the referendum, Council must, by resolution, declare the results.

   Should the voters approve the penny sales and use tax by answering "YES" to the referendum question, the provisions below will apply and govern the use of such funds.

a. The 1% sales and use tax will be in effect for no longer than the 8-year period from May 1, 2027, through April 30, 2035, unless extended by voters by referendum vote.

b. At least 20% of the funds collected by the Town shall be used exclusively to provide a credit against existing municipal *ad valorem* tax liability (municipal property taxes) in accordance with the provisions of the Municipal Tax Relief Act for owner-occupied homes within the Town limits (property assessed pursuant to S.C. Code Ann. §12-43-220(c)).

c. The tax will not be imposed on any sale or use that is excluded, exempt, or otherwise limited as provided for under South Carolina law. All such exclusions, exemptions, or limitations are adopted by this ordinance.

d. Within ninety (90) days after the closing of each fiscal year, the Town shall publish on its website an annual report showing the revenues collected, all expenditures, remaining balances, the property tax relief provided to its citizens in total amount and on average, and the status of each and every approved project.

e. Council finds that the projects listed herein are essential governmental responsibilities that protect public safety, support economic vitality, and maintain critical local infrastructure. Further, any remaining revenues from the tax not otherwise appropriated for homeowners tax relief shall be used for such projects. Such remaining revenue shall be used for no more than the maximum estimated amount stated herein for the projects in the priority of the designated funding tier and for the specific purposes stated herein.

f. Except as otherwise permitted herein, Council has determined that projects with a higher priority tier ranking will be funded before projects with a lower priority tier ranking (with Tier 1 being the highest priority ranking) as and to the extent that sales and use tax proceeds become available. Nothing herein shall prevent the simultaneous funding of multiple projects within the same funding tier.

Once the construction contracts for 70% of all projects in a given funding tier have been let, the City can begin using tax proceeds on projects in the next funding tier. In addition to property acquisition and construction costs, sales and use tax proceeds may be spent on procurement, project management, right-of-way acquisition and work, and preconstruction work, such as design, engineering, and related planning, for projects in the next funding tier.

Notwithstanding the above, Council, by ordinance, may determine to fund projects in the next lower priority funding tier before projects of a higher priority funding tier (e.g., funding a Tier 2 project before funding a Tier 1 project). Such ordinance must contain findings that either (i) the higher priority project is delayed or impractical because of construction schedules or other events that may affect the schedule or scope for such project or (ii) the lower priority project has received partial funding from grants or other sources allowing such lower priority project to be undertaken ahead of schedule. The ordinance required by this subsection will specify either (i) the basis of the delay or scope adjustment, which may include issues concerning acquisition of title and rights-of-way, design and engineering considerations, environmental issues, the receipt of all necessary permits and regulatory approvals, bids in excess of project estimates and cost overruns and related scope reduction or value engineering, qualification of bidders, the availability of tax proceeds or other funding sources, project impossibility, and *force majeure* or other unforeseen circumstances, or (ii) the alternative source or sources of funding of the lower priority project.

g. The projects identified in this ordinance are intended to be independent authorizations for the expenditure of revenues generated by the municipal sales and use tax. If any individual project, project description, estimated cost, allocation, priority, or expenditure is determined by a court of competent jurisdiction to be invalid, unauthorized, or otherwise unenforceable, such determination shall not invalidate the remaining approved projects or the levy, collection, or continued imposition of the municipal sales and use tax authorized by the referendum.

   Any revenues that cannot lawfully be expended for an invalidated project shall be used only as otherwise permitted by Chapter 41, Title 5, of the South Carolina Code of Laws, including, if authorized by law, for additional property tax relief or for one or more of the remaining voter-approved projects, consistent with applicable law.

h. The Mayor and Town Clerk are authorized and directed to coordinate with the Oconee County Board of Elections and Voter Registration and the South Carolina Department of Revenue to take all actions necessary to carry out the referendum and to comply with all applicable law.

i. If any section, subsection, sentence, clause, phrase, provision, or application of this ordinance is held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity or enforceability of the remaining provisions of this ordinance, which shall remain in full force and effect.

j. This ordinance shall take effect immediately upon second reading.

IT IS SO ORDAINED.

SIGNED, SEALED, AND DELIVERED THIS _____ DAY OF _______________ 2026.

FOR TOWN COUNCIL:

____

Linda Oliver, Mayor

ATTEST:

____

Crystal Simon, Town Clerk

First reading:

Second reading: