

## *Municipal Tax Relief Act*

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South Carolina cities and towns are diverse in their strengths, challenges and community priorities as voiced by residents and business leaders. Because cities are different, councils need flexible financial options to meet their local needs. While one city might put an emphasis on providing tax relief, another may focus on funding infrastructure needs.

### **Action item**

Using a municipal sales tax of up to 1 percent, the Municipal Tax Relief Act would allow cities and towns to determine how to best fund tax relief and capital projects based on local priorities.

The Act would allow municipal residents to vote to impose a penny sales tax that could be used to provide a property tax credit or a combination of property tax credit and funding for infrastructure projects. While at least 20 percent of the revenue raised must be used as a credit toward property tax relief, residents can choose to dedicate a larger portion of the tax toward property tax relief.

The Municipal Tax Relief Act would allow a municipal sales tax of up to 1 percent to be levied.

- The municipal sales tax must be passed by a referendum held on the November general election date.
- At least 20 percent of the municipal sales tax collections must be used to provide property tax relief.
- The municipal sales tax referendum language must include:
  - a specific list of proposed infrastructure projects and
  - notice that any remaining revenue from the tax beyond what is allocated for infrastructure projects will be used to provide property tax relief.
- The municipal sales tax sunsets after eight years or earlier if projects are completed.
- The municipal sales tax may be renewed by the residents with another referendum at the end of the eight-year period.