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Date: 4/30/2014 2:28:54 PM

Subject: ***H.5024*** Letter from Governor Haley

Attachments: H_5024 Denmark-Olar School District No.2.PDF

Senators,

Attached is a letter from Governor Haley regarding H.5024 (which is currently on the calendar under uncontested local second reading) which would permit the Bamberg 2 school board to impose a capital millage without holding a referendum.

The T&D recently ran a story on Rep. Sellers' bill, and referenced Attorney Brent Jeffcoat, who developed the concept behind the bill: "This bill presents the district with an opportunity for new facilities with a relatively low tax increase, he said." So as the author admits, although the bill does not guarantee a net tax increase, it certainly makes a tax increase possible – without voter approval.

We have no objection to the financing mechanism itself, but see it as an issue separate from whether or not voters approve tax increases.

Please support amending to include a voter referendum.

Thank you,

Katherine

H 5024 General Bill, By Sellers

Summary: Denmark-Olar School District No. 2

<http://www.scstatehouse.gov/billsearch.php?billnumbers=5024&session=120&summary=B>

Times and Democrat: Bill lets trustees alone approve tax

http://thetandd.com/news/bill-lets-trustees-alone-approve-tax/article_50fa06fc-c908-11e3-a8c7-0019bb2963f4.html

Dale Linder-Altman

Residents of Bamberg School District Two could be the first in the state to see a tax on property without first approving it via a public referendum.

State law says that any loan exceeding 8 percent of the district's property value must be approved by voters, but a bill introduced by Rep. Bakari Sellers, D-Denmark, would authorize trustees to "impose a capital millage to provide school buildings in the district, including any associated lease payments."

The bill has already been passed by the S.C. House and is under consideration by the Senate.

Sellers said the bill isn't meant to increase taxes. Instead, it would authorize trustees to find private businesses to fund and construct the buildings. The bill would also authorize them to use the capital millage to lease the property from the businesses, he said.

That would be much less expensive than the district's having to come up with \$20 million to construct the buildings itself, he said.

"My constituents are not able to afford new taxes," Sellers said.

Buildings for grades K-8 were constructed back in the 1950s, and the district desperately needs new facilities, according to Sellers.

“We can’t patch any longer,” he said. “It’s hard to prepare kids for the 21st century in a school that was built in the 1950s.”

Sellers said his plan is a “novel concept, a pilot program in the state.”

In poor districts like Denmark-Olar, you have to think creatively, he said.

Attorney Brent Jeffcoat, who came up with the idea behind the bill, said it’s designed to give the district an option for providing better educational facilities for students while keeping the tax rate low.

In school districts like Bamberg 2, where the value of a mill is fairly low, borrowing enough money to construct a school would increase taxes to such an extent that it would discourage businesses from building in the area, Jeffcoat said.

This bill presents the district with an opportunity for new facilities with a relatively low tax increase, he said. The bill gives the district an option to work with, Jeffcoat said.

He said he is not sure whether the district will hold a referendum about the capital millage.

Scott Price, general counsel for the S.C. School Boards Association, noted that a district that can’t meet the state’s 8 percent qualification is “kind of at a wit’s end.

“We certainly need to give Rep. Sellers some credit for trying to help the district with some concerns,” he said. What Sellers is doing is a unique way to meet the needs of a poor district, according to Price.

“I can’t say that I’ve seen anything like it before,” he added.

The state’s Constitution forbids special legislation that focuses on one area of South Carolina as this one does, but Price noted that the S.C. Supreme Court “shows some deference to local bills pertaining to school districts.”

Bamberg 2, which has 700-800 students, is made up of three schools. The high school was constructed in 1994, and is the district’s newest building. The middle school was built in 1954 and the elementary school in 1957.

Capital millage is tax on property that must be spent on building projects and is separate from operating millage and debt service millage.

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