

2016 Capital Project Sales Tax Referendum

Public /Press Information Packet

Notice to Public Officials and Public Employees: You are directed immediately to Section 3 (B) of this information packet, which refers the prohibition on using public resources to influence a referendum question.

1. Background

A. Statutory Authority

Code Section 4-10-300 *et seq.*, *Code of Laws of South Carolina, 1976, as amended* provides that the "... the county governing body may impose a one percent sales and use tax by ordinance, subject to a referendum, within the county area for a specific purpose or purposes and for a limited amount of time." This section of state law is referred to as "The Capital Project Sales Tax Act." Colloquially, this form of sales tax is often simply called the "penny" sales tax.

B. History of the Penny Sales Tax in Newberry County

Newberry County voters first approved the capital project sales tax in 1998. Since that time, the sales tax has run continuously, with voters extending it in 2004 and 2010. In Newberry County, the CPST referendum has historically occurred in conjunction with a November general election; this will continue to be the case in 2016.

2. Process

A. Project Sponsorships and Proposals

Entities eligible to sponsor (seek ballot inclusion for) projects include the county government, municipal governments, and special purpose districts (Newberry County Water and Sewer Authority). The school district may propose CPST projects, but only in conjunction with one or more of the other eligible entities.

B. Capital Project Sales Tax Commission

Code Section 4-10-320 provides that the county governing body (county council) is authorized to create a CPST commission, and that "[t]he commission consists of six members, all of whom must be residents of the county ..." In accordance with the statutory formula, three members are appointed by county council, and three members are appointed by the municipalities. Importantly, the commission (not county council) determines

the list of projects that constitutes the referendum question. County council may not alter the contents of the ballot question, but may change the order in which the projects appear on the ballot.

The voting membership of the 2016 Capital Project Sales Tax Commission for Newberry County was as follows:

County Appointees

Pat Caldwell
Phil Spotts
Dave Waldrop (Commission Chair)

Municipal Appointees

Jimmie Coggins
Renee Joiner (Commission Vice Chair)
Lisa Toland

C. Project Cost Estimates

Beginning with the 2010 iteration of the penny sales tax, county council identified the need to have construction and engineering professionals estimate project costs. Aside from making cost estimates much more detailed and accurate, these services ensure advance determinations on such basic matters as site feasibility and ownership, zoning restrictions, and utility service capacity. Alliance Consulting Engineers, a large civil engineering firm with offices throughout South Carolina, provided cost estimates for all projects proposed for inclusion in the 2016 referendum question, except for those projects proposed by the Newberry County Water and Sewer Authority. That entity utilized its own qualified engineering professionals for these purposes.

D. Available Funding

Based on the history of collections from the penny sales tax in Newberry County, as well as conservative assumptions about economic performance during the term of the upcoming sales tax, future collections are estimated at \$860,000 per quarter. Beyond these projections, \$2.9 million is being carried forward from the 2010 iteration of the CPST; these are funds collected beyond original revenue projections and not expended. Together, these sources provide an estimated \$21.2 million for allocation on the 2016 ballot.

E. Presentations

The CPST Commission received presentations for all 18 projects submitted by the eligible entities. For each project, a 15-minute presentation was followed by a 5-minute period for questions and answers. Presentations

were made over three separate Monday evenings: April 4th, 11th, and 18th. All presentations were filmed. Videos of the 12 projects selected for inclusion in the ballot question may be viewed on the Newberry County website.

F. Project Selection/Ballot Contents

On April 25th and May 2nd, the CPST Commission deliberated on ballot content, arriving at a final ballot on May 2nd. The ballot, which has been submitted to county council for inclusion in the required ordinance, reads as follows:

The Ballot Question:

Must a special one percent sales and use tax be imposed in Newberry County for not more than seven years to raise the amounts specified for the following purposes:

<u>No.</u>	<u>Project Description</u>	<u>Cost</u>
1	800 MHz Emergency Services Radio System	\$7,400,000
2	City of Newberry - Recreational Complex Construction	4,075,000
3	County of Newberry - Newberry Museum	2,200,000
4	City of Newberry - Opera House HVAC Improvements	155,000
5	Town of Prosperity - Recreational Complex Improvements	770,000
6	Consolidated Fire District - Water Supply Improvement	1,000,000
7	Town of Whitmire - Town Hall/Police Department Remodel/Upgrades	1,000,000
8	Town of Pomaria - Old Pomaria School Building Renovation	655,000
9	Town of Little Mountain - Computer Center and Library Upgrades	245,000
10	Town of Silverstreet - Demolition of Old School Building/New Walking Track	700,000
11	Newberry County - Detention Center Repairs/Improvements	1,600,000
12	Newberry County Water & Sewer Authority - Mid-Carolina Commerce Park	1,400,000

G. Council Approval of the Ballot/Ordinance

Council's consideration of the required ordinance entails three readings. These readings will be conducted at regular meetings of county council scheduled for June 1st, June 15th, and July 6th. All meetings will be held in the Courthouse Annex Building, which is located at 1309 College Street in Newberry. A public hearing on the ordinance will be conducted in conjunction with third reading (July 6th). Meetings begin at 7:00 PM and are open to the public.

H. Referendum and Notice of the Referendum to the Public

The 2016 CPST referendum will take place in conjunction with the upcoming general election on Tuesday, November 8. Statutory requirements dictate that notice to the public be published three separate and relatively specific times. The first of these notices must be published no less than 60 (sixty) days prior to the referendum date; the second notice must be published no later than 14 (fourteen) days after the first. A third and final notice must be published at least two weeks prior to the referendum date.

3. Project Information

A. Project Information

Soon after third reading of the required ordinance by council (July 6th), the county will publish on its web site and in notebook form detailed information about each of the projects contained in the ballot question. This information will include project descriptions, detailed cost estimates, and location identification.

B. Promotion of the Ballot Question

State law prohibits the use of public resources to influence a referendum question (or any election). Examples of public resources include computers, printers, cell phones, vehicles, and paid employee time – anything funded by tax dollars. This restriction does not apply to the preparation of (strictly) informational materials, the conducting of public meetings, or responding to media inquiries. However, employees and officers of Newberry County should discuss any contemplated action concerning the 2016 CPST referendum with the county attorney *prior to* taking any such action. [See Code Section 8-13-1346 *Code of Laws of South Carolina, 1976, as amended.*]

4. Project Implementation

A. First Tier Projects

In the event that Newberry County voters approve extension of the penny sales tax, items 1 through 11 on the ballot question would be funded in approximately mid-April of 2017. These projects are considered “first tier” projects because they are the projects for which funding is first available. First tier funding comes from a combination of a) funds carried over from the previous (2010) iteration of the sales tax and b) a bond that borrows against conservative estimates on the stream of funding from the CPST over the life of the tax.

B. Second Tier Projects

The only second tier project on the 2016 ballot question is the number 12 project. This project will only be funded after sufficient receipts have been collected to retire bonds associated with the first tier projects. Typically, second tier funding is not available until five or six years after the tax begins.