

Abbeville County
Capital Project Sales Tax Commission Fundamentals

Approved October 26, 2017

1. Background:

- a. Abbeville County Council is preparing a capital project sales tax, or “CPST” referendum. The CPST Commission will take an approach geared at improving Abbeville County as a whole through several different focuses. The preparations being made now will support a referendum that will be voted on in November 6, 2018. To this end, County Council, acting under statutory CPST requirements, has approved a resolution calling for the appointment of a CPST Commission.

- b. ***Why hold a referendum to pass a one (1) percent sales tax in Abbeville County?***
 - Much needed capital projects in Abbeville County can be funded without a property tax increase.
 - Sales tax dollars raised in Abbeville County stay in Abbeville County.
 - With a sales tax, out of County residents significantly contribute towards the capital investment of Abbeville County capital projects.
 - Unprepared food items eligible for purchase with the U.S. Department of Agriculture food coupons are exempt from the capital sales tax. For additional information, visit the ***South Carolina Department of Revenue website***.
 - The projects chosen will reflect the needs throughout Abbeville County to include the incorporated areas of Abbeville, Calhoun Falls, Due West, Donalds, and Lowndesville, and will be available for use by all County residents.
 - Abbeville County will use a committee system to evaluate capital projects. The five (5) committees are **Economic Development, Infrastructure, Parks Recreation & Tourism, Public Safety** and **Quality of Life**.
 - By law, the money raised by the 1% sales tax can only be spent on the projects approved by the voters. Residents will see on the ballot how the penny is being spent and Abbeville County is committed to reporting progress on the approved projects to the residents.

2. CPST Commission Purpose and Mission Statement:

Purpose: Following the directive of Abbeville County’s strategic vision and goals, the CPST Commission will thoroughly research and present Abbeville County Council with a list of capital projects designed to yield maximum near and long-term benefits for the betterment of Abbeville County and its municipalities. Through capitalizing on the unique qualities of Abbeville County and

bolstering its community pride, the CPST Commission will consider and recommend projects that will better the lives of the people of Abbeville County.

Mission Statement: Enhance our County's quality of life by identifying projects with a stated need and purpose that will yield long-term benefits for Abbeville County and its citizens.

COUNTY BENEFITS – WE ALL BENEFIT

The CPST Commission strongly urges all Abbeville County residents to think about the County as a whole.

The projects that we hope will be generated by our efforts will be truly those that benefit all County residents not just those in the immediate area where the project is located.

This approach makes our projects more beneficial thus worthier of wide spread support.

If a project is located within a municipality within our County the project must be available and beneficial to all residents. We understand not all projects will fit neatly into this concept but in general terms we are looking for the most impactful projects.

LONG TERM

Our Commission is dedicated to thinking in long range terms.

Along with far reaching positive impact within our five target areas, The Commission is concerned that all projects can sustain themselves for a reasonably long period of time. Projects are encouraged to establish benchmarks for demonstrating that the project will achieve what was intended.

BOND, PRIORITY and LENGTH

The Commission will recommend that County Council not authorize a bond issue for CPST Projects. All projects shall be authorized to proceed only when funds are available in full (pay as you go).

The Commission will recommend that if a project is not ready for construction as prioritized, that County Council drop it down one priority and continue to drop project down until it is ready or it is clear the project needs to be removed from the list.

The County Council can choose from 2, 4, 6 or 8 years duration. The CPST Commission will recommend an eight (8) year duration.

EXPECTATIONS

According to State law, the number of years the sales tax is in effect can be either two, four, six, or eight years. The County Council chooses one of these four choices at the time the wording of the referendum is approved. The CPST Commission can make a recommendation. The Commission has estimated the following revenues for each of the four choices based on information from several sources including the SC State Office of Revenue and Fiscal Affairs:

- Two years = \$2,400,000
- Four Years = \$5,100,000
- Six Years = \$7,900,000

- Eight Years = \$10,800,000

The CPST Commission recommendation will be determined by the cost of selected projects to be recommended to the Council and the number of years it will take to generate that amount of revenue. Based on SC Revenue and Fiscal Affairs Office we project an eight-year total of \$10,800,000 from the CPST and note that 30% of this total will be from residents of other Counties.

3. Statutory Authority and Permitted Projects:

The statutory authority for counties to implement a capital project sales tax lies in §4-10-300 et seq., South Carolina Code of Laws 1976, as amended. The purposes for which penny sales tax proceeds may be expended are specified in §4-10-330 (A)(1). This list is considered exclusive and exhaustive, meaning there is no room for variance from it in the types of projects that may appear on the ballot.

4. Entities Qualified to Submit Projects and Committees:

Entities qualified to submit projects to the CPST Commission, through committees, include only Abbeville County, municipalities located within Abbeville County, water and sewer authorities within Abbeville County, and projects undertaken in conjunction with another qualified entity. Qualified entities must own the projects (land parcel and improvements) during and after construction, and are responsible for maintaining and operating the projects post-completion.

The CPST Commission has elected to utilize a committee format for soliciting and vetting CPST projects. The committee will focus on 5 priority areas aligned with the CPST statute. Those priority areas are: Public Safety; Economic Development; Infrastructure; Parks, Recreation & Tourism; and Quality of Life. Qualified entities should work through the committee that most closely matches their project's goals and intentions. Each committee will be tasked with assisting with project development, the application process, encouraging multiagency/multijurisdictional collaboration, and recommendation of projects (including level of need) to the CPST Commission.

5. Submissions of Projects by Qualified Entities; Ballot Development by the Commission:

Beyond prescribing the projects that may be funded with CPST revenues, state law provides only minimal guidance in the development of the ballot question. It is up to the qualified entities and committees to determine individually the processes they will use to determine which projects they will recommend to the CPST Commission, to develop accurate cost estimates for those projects, and so forth. Likewise, the CPST Commission is responsible for developing its own criteria and processes for deciding which projects will be included in the ballot question and which projects will not. Once the proposed ballot question is formulated, County Council may then accept or reject the list of projects. Acceptance of the ballot question – essentially, the list of projects – is confirmed by County Council's adoption of an ordinance calling for the referendum question to be placed on the November 6, 2018 ballot.

a. The County's Processes and Criteria

County Council will be accepting public input during the project selection phase. The scheduling component of the process culminates in a March 19, 2018, recommendation of County-sponsored projects to the CPST Commission through the appropriate committees. Each project should be in line with the 5 focus areas that the CPST Commission has identified as priorities.

Upon receiving the recommended project list from the CPST Commission, County Council may then choose to adopt their priority recommendation or alter the priority of each project prior to adopting the ordinance calling for the referendum.

b. The CPST Commission's Process and Criteria

The Commission will meet and determine its own procedures and processes. The CPST Commission will likely focus broadly on 1) whether a project is of the type allowed under the statute; 2) ownership and operation responsibilities for the project; 3) thorough and accurate cost estimation; 4) responsibility for cost over-runs; and 5) anticipated need for a project and its potential impact on the county. Processes and criteria established by the CPST Commission may be over and above those established by the qualified entities, and are not fully known at this time. Upon closing the application period for projects, the CPST Commission may request qualified entities to prepare and deliver presentations of their projects at a CPST Commission Meeting.

6. Project Cost Estimation; County Assistance

A thorough and accurate estimation of costs is crucial to any project submission. Cost estimates that are unrealistic or not well thought out can lead to incomplete projects and unmet expectation. The omission of such critical cost elements as site acquisition and preparation, project design, professional construction oversight, furnishings, landscaping, specialized equipment and other details contribute to these failures. Cost estimation should involve conceptual plans and pricing that is short of a bid-specification level, but still aimed at conservative, not-to-exceed pricing for ballot purposes. Abbeville County has a list of preapproved engineering firms that are available for consultation with qualified entities. Any costs incurred as a result of said consultations will be the responsibility of the qualified entity.

7. Contact

Submitting a CPST project proposal can be a fairly complicated undertaking. If you have questions about this process, do not hesitate to contact the County for further information.

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