

CHESTERFIELD COUNTY TRANSPORTATION FACILITIES SALES TAX
REFERENDUM
NOVEMBER 2, 2021

Frequently Asked Questions

1. What is the legal basis for the Referendum?

The Referendum is being held pursuant to the authorizations contained in South Carolina Code of Laws Section 4-37-30 through 4-37-50, which is part of an act (the “Act”) providing for “Optional Methods for Financing Transportation Facilities.”

2. What questions are being put before the electors of Chesterfield County in the Referendum?

As allowed by the Act, the two questions that will be put before the County’s electors are:

Question 1

I approve a special sales and use tax in the amount of 1% (one percent) to be imposed in Chesterfield County for not more than twenty-five years commencing September 1, 2025, to fund the following project or projects:

Project (1) For financing the costs of highways, roads, streets, bridges, and other transportation-related projects, facilities, and drainage facilities related thereto. \$110,000,000

And

Question 2

I approve the issuance of not exceeding \$76,000,000 of general obligation bonds of Chesterfield County, maturing over a period not to exceed 25 years to fund the above referenced project.

3. When will the Sales Tax listed in the Referendum question above commence and when will it terminate?

Pursuant to the ordinance of County Council authorizing the Referendum, the Sales Tax will commence on September 1, 2025 and will terminate on the earlier of the end of the calendar month in which the South Carolina Department of Revenue determines that the Sales Tax has generated \$110,000,000 in collections or September 1, 2050.

4. Will the Sales Tax be imposed in addition to the 1% Sales Tax currently imposed by the Chesterfield County School District?

No. The sales tax currently imposed by the Chesterfield County School District (the “School District Tax”) terminates August 30, 2025. The September 1, 2025 date set for commencement of the Sales Tax is based on the date of termination of the School District Tax.

5. What may the proceeds of the tax be used for?

As mandated by the Act, as well as South Carolina law generally applicable to referenda, the proceeds of the Sales Tax may only be used to fund “the costs of highways, roads, streets, bridges, and other transportation-related projects, facilities, and drainage facilities related thereto.”

6. Are there any particular transportation projects for which the County intends to use the proceeds of the Sales Tax.

Yes. The County is in ongoing discussions with SCDOT regarding the widening of Highway 9 from Chesterfield to Pageland. The total cost of such project is projected to be \$126,000,000, with up to \$25,000,000 coming from Sales Tax proceeds to serve as a match to state and/or federal funds.

7. What is the purpose of “Question 2” in the referendum relating to the issuance of not exceeding \$76,000,000 in general obligation bonds of the County (the “Bonds”)?

As is often the case with sales tax, which are remitted to the County monthly, it is more efficient and cost effective to the County to issue bonds to leverage the stream of Sales Tax collections. Rather than exposing itself to construction cost and interest rate risk, and in order to gain efficiencies and savings from undertaking multiple projects at once, the County will obtain in the form of bond proceeds “up front” funding for the projects, and then pay the bonds back with proceeds of the Sales Tax as they are collected.

8. The bonds proposed to be approved in the Referendum are general obligation bonds. Does that mean the County will also levy property taxes to pay them?

No. Although general obligation bonds are secured by a pledge of the County’s taxing power, they may be paid from any lawful source. The Act allows general obligation bonds issued in the same referendum as that containing the substantive sales tax question provided by the Act to be paid from sales tax proceeds and not from property taxes, so long as there are sufficient sales tax proceeds to make such payments.

9. Has the County determined that the proceeds of the Sales Tax will be sufficient to pay debt service on the Bonds so that property taxes will not need to be levied for such payments?

Yes. The County has worked with its municipal financial advisor to project annual proceeds of the Sales Tax, and has sized the Bonds to ensure that more than enough projected proceeds of the Sales Tax will be available to pay debt service on the Bonds.