

Exceptions to Millage Caps in Act 388

MFOCTA/BLOA Joint Academy
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Section 6-1-320

- Millage caps imposed in 2006 via Act 388
- Caps property tax increases
 - CPI
 - Population growth
- 7 exceptions to the cap



Exceptions to Millage Cap

1. Make up a deficit from the preceding year
2. Pay for any catastrophic event
3. Comply with a court order
4. Loss of 10% or more of property taxes due to taxpayer closure



Exceptions to Millage Cap Cont.

5. Comply with state or federal mandate
6. Purchase of property near a military base
7. Purchase equipment in county w/100K + population and 40K+ acres of state forest land



Additional Millage Allowed

- Millage may be levied to:
 - Pay bonded indebtedness
 - Pay for real property with a lease-purchase agreement
 - Maintain a reserve account



Implementation of Exceptions

- May only be used only long enough to fund the exception
- Must be listed as a separate surcharge on tax bill



Act 57 of 2011

- To amend section 6-1-320, as amended, relating to the limit on annual increases on property tax millage imposed for operating purposes, so as to allow a political subdivision, including a school district, **TO IMPOSE MILLAGE INCREASES ALLOWED BUT NOT IMPOSED FOR THE THREE PRECEDING PROPERTY TAX YEARS** and to exempt from the cap millage imposed for operating purposes by a special tax district;
- Called the "millage bank" or millage "look back"



How Act 57 Works

Town of Swansea

Fiscal Year	Millage Cap	Prev. Used
2009	4.4%	0%
2010	5.9%	0%
2011	2.2%	0%
<u>2012</u>	<u>2.62%</u>	<u>0%</u>
TOTAL	15.12%	0%



Implementation of Millage Bank

- Documentation of millage bank use not required by statute, BUT . . .
- STRONGLY RECOMMENDED!!**
- Document within annual budget ordinance with language or graphically
- "Section XXX: Millage Cap Exception Usage
In accordance with Section 6-1-320 of the South Carolina Code of Laws, city council levies, in addition to the current rate (or rollback millage if applicable) of ___ mills, an additional ___ mills which is less than or equal to the that allowed by law."



Implementation of Millage Bank Cont.

Fiscal Year	Prior Year Millage	% Average CPI	% Population Growth	Allowable Annual % Increase of Millage Rate	Millage Bank Used	Millage Bank Balance
FY 09	100	1.0%	1%	2%	-2%	0
FY 10	100	1.5%	2%	3.5%	0	3.5%
FY 11	100	2.0%	0%	2%	0	5.5%

- How many mills can this town add for FY 2012?



Resources

Municipal Association of South Carolina
www.masc.sc

South Carolina Code of Laws
www.scstatehouse.gov

