

# The SKINNY on the penny



## Facts about the one-penny local option sales tax for Horry County Schools

On November 7, voters in Horry County will decide how to fund school building needs. A one-penny local option sales tax would eliminate 28 mills of property tax levied for debt service. This is not an additional tax. It simply replaces one tax with another.

The revenue received from the sales tax will be used by the School District to reduce property taxes levied for payment of debt service on the current and future bonded indebtedness of the School District.

### A YES vote:

- Changes revenue source for debt service **from** property tax **to** sales tax
- Eliminates 28 mills of debt service on **ALL** property including houses, businesses, vehicles, land and personal property
- Provides an additional \$12 million annually, on average, for school construction and/or debt service
- Means that all county residents and visitors help pay for school facilities.

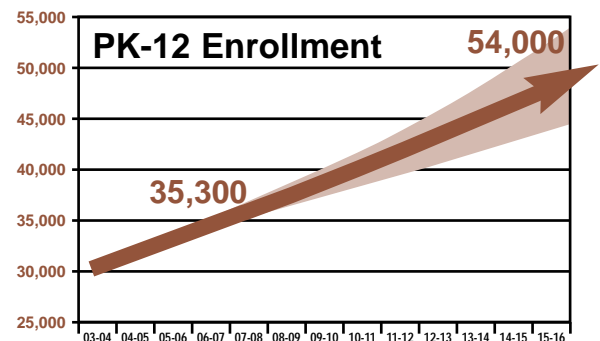
*Local option sales tax would go into effect in March of 2007 and would be collected for 10 years. Debt service millage would be reduced to "0" on 2008 tax notices.*

### A NO vote:

- Maintains the current 28 mills for debt service on tax notices for homes, land, businesses, vehicles and personal property.
- Current and future school building needs will continue to be funded by property taxes.

### Facts about growth in Horry County...

- Horry County Schools is the fastest growing among the state's 85 school districts and is the third largest district in the state.
- In the last decade, HCS has grown by 10,000 students of which 5,300 enrolled just in the last three years.
- If the current growth trend continues, we could gain an additional 20,000 students in the next 10 years.



# Q&A

## What will I pay an extra penny on?

You will pay an extra penny on all purchases that currently require a sales tax.

## When will I begin paying the extra penny?

If approved, the penny would be collected beginning March 2007.

## What is debt service?

Debt service is the repayment of money borrowed for school construction.

## When will my property taxes for debt service be eliminated?

REAL ESTATE (ex: Homes and Land)

- Property Taxes reduced in October 2007
- Property Taxes eliminated in October 2008

VEHICLES & PERSONAL PROPERTY

- Property Taxes reduced in January 2008
- Property Taxes eliminated in January 2009

## What will the school district do with the extra \$12 million a year?

The \$12 million will be spent on future school construction.

## Will the additional \$12 million generated annually, on average, by the local option sales tax be sufficient to address the needs of a rapidly growing school district?

If the current growth rate continues, the district would need to issue long-term debt to be able to build schools to keep up with student enrollment. In and of itself, the \$12 million will not adequately fund anticipated needs. However, if voters approve a referendum in 2008, it would allow the district to issue up to \$270 million in long-term debt.

## How does this relate to the state's additional penny sales tax for schools?

The state's penny does nothing to help pay for school construction. The state's penny provides funding for school operations. The district cannot use school operations funding for school building needs.

## How does this relate to Horry County's request for an additional penny for roads?

These are two unrelated issues on the ballot.

## Will I pay more or less if the penny passes?

It depends on the value of your property and your consumer spending habits.

## How long will I pay the additional penny?

The penny sales tax would last ten years. Voters will have the opportunity to renew the penny tax or revert back to paying property tax to fund debt service before the ten years are up.

## What happens if the penny does not pass?

Property owners will continue to fund school building needs through property tax.

## Doesn't the state provide funding for building construction?

No. School construction is a local responsibility.

## Why can't we use lottery money for new schools?

The S.C. Education Lottery does not give school districts funding for school construction. Horry County Schools does receive some money from the lottery to support instruction. The lottery primarily supports college students through scholarships.

## How much of the money generated by the one-penny sales tax will be paid for by non-residents?

As the major tourism market for South Carolina, the Grand Strand has more than 13 million visitors each year who would pay up to 60 percent of the money generated from the one-penny sales tax.

## What happens if additional funds are not provided for new construction?

School operations may require adjustments including true year-round schools, double shifts, additional portable classrooms, and on-line schools.

*The Horry County Board of Education approved the following question to appear on the November 7 ballot:*

Shall a special sales and use tax of one percent be imposed in Horry County for ten years in order to raise revenues which will be applied to pay directly the cost of or to pay debt service on general obligation bonds issued to defray the cost of school facilities for the School District of Horry County?

Explanation: The revenue received from the sales tax will be used by the School District to reduce property taxes levied for payment of debt service on the current and future bonded indebtedness of the School District.

In favor of the question [ ] [Yes]

Opposed to the question [ ] [No]

**A penny for your thoughts? If you have questions or concerns, e-mail: [penny@do.hcs.k12.sc.us](mailto:penny@do.hcs.k12.sc.us)**