

STATE AND LOCAL INDEBTEDNESS

Primarily Article VIII, Section 7 and Article X, Section 5

Other Sections Also Involved Are:

Article II, section 13
Article VIII, section 5
Article VIII, section 13
Article X, section 6
Article X, section 7
Article X, section 11
Article X, section 13A, 14, 14A, 15, 15(1), 15(1)(a), 15A, 16--includes 4 sections
Article X, section 17
Article X, section 18
Article X, section 19
Article X, section 20
Article X, section 21
Article X, section 22
Others may be discovered in the section by section analysis.

Article II, Section 13

Section 13. Bonded debt in municipalities.—In authorizing a special election in any incorporated city or town in this State for the purpose of bonding the same, the General Assembly shall prescribe as a condition precedent to the holding of said election a petition from a majority of the freeholders of said city or town as shown by its tax books, and at such elections all electors of such city or town who are duly qualified for voting under Section 12 of this Article, and who have paid all taxes, State, County and municipal, for the previous year, shall be allowed to vote; and the vote of a majority of those voting in said election shall be necessary to authorize the issue of said bonds.

out

(amendments omitted)

Article VIII, Section 5

Section 5. Waterworks systems—plants furnish lights and ice.—Cities and towns may acquire, by construction or purchase, and may operate, waterworks systems and plants for furnishing lights and ice manufacturing plants and may furnish water and lights and ice, to individuals, firms and private corporations for a reasonable compensation: *Provided*, That no such construction or purchase shall be made except upon a majority vote of the electors in said cities or towns who are qualified to vote on the bonded indebtedness of said cities or towns.

obsolete

1920 (31) 1707; 1921 (32) 273.

Article VIII, Section 7

Section 7. Bonded debt—certificates of indebtedness—sinking fund—refunding bonded debt—provisos as to certain cities added by amendment. No city or town in this State shall hereafter incur any bonded debt which, including existing bonded indebtedness, shall exceed eight per centum of the assessed value of the taxable property therein, and no such debt shall be created without submitting the question as to the creation thereof to the qualified electors of such city or town, as provided in this Constitution for such special elections; and unless a majority of such electors voting on the question shall be in favor of creating such further bonded debt, none shall be created: *Provided*, That this Section shall not be construed to prevent the issuing of certificates of indebtedness in anticipation of the collection of taxes for amounts actually contained or to be contained in the taxes for the year when such certificates are issued and payable out of such taxes: *And provided, further*, That such cities and towns shall on the issuing of such bonds create a sinking fund for the redemption thereof at maturity. Nothing herein contained shall prevent the issuing of bonds to an amount sufficient to refund bonded indebtedness existing at the time of the adoption of this Constitution: *Provided*, That the limitation imposed by this Section

out

(amendments omitted)

Article VIII, Section 13

Section 13. Municipal ice plants.—Cities and towns may acquire, by construction or purchase and may operate manufactories or plants for making ice, and may furnish ice at wholesale or retail to individuals, firms and private corporations for reasonable compensation: *Provided*, That the purchase or construction of any such ice plant by any city or town heretofore made is ratified and confirmed: *And provided, further*, That no such construction or purchase shall be made hereafter except upon a majority vote of the electors in said cities or towns who are qualified to vote on the bonded indebtedness of said cities or towns: *Provided, further*, The provisions hereof shall not apply to the counties of Aiken, Calhoun, Marion, Barnwell and Marlboro.

out

1920 (31) 1708; 1921 (32) 272.

Article X, Section 5

Section 5. Taxes may be levied for corporate purposes—share of stockholders—limit of bonded debt.—The corporate authorities of counties, townships, school districts, cities, towns and villages may be vested with power to assess and collect taxes for corporate purposes; such taxes to be uniform in respect to persons and property within the jurisdiction of the body imposing the same. All shares of stockholders in any bank or banking association located in this State, whether now or hereafter incorporated, or organized under the laws of this State or of the United States, shall be listed at their true value in money, and taxed for municipal purposes in the city, ward, town or incorporated village, where such bank is located, and not elsewhere: *Provided*, That the words "true value in money" as used in line 12 of this Section shall be so construed as to mean and include all surplus or extra moneys, capital, and every species of personal property of value owned or in possession of any such bank: *Provided*, A like rule of taxation shall apply to the stockholders of all corporations other than banking institutions. And the General Assembly shall require that all the property, except that herein permitted to be exempted within the limits of municipal corporations, shall be taxed for corporate purposes and for the payment of debts contracted under authority of law. The bonded debt of any county, township, school district, municipal corporation or political division or subdivision of this State shall never exceed eight per centum of the assessed value of all the taxable property therein. And no county, township, municipal corporation or other political division of this State shall hereafter be authorized to increase its bonded indebtedness if at the time of any proposed increase thereof the aggregate amount of its already existing bonded debt amounts to eight per centum of the value of all taxable property therein as valued for State taxation. And wherever there shall be several political divisions or municipal corporations covering or extending over the territory, or portions thereof, possessing a power to levy a tax or contract a debt, then each of such political divisions or municipal corporations shall so exercise its power to increase its debt under the foregoing eight per cent limitation that the aggregate debt over and upon any territory of this State shall never exceed fifteen per centum of the value of all taxable property in such territory as valued for taxation by the State: *Provided*, That nothing herein shall prevent the issue of bonds for the purpose of paying or refunding any valid municipal debt heretofore contracted in excess of eight per centum of the assessed value of all the taxable property therein.

See Const. 1868, IX, 8.

(amendments omitted)

Article X, Section 6

Section 6. Credit of State—for what purposes tax levied or bonds issued—proviso.—The credit of the State shall not be pledged or loaned for the benefit of any individual, company, association or corporation; and the State shall not become a joint owner of or stockholder in any company, association or corporation. The General Assembly shall not have power to authorize any county or township to levy a tax or issue bonds for any purpose except for educational purposes, to build and repair public roads, buildings and bridges, to maintain and support prisoners, pay jurors, County officers, and for litigation, quarantine and court expenses and for ordinary County purposes, to support paupers, and pay past indebtedness: *Provided*, That the limitation imposed by this Section shall not apply to any township in the County of Greenwood, nor to any township in the County of Saluda, through which in whole or in part, the line of railroad of Greenwood and Saluda Railroad shall be located and constructed, nor to the County of Saluda, such said townships in Greenwood County and Saluda County, and the County of Saluda, being hereby expressly authorized to vote bonds in aid of the construction of the said proposed railroad under such restrictions and limitations as the General Assembly may prescribe hereinafter: *Provided*, That the amount of such bonds shall not exceed eight per centum of the assessed valuation of the taxable property of such townships.

(other amendments omitted)

Article X, Section 7

Section 7. Scrip, certificate, or evidence of state debt.—No scrip, certificate or other evidence of State indebtedness shall be issued except for the redemption of stock, bonds or other evidences of indebtedness previously issued, or for such debts as are expressly authorized in this Constitution.

See Const. 1868, IX, 10.

Article X, Section 11

Section 11. Public debt—state bonds.—To the end that the public debt of South Carolina may not hereafter be increased without the due consideration and free consent of the people of the State, the General Assembly is hereby forbidden to create any further debt of obligation, either by the loan of the credit of the State, by guaranty, endorsement or otherwise, except for the ordinary and current business of the State, without first submitting the question as to the creation of such new debt, guaranty, endorsement or loan of its credit to the qualified electors of this State at a general State election; and unless two-thirds of the qualified electors of this State, voting on the question, shall be in favor of increasing the debt, guaranty, endorsement, or loan of its credit, none shall be created or made. And any debt contracted by the State shall be by loan on State bonds, of amounts not less than fifty dollars each, bearing interest, payable not more than forty years after final passage of the law authorizing such debt. A correct registry of all such bonds shall be kept by the Treasurer in numerical order, so as to always exhibit the number and amount unpaid, and to whom severally made payable. And the General Assembly shall levy an annual tax sufficient to pay the annual interest on said bonds.

See 16th amend. to Const. 1868.

*place in Const.
30 years for maturity
full faith!*

Article X, Section 14

eliminate

Section 14. Certain cities may levy assessment on abutting property—proviso.—The General Assembly may authorize the corporate authorities of the City of Greenville, Spartanburg and Columbia, and the Town of Manning, to levy an assessment upon abutting property for the purpose of paying for permanent improvements on streets and sidewalks immediately abutting such property: *Provided*, That said improvements be ordered only upon the written consent of two-thirds of the owners of the property abutting upon the street, sidewalk or part of either proposed to be improved, and upon condition that said corporate authorities shall pay at least one-half of the costs of such improvements.

1910 (26) 1065; 1911 (27) 225.

(there are many other sections in the constitution of a similar nature, listed generally as sections 14-22)

*Take up at hereafter
Beary
as
Learl*

STATE AND LOCAL INDEBTEDNESS

Thinking in terms of bonded indebtedness for the state and local units of government, the N. Y. study reviewed almost all the possibilities showing the advantages and disadvantages of each. The study, however, does not make any specific recommendations to the Convention, leaving the decision to the delegates. The various possibilities reviewed in the N. Y. study are listed in the following paragraphs.

1. Retain Referendum Approval for General State Debt. Only debt authorized by the people at a general election would be permitted. In accord with current provisions, exceptions would be continued for short-term and certain emergency borrowing.

2. Extend the Referendum Requirement to Bonds Issued by Public Authorities. A major portion of the debt issued by state instrumentalities is not controlled by the referendum requirement. This proposal would require referendum approval of debt incurred by state-created public authorities.

3. Establish a Debt Limitation Based on the Tax Resources of the State. Under this proposal, the state would be subject to the kind of debt limitation currently applicable to local governments. The total amount of state borrowing might be limited to the average tax yield of a three- or five-year period.

4. Establish a Ceiling Approved by the Legislature (and, Alternatively, by the People Also) on Allowable State Debt.

This would permit the state to borrow for all purposes provided that the total debt outstanding did not exceed the debt ceiling.

5. Permit the State to Issue General Debt. While the Constitution currently limits each debt proposition to a single work or purpose, this proposal would enable the state to float general debt for a variety of purposes.

6. Remove the Referendum Requirement, but Establish Special Legislative Requirements for Debt Authorization.

The borrowing power would be vested in the Legislature, but the authorization of a debt issue would require approval by an extraordinary majority of the

Legislature or at two legislative sessions, subject to the Governor's approval.

7. Eliminate All Constitutional Controls on the Authorization of State Debt.

This proposal would give the Legislature power to create state debt without approval by the people or any special procedure. Under such an arrangement, the creation of debt would be treated in the same fashion as other statutory powers of the Legislature.

Some Observations on Bonded Indebtedness in South Carolina.

(1) The constitutional restriction on bonded indebtedness for the State as listed in Section 11, Article X, and which requires a 2/3 approval of those voting on the question before the issue may be made has not been followed. Under the State Supreme Court decision which allows the pledging of gasoline, sales, and other taxes as security for bonds issued, thereby avoiding the approval of the electorate, the General Assembly has had, in effect, full authority to regulate the State's bonded indebtedness. It can well be argued that practically the full faith of the state of South Carolina is involved, even though a highway bond is paid solely from the gasoline taxes. The point to be remembered, however, is this: Under the court decision, S. C. has had no effective constitutional debt limit and the General Assembly has had full authority to issue bonds by merely placing each issue in a certain category. Secondly, the evidence is that the General Assembly and state administrators have acted conservatively over the years and have not abused this freedom given to them under the court opinion. Thirdly, this absence of abuse is especially noteworthy, when it is remembered that the General Assembly has had this freedom during periods of great need and change: the depression, World War II and the years which followed (resisting a veterans' bonus), and the educational crises of 1954 and the present.

(2) Under current practices, much of the full taxing power of the State of South Carolina is pledged to bond payments, even though only certain taxes are involved. Gasoline, sales, and income taxes are involved; hence, the big income producer under the state tax structure are included -- even though the full

collections are not nearly needed to retire bonds.

(3) Through the use of revenue bonds, many localities have avoided the restrictions placed on the issuance of general obligation bonds. In effect, many municipal councils automatically look toward revenue bonds, rather than go through the red tape of general obligation issues.

(4) Within existing debt limits, many localities have issued general obligation bonds without having a vote of the people.

(5) The requirement for having a referendum has been removed in recent years by the approval of the voters in at least two areas: Beaufort and Spartanburg city.

(6) The Constitutional debt limits in Article VIII, Section 7, and Article X, Section 5, have not been really effective. In all of the many amendments in the years 1900-1964 inclusive, which have been submitted to the voters changing the debt limits and other constitutional requirements involved in these two article, not a single amendment has been voted down by the electorate except in the landslide of opposition in 1924. Sometimes the local area involved, but not often, has rejected the amendment, but normally the statewide vote has been positive. In effect, these restrictions have been more in the nature of red tape than actual restraint.

(7) The debt limitations now in the Constitution for local areas could be much more serious under the 1966 amendment whereby electors in the county concerned will be the only ones voting on the change. This may cause many more people to take the trouble to vote on the issue, since the ballot will be much shorter. The principle, however, of having only one county vote on a state constitutional change is about as great a nonconstitutional principle as can be devised. The state could be headed toward a potentially dangerous practice whereby a locality changes the state constitution, even if it is only a local issue. This seems to prove the point that a State Constitution should deal only with constitutional questions.

(8) Constitutional debt limits have not really served their purpose.

The Current Trend. The Alaska Constitution and the Michigan Constitution retain definite constitutional restrictions on the issuance of debt. The Alaska provision reads: "No state debt shall be contracted unless authorized by law for capital improvements and ratified by a majority of the qualified voters of the State who vote on the question."

On local government it states that: "No debt shall be contracted by any political subdivision of the State, unless authorized for capital improvements by its governing body and ratified by a majority vote of those qualified to vote and voting on the questions."

Michigan provides that: "The state may borrow money for specific purposes in amounts as may be provided by acts of the legislature adopted by a vote of two-thirds of the members elected to and serving in each house, and approved by a majority of the electors voting thereon at any general election."

On local debt the Michigan Constitution states that: "No county shall incur any indebtedness which shall increase its total debt beyond 10 per cent of its assessed valuation." It also provides that municipalities may issue bonds according to regulations granted by the General Assembly.

In Maryland, Kentucky, and the Model, basically regulation of indebtedness is left to the General Assembly. The N. Y. Study makes no concrete recommendation.

Kentucky's present constitution has no serious restrictions on the state's power to borrow money. The proposed draft continued this philosophy by recommending: "Every law authorizing the borrowing of money by and on behalf of the Commonwealth or any unit or agency of local government shall specify the purposes for which the money is to be used, and the money so borrowed shall be used for no other purpose."

The existing Kentucky Constitution places debt limits on local governments,

based upon a percentage of the assessed values. The proposed draft reverses this and recommends: "The General Assembly shall regulate the powers of units of local government to borrow money and contract indebtedness regardless of whether the full faith and credit of such unit of local government is pledged to the repayment of this indebtedness. The General Assembly may provide for the supervision of such indebtedness by the Executive Department of the Commonwealth."

The Maryland Commission proposes the following:

The State shall have the power to incur indebtedness for any public purpose in the manner and upon the terms and conditions as the General Assembly may prescribe by law. All such indebtedness shall be secured by an irrevocable pledge of the full faith and credit and unlimited taxing power of the State. Unless the law authorizing the creation of an obligation includes such an irrevocable pledge, the obligation shall not be considered an indebtedness of the State. If at any time the General Assembly shall fail to appropriate sufficient funds to provide for the timely payment of the interest upon and installments of principal of all state indebtedness, there shall be set apart from the first revenues thereafter received applicable to the general funds of the State a sum sufficient to pay such interest and installments of principal. All state indebtedness shall mature within twenty-five years from the time when such indebtedness is incurred.

On local indebtedness, the Maryland Commission makes no statement whatsoever except that a public purpose must be served when credit of unit is given.

The Model Constitution has only this simple statement: "No debt shall be contracted by or in behalf of this state unless such debt shall be authorized by law for projects or objects distinctly specified therein."

The Proposed Draft of the Nine-man Committee

The draft provision on bonded indebtedness which had been the basis for discussion on part of the Committee and on which two public hearings have been held is submitted here as pages 14-18. Please note the following principles included within this draft which tend to combine all debt limitations and statements in the present constitution into a single statement.

1. Revenue bonds, state or local, are left as they are now regulated under state law. No constitutional provisions are involved or suggested.

2. The General Assembly may continue to regulate the issuance of bonds for which the gasoline tax or other vehicular fuel tax is pledged, but with a constitutional limitation.

3. The same is true for bonds issued against the sales tax.

4. Other bonds may also be issued against additional revenues (dormitory fees, etc.) but without a constitutional fixed limit.

5. All debt limitations are removed for the state, counties, municipalities, schools, and any other political districts but all general obligation bonds issued must be approved by the voters in the district issuing the bonds.

6. Bonds issued to pay for municipal-type services outside of incorporate limits of municipalities must require citizens receiving the benefits to pay the cost (in effect a protection for the municipal taxpayer).

7. Concrete definitions of each type of bond and indebtedness is spelled out in the amendment.

Recommendations From the Public Hearing

1. Even though a number of specific invitations were mailed, only the South Carolina Municipal Association and the S. C. Highway Department appeared.

A. The Municipal Association endorsed the proposal which removes debt limits, and all the other complicated provisions pertaining to some types of bond issues but which requires approval in a municipal referendum.

B. The Highway Department endorsed the proposal on bonds issued against the Gasoline tax but with two recommendations: (1) that the wording be broad enough to cover whatever may be used as fuel in future years and (2) that the limitation be stated in terms of a ratio-based on annual or periodic collections.

2. School officials were requested to appear at a second hearing. Some 6 or 7 school authorities attended and expressed their views in a session disturbed by Senate quorum calls. School officials were not opposed to some type

Local full faith / shall not
be restricted by Const.
our limitations

oil
Leads -

But issued on votes
(1) city & newspapers
~~the~~

Taxes
locally collected
local all local
taxes

full faith
may not
unsubstantiated
expenses

of restriction being placed in the Constitution in so far as school bond issues were concerned, but strongly desired the right to issue some bonds without a referendum. They did not formulate a policy on how this amount should be determined, but from the general discussion they indicated that it should be more than just a petty sum. These officials were asked to file a written proposal, but our records do not show that this was done.

2/3 } Problem Now Before the Committee

3X state collected taxes then effort vote
1. Shall revenue bonds be left as they are: under control of the General Assembly and outside of any constitutional debt limit which might be enacted.

2. Shall the issuance of bonds in the name of the state of South Carolina be left to the General Assembly as is now being done? Shall some type of limitation be placed on bonds issues currently being issued under law, but where specific revenues only are pledged for payment. *Just + Just*

3. Shall full faith and credit bonds be regulated by the General Assembly, or shall some type of restriction be placed on this process such as a maximum or a referendum? *ad Val in can just collected*

4. Shall all state bonds be left solely to the General Assembly without any categorization whatsoever?

5. Shall some type of guarantee be stated that the first funds collected must be used for bond payment if not paid or a time limit placed on the maturity?

6. Shall bonds issued by local governments be constitutionally regulated or essentially left to the General Assembly?

7. If regulated in the Constitution, shall all units be treated alike or shall regulations vary according to the unit of government concerned?

8. If some type of restriction is placed in the Constitution for local indebtedness, what is needed? Shall it be through some type of limitation on the amount which may be issued? Shall it be through a referendum? Shall it be through an extraordinary vote of the governing body? Shall a certain amount be allowed to be issued without major regulation and fixed regulations beyond this amount?

Small collected ~~foxes~~
water will need a tax-
note over this

note about as many ^{times}
from foxes

cell hunter buying blot
to establish -

or small goat - determine if

9. Shall any of the terms used be defined in the Constitution or leave this to the court in case any questions arise?

10. What are the real values of having constitutional limitations of some kind? Better acceptance by the people? Better acceptance by the bond market?

11. Can limitations be stated so that they do not become obsolete or unrealistic because of the measuring device as is currently the case? Can limitation be stated so they will not be by-passed as is now done through the Supreme Court case on pledged revenues or by units of government using revenue bonds because of the regulations?

It is suggested that the Committee, through consensus, establish a policy on bonded indebtedness. This policy or philosophy may be the same for all units or may vary -- one for the state; another for local units.

When policies are agreed upon, then the detail wording of the section(s) on indebtedness may be worked out by the Committee.

Proposed Constitutional Provision on Indebtedness
(To be known as Article X, section 7)

Original Committee Draft

Section 1. The State, any Municipal Corporation, any County and any Other Political Unit may issue Revenue Bonds, Tax Anticipation Notes, Bond Anticipation Notes, and Refunding Bonds in such manner as may now and hereafter be provided by law.

Section 2. Any School District may issue Tax Anticipation Notes, Bond Anticipation Notes and Refunding Bonds in such manner as may now or hereafter be provided by law.

Section 3. The General Assembly may authorize Municipal Corporations, Counties, and Other Political Units to levy assessments upon abutting property for benefits to be specially derived from public improvements and Municipal Corporations, Counties and Other Political Units may issue Special Assessment Bonds.

Section 4. Except as hereinafter specifically authorized, no Bonded Indebtedness shall be incurred by the State, any County, any Municipality, any School District, or any Other Political Unit, except for public purposes permitted by law and under the conditions prescribed by law now existing or hereafter enacted, and unless the question on incurring such Bonded Indebtedness shall be submitted to a vote of the qualified electors of the governmental jurisdiction issuing the bonds at any general election or at any special election called for such purpose, and a majority of those voting on the question shall be in favor of incurring such Bonded Indebtedness.

Section 5. Notwithstanding the provisions of Section 4, Bonded Indebtedness of the State may be incurred without the question being submitted to the qualified electors of the State for the following purposes and within the limitations set forth below:

Own shoes not apply
to ~~the~~ ^{these} names, but
~~not~~ ^{in fact} part breeds
unless

(a) For road, street, and highway purposes in instances where revenues derived from motor vehicle licenses and gasoline taxes sufficient to provide debt service are additionally pledged, in the aggregate principal amount of not exceeding \$100,000,000, or 3 times the average annual revenues produced from such licenses and taxes during the three preceding fiscal years, whichever is greater;

(b) For educational purposes, where revenues derived from sales and use taxes sufficient to provide debt service are additionally pledged, in the aggregate principal amount of not exceeding \$150,000,000, or 3 times the average annual revenues produced from such sales and use taxes during the three preceding fiscal years, whichever is greater, and

(c) For all other purposes in the aggregate principal amount of not exceeding \$100,000,000.

(d) In computing the limitations set forth in paragraphs (a), (b), and (c) of this section, bonds hereafter authorized by a vote as hereinabove provided shall not be taken into account regardless of the purpose for which such bonds may have been issued, but general obligation State Bonds outstanding at the time of the effective date of this section issued for each of the several purposes enumerated above shall be taken into account in computing the debt limitation applicable to bonds to be issued for such purpose.

Section 6. No school district shall incur Bonded Indebtedness except for educational purposes.

Section 7. No law shall be enacted permitting the incurring of Bonded Indebtedness by any County for sewerage disposal or treatment, fire protection, street lighting, garbage collection and disposal, water service or any other service or facility benefiting only a particular geographical section of the County unless the ~~General Assembly~~ shall prescribe that a special assessment, tax, or service charge in an amount designed to provide debt service on Bonded Indebtedness or Revenue Bonds incurred for such purposes shall be imposed upon the area or persons receiving the benefit therefrom.

Section 8. As used in this Section the following terms shall have the meanings hereinafter given.

(a) The term State shall mean the State of South Carolina and any agency, department, authority or institution thereof.

(b) The term "Municipal Corporation" shall mean incorporated cities and towns and any agency, department, authority or institution thereof.

(c) The term "County" shall mean the several counties of the State and any agency, department, authority or institution thereof.

(d) The term "School District" shall mean the several School Districts of the State as they are now or may hereafter from time to time be constituted, irrespective of whether the School Districts are located in one or more counties.

(e) The term "Other Political Units" shall include all special purpose districts, townships and/or other governmental districts or units now existing or hereafter created, whether or not located in one or more counties. It shall likewise include all agencies, departments, authorities or institutions thereof.

(f) The term "Bonded Indebtedness" shall mean any direct obligation of the State, of any Municipal Corporation, of ~~any County~~, of any School District or of any Other Political Unit payable from the proceeds of any license or tax, ad valorem or otherwise.

(g) "Revenue Bonds" shall mean obligations of the State, any Municipal Corporation, any County or any Other Political Unit, payable solely from the revenues derived from any revenue producing facility, enterprise or undertaking, including obligations issued by or on behalf of state institutions payable solely from any fee or charge imposed upon those in attendance at such institutions.

(h) "Tax Anticipation Notes" shall mean obligations of the State, of any Municipal Corporation, of any County, of any School District, or of any Other

Political Unit, issued in anticipation of the collection of taxes then levied and payable solely from the proceeds thereof and falling due not more than twelve months from their issuance.

(i) "Bond Anticipation Notes" shall mean indebtedness incurred in anticipation of the incurring of Bonded Indebtedness or in anticipation of the issuance of Revenue Bonds and renewals thereof which shall fall due not more than three years from the date of their issuance.

(j) "Refunding Bonds" shall include Bonded Indebtedness incurred to refund outstanding Bonded Indebtedness or to refund outstanding Revenue Bonds.

(k) "Special Assessment Bonds" shall mean bonds for which the full faith, credit and taxing power are pledged, but which are normally payable from assessments levied against abutting property specially benefited by public improvements adjacent to such property.

Section 9. The following sections of The Constitution of 1895 are hereby repealed: Article II, section 13; Article VIII, section 5; Article VIII, section 7; Article VIII, section 13; Article X, section 7; Article X, section 11; Article X, section 13-A; Article X, section 14; Article X, section 14a; Article X, section 15, Article X, section 15(1); Article X, section 15(1) (a); Article X, section 15a; the four sections listed as Article X, section 16, pp. 285-287 of the Code of Laws, 1962, Vol. XVI; Article X, section 17; Article X, section 18; Article X, section 19; Article X, section 20; Article X, section 21; and Article X, section 22.

Section 10. Article X, section 5, of the Constitution shall be amended so that the amended section shall read as follows:

The corporate authorities of counties, townships, school districts, cities, towns and villages may be vested with power to assess and collect taxes for corporate purposes; such taxes to be uniform in respect to persons and property within the jurisdiction of the body imposing the same. All shares of stockholders

in any bank or banking association located in this State, whether now or hereafter incorporated, or organized under the laws of this State or of the United States, shall be listed at their true value in money, and taxed for municipal purposes in the city, ward, town or incorporated village, where such bank is located and not elsewhere: Provided, That the words "true value in money" as used in line 12 (line 12 of the original and line 8 as herein printed) of this Section shall be so construed as to mean and include all surplus or extra moneys, capital, and every species of personal property of value owned or in possession of any such bank: Provided, A like rule of taxation shall apply to the stockholders of all corporations other than banking institutions. And the General Assembly shall require that all the property, except that herein permitted to be excepted within the limits of municipal corporations, shall be taxed for corporate purposes and for the payment of debts contracted under authority of law.

Section 11. Article X, section 6, of the Constitution shall be amended so that the amended section shall read as follows:

The credit of the State shall not be pledged or loaned for the benefit of any individual, company, association or corporation; and the State shall not become a joint owner of or stockholder in any company, association, or corporation.

Section 12. In the Constitution of 1895 the following sections in force before the ratification of this amendment shall be identified by the word "repealed"; thusly,

Article II, section 13 - repealed

Article VIII, section 5 - repealed

Article VIII, section 7 - repealed

Article VIII, section 13 - repealed

Article X, section 11 - repealed

~~90000.00~~

$$\begin{array}{r} 342 \\ 293 \\ \hline 635 \end{array}$$

$$\begin{array}{r} 2 \\ \hline 1,270,000,000 \end{array}$$

$$\begin{array}{r} 2 \overline{) 635} \\ 317 \\ \hline 2 \end{array}$$

$$\begin{array}{r} 2 \\ \hline 634,000,000 \end{array}$$

$\frac{1}{2}$ 7 900

$$\begin{array}{r} 317 \\ 2 \\ \hline 634 \end{array}$$

$$\begin{array}{r} 317 \\ 3 \\ \hline 951,000,000 \end{array}$$

700

$\frac{1}{2}$ 7 and

$\frac{3}{5}$

IndebtednessWorking Paper #6

Table I. State Tax Collections and Indebtedness

1965 - 1966

	<u>Taxes</u>	<u>Nontaxes</u>
General Fund	\$ 284,415,042	\$ 6,259,514
Highway Fund	57,622,586	12,486,942
Total	\$ 342,037,628	\$ 18,746,456
Indebtedness, Outstanding, June 30, 1966 -	\$162,567,000	

1964 - 1965

General Fund	\$ 240,189,786	\$ 5,897,787
Highway	53,454,991	12,000,778
Total	\$ 293,644,777	\$ 17,898,565
Indebtedness, Outstanding, June 30, 1965 -	\$173,235,000	

1963 - 1964

General Fund	\$ 217,261,324	\$ 2,056,400
Highway	50,640,981	10,569,661
Total	\$ 267,902,305	\$ 12,625,061
Indebtedness, Outstanding, June 30, 1964 -	\$180,182,800	

Indebtedness

Working Paper #6

Table II. County Taxes and Indebtedness

<u>Counties</u> <u>Under 20,000</u>	<u>Bonds Outstanding</u> <u>June 30, 1966</u>	<u>Notes</u> <u>June 30, 1966</u>	<u>Taxes Collected</u> <u>1965 - 1966</u>
Allendale	—	\$ 82,000.	\$ 82,029.63
Bamberg	—	—	49,652.56
Barnwell	—	122,500.	72,485.39
Calhoun	—	—	33,805.86
Edgefield	—	—	85,337.48
Hampton	\$ 220,000.	20,000.	76,801.37
Jasper	—	37,500.	102,906.63
McCormick	—	—	23,366.15
Saluda	—	86,625.22	69,432.67
<u>20,000 - 30,000</u>			
Abbeville	\$ 485,000.	25,000.	129,599.61
Clarendon	—	24,000.	240,546.02
Colleton	230,000.	210,400.	458,602.21
Dorchester	716,000.	328, 000.	209,841.47
Fairfield	—	94,620.	183,096.18
Georgetown	—	80,000.	229,885.94
Lee	30,000.	—	116,679.28
Marlboro	—	—	134,125.46
Newberry	556,000.	40,000.	181,635.12

IndebtednessWorking Paper #6

Table II. County Taxes and Indebtedness

<u>Counties</u>	<u>Bonds Outstanding</u>	<u>Notes</u>	<u>Taxes Collected</u>
<u>30,000 - 40,000</u>	<u>June 30, 1966</u>	<u>June 30, 1966</u>	<u>1965 - 1966</u>
Berkeley	\$ 458,000.	\$ —	\$ 440,015.91
Chester	400,000.	30,000.	444,449.40
Chesterfield	242,000.	22,500	255,466.35
Dillon	425,000.	173,264.17	166,856.06
Kershaw	755,000.	100,000.	345,346.42
Lancaster	210,000.	120,000.	210,466.66
Marion	75,000.	128,000.	158,252.30
Union	766,000.	38,800.	425,500.92
<u>40,000 - 50,000</u>			
Beaufort	1,593,000.	—	371,237.49
Cherokee	260,000.	—	334,720.61
Greenwood	2,848,000.	190,168.06	711,234.41
Laurens	908,000.	50,000.	463,473.45
Oconee	1,205,000.	40,000.	634,434.61
Pickens	700,000.	110,000.	406,080.41
Williamsburg	558,000.	65,000.	220,782.46
<u>50,000 - 60,000</u>			
Darlington	959,000.	23,000.	489,071.88

IndebtednessWorking Paper #6

Table II. County Taxes and Indebtedness

<u>Counties</u>	<u>Bonds Outstanding</u> <u>June 30, 1966</u>	<u>Notes</u> <u>June 30, 1966</u>	<u>Taxes Collected</u> <u>1965 - 1966</u>
<u>60,000 - 70,000</u>			
Horry	\$ 567,000.	—	\$ 436,495.03
Lexington	—	\$ 524,000.	534,176.67
Orangeburg	—	108,000.	198,661.40
Sumter	1,500,000.	—	426,888.47
<u>Over 70,000</u>			
Aiken	1,236,000.	—	742,140.42
Anderson	1,966,000.	—	1,045,129.26
Charleston	5,190,000.	250,000.	5,089,375.92
Florence	705,000.	133,920.	478,868.50
Greenville	3,156,000.	870,000.	4,728,318.66
Richland	3,061,000.	683,700.80	1,500,610.33
Spartanburg	4,287,000.	3,600.	3,242,164.64
York	3,508,000.	100,000.	842,958.59

1.4

IndebtednessWorking Paper #6Table III. Municipal Tax Collections
(Property and Business Licenses), 1963

<u>Over 50,000</u>		302
Charleston	3,128,883.	X
Columbia	3,154,705.	
Greenville	3,381,634.	
<u>25,000 - 50,000</u>		
Anderson	725,615.	
Rock Hill	680,082.	
Spartanburg	1,539,195.	
<u>10,000 - 25,000</u>		
Aiken	1,997,214.	
Florence	864,952.	800
Gaffney	364,688.	
Georgetown	210,935.	
Greenwood	513,662.	
N. Augusta	155,687.	
Orangeburg	337,029.	
Sumter	710,938.	
Union	261,870.	
<u>5,000 - 10,000</u>		
Abbeville	156,524.	
Belton	157,078.	
Camden	191,000.	

IndebtednessWorking Paper #6

Cheraw	114,609.
Clinton	104,348.
Darlington	247,789.
Easley	157,748.
Hartsville	298,240.
Lancaster	205,718.
Marion	148,823.
Mullins	132,006.
Newberry	237,913.
Walterboro	131,539.

2,500 - 5,000

Allendale	53,091.
Bamberg	53,221.
Calhoun Falls	44,616.
Denmark	53,477.
Forest Acres	30,670.
Honea Path	53,805.
Liberty	55,947.
Summerville	80,243.
Whitmire	60,860.
Winnsboro	56,927.
York	90,725.

IndebtednessWorking Paper #6

<u>1,000 - 2,500</u>	
Blacksburg	54,361.
Bowman	8,940.
Central	34,191.
Chesterfield	48,337.
Cowpens	19,157.
Duncan	15,495.
Estill	21,899.
Fountain Inn	49,932.
Inman	45,946.
Johnston	47,772.
Kershaw	36,790.
Landrum	17,954.
Leesville	26,026.
Loris	39,412.
McColl	0
Moncks Corner	37,818.
Ninety-Six	23,245.
Pacolet	16,520.
Pageland	36,789.
Pickens	40,996.
St. George	46,366.
St. Stephen	16,801.
Sullivan's Island	35,582.

Indebtedness

Working Paper #6

Timmons ville	60,736.
Varnville	14,467.
Westminster	54,468.
<u>Under 500 - 999</u>	
Aynor	10,260.
Goose Creek	0
Greeleyville	5,916.
Harleyville	3,751.
Lake View	9,227.
McBee	7,959.
Nichols	0
Norway	5,290.
Pamplico	16,428.
Prosperity	13,810.
Ridgeville	1,337.
Scranton	4,900.
Springfield	7,665.
Wagener	6,806.
<u>Under 500</u>	
Chapin	1,432.
Cordova	244.
Donalds	3,924.
Furman	842.
Hollywood	543.

IndebtednessWorking Paper #6

Kline	201.
Meggett	383.
Patrick	675.
Pelzer	0
Rowesville	1,134.
Six Mile	42.
Trenton	4,367.
West Union	1,628.

Note: 1963 is latest year complete information available.
Taxes have perhaps increased by 10 per cent since
that time.

IndebtednessWorking Paper #6

Table IV. Local School Taxes and Indebtedness, 1965-66.

	<u>Tax Collections</u>	<u>Indebtedness June 30, 1966</u>
Abbeville	\$ 426,251.	\$ 652,100.
Aiken	1,399,659.	3,393,420.
Allendale	227,638	19,300.
Anderson		
#1	417,106.	
#2	208,411.	
#3	82,465.	
#4	99,803.	
General	983,806.	
Total	\$ 2,731,114.	\$ 5,193,000.
Bamberg		
#1	80,452.	
#2	116,896.	
#3	19,904.	
Total	\$ 219,748.	\$ 803,500.
Barnwell		
#19	98,811.	
#29	51,765.	
#45	180,213.	
Total	\$ 330,780.	\$ 92,000.

IndebtednessWorking Paper #6

Beaufort

#1 \$ 350,633.

#2 103,335.

General 67,552.

Total \$ 521,520.

\$ 65,000.

Berkeley

337,055.

1,180,000.

Calhoun

#1 103,148.

#2 68,919.
Total \$ 172,067.

Charleston

\$ 3,350,735.

2,682,000.

Cherokee

656,881.

753,000.

Chester

561,419.

802,700.

Chesterfield

#1 104,535.

#2 186,274.

#3 46,154.

#4 102,097.

#5 27,304.

#6 16,504.

General 99,737

\$ 609,000.

Total \$ 582,605.

Clarendon

#1 \$ 47,970.

#2 95,373.

#3 45,616.

Total \$ 188,959.

\$ 71,400.

IndebtednessWorking Paper #6

Colleton	\$ 300,138.	\$ 408,000.
Darlington	1,217,062.	1,792,000.
Dillon		
#1	120,946.	
#2	316,157.	
#3	146,671.	
General	81,043.	
Total	\$ 664,817.	\$ 647,361.
Dorchester		
#1	\$ 90,135.	
#2	170,000.	
#3	126,356.	
Total	\$ 386,491.	\$ 684,000.
Edgefield	\$ 170,304.	\$ 250,000.
Fairfield	394,253.	173,000.
Florence		
#1	1,387,129.	
#2	86,274.	
#3	227,220.	
#4	90,464.	
#5	67,956.	
General	101,620.	
Total	\$ 1,960,663.	\$ 554,400.
Georgetown	\$ 899,279.	335,000.
Greenville	5,531,871.	14,537,000.

IndebtednessWorking Paper #6

Greenwood

#50 \$ 807,568.

#51 168,505.

#52 239,344.

Total \$ 1,215,417.

\$ 632,000.

Hampton

#1 \$ 243,042.

#2 116,308.

General 21,698.

Total \$ 381,048

\$ 148,000.

Horry \$ 1,197,571.

27,551.

Jasper 265,641.

905,000.

Kershaw 1,172,809.

2,537,000.

Lancaster 836,689.

2,694,000.

Laurens

#55 355,399.

#56 280,194.

General 44,873.

Total \$ 680,466.

\$580,000.

Lee 253,634.

1,000.

Lexington

#1 276,491.

#2 690,550.

#3 201,545.

#4 86,432.

#5 298,851.

IndebtednessWorking Paper #6

Total	\$ 1,553,869.	\$ 2,991,895.
McCormick	73,253.	_____
Marion		
#1	194,875.	
#2	155,926.	
#3	40,599.	
#4	28,503.	
General	128,681.	457,200.
Total	\$ 548,584.	
Marlboro	\$ 584,810.	\$ 605,000.
Newberry	438,410.	828,400.
Oconee	642,068.	1,122,000.
Orangeburg		
#1	97,003.	
#2	52,714.	
#3	117,977.	
#4	79,315.	
#5	795,322.	
#6	75,239.	
#7	57,630.	
#8	41,837.	
Total	\$ 1,317,037.	\$ 1,517,000.
Pickens	891,316.	3,127,300.
Richland		
#1	3,134,239.	
#2	180,082.	

IndebtednessWorking Paper #6

#5	274,702.	
#6	21,314.	
General	1,402,818.	
Total	\$ 5,013,155	\$ 10,973,000.

Saluda

#1	115,311.
#2	47,872.
#3	21,370.
General	23,436.
Total	\$ 207,989.

Spartanburg

#1	252,006.	
#2	231,656.	
#3	241,516.	
#4	235,927.	
#5	392,902.	
#6	557,744.	
#7	1,714,176.	
General	1,027,546.	
Total	\$ 4,653,473.	\$ 5,393,000.

Sumter

#2	257,385.	
#17	743,686.	
General	200,616.	
Total	\$ 1,201,687.	\$ 168,000.

IndebtednessWorking Paper #6

Union	\$ 460,680.	\$ 379,000.
Williamsburg	390,625.	560,000.
York		
#1	217,003.	
#2	152,695.	
#3	1,287,256.	
#4	227,670.	
Total	\$ 1,884,624.	\$ 2,716,000.
State Total	\$49,102,670.	\$ 74,060,634.

Note: Based on the 1965-66 report of the State Superintendent of Education.

The State shall have the power to incur indebtedness for any public purpose in the manner and upon the terms and conditions as the General Assembly may prescribe by law, ^{then} provided that all state indebtedness shall mature within 30 years from the time when such indebtedness is incurred ^{and provided} All such indebtedness shall be secured by an irrevocable pledge of the full faith and credit and unlimited taxing power of the State. If at any time the General Assembly shall fail to provide for the timely payment of the interest and principal of any such indebtedness, the state treasurer shall immediately impose a statewide property tax levy sufficient to meet the payments due.

The General Assembly may provide for the issuance of such indebtedness not to exceed ¹² ~~three~~ (?) times the average of the total amount of tax collections received by the State in the three preceding years. The General Assembly may authorize indebtedness in excess of this amount if approved by two-thirds of the members of each house of the General Assembly. All indebtedness incurred by the State for any agency or for any purpose supported in whole or part by the taxing resources of the State shall be issued within the authorization and limitations of this section. The provisions of this section do not apply to ~~indebtedness now existing on~~ to indebtedness incurred in anticipation of current tax collections.

Appendix B

Counties, municipalities, school districts, special districts, and any other political ^{unit} of the State may incur indebtedness for public purposes now or hereafter authorized by law upon the terms and conditions as the General Assembly may prescribe. All such indebtedness shall be secured by an irrevocable pledge of the full faith and credit and unlimited taxing power of the unit of government issuing the indebtedness. Counties, municipalities, school districts, special districts, and any other political unit may incur such indebtedness upon the approval of the governing body when such indebtedness does not exceed ³ times the ~~average~~ ^{of the indebtedness of the unit} of the total amount of taxes and licenses collected locally in the three preceding years by the unit of government issuing the indebtedness. ^{when} Such indebtedness in excess of this limitation shall be issued only upon approval of the qualified electors within the unit of government issuing ^{the bonds} ~~the bonds~~. The provisions of this section shall not ~~apply to obligations now outstanding~~, to indebtedness incurred in anticipation of current tax collections, or to revenue bonds now or hereafter authorized by law.

When ready to be passed into law

Discharged by the revenue bonds

Should a provision pertaining to indebtedness which benefits only a special part of a unit of government be included here?

School districts

*125
3*

500,000

300,000
Page 15
Working Paper 6