CITY OF WESTMINSTER SPECIAL CALLED MEETING
July 28, 2026 @ 5:00 PM
The Depot
135 E. Main Street, Westminster

Call to Order
Certification of Quorum
Invocation & Pledge of Allegiance

Public Comments:
The floor is now open for public comments. Citizens of Westminster or others who have registered for time with the Clerk can now address Council for any matters on the agenda or other matters relevant to the Council. Speakers are allowed up to 3 minutes. To preserve the decorum of this public meeting and to allow adequate time for discussion among the elected membership of City Council, this will be the only time unsolicited comments are received from the public. This is not a discussion nor a Question-and-Answer session. At their own discretion, Councilmembers may choose to address a public comment during the "Comments from the Mayor and Council" section of the agenda. Comments should be addressed to the City Council, not to the audience.

Comments from the Mayor and Council

Routine Business
None.

Old Business
None.

New Business

1) **Consideration of First Reading of Ordinance 2026-08-11-02; AN ORDINANCE ENACTED PURSUANT TO THE MUNICIPAL TAX RELIEF ACT, TITLE 5, CHAPTER 41 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED, PROVIDING FOR THE IMPOSITION OF A ONE PERCENT SALES AND USE TAX TO PROVIDE PROPERTY TAX RELIEF TO OWNER-OCCUPIED HOMES AND TO FINANCE CERTAIN PROJECTS UPON REFERENDUM APPROVAL; THE FORM OF THE BALLOT TO BE USED IN CONNECTION THEREWITH; AND OTHER MATTERS RELATING THERETO**

   On May 19, 2026, Gov. Henry McMaster signed the Municipal Tax Relief Act (S.866) into law. Previously only counties had the ability to request a local sales tax. Cities may only exercise this option if their county does not have a local sales tax in place. Oconee County is one of three counties in the state that does not have a local sales tax.

   Under the Municipal Tax Relief Act, 20% of all anticipated sales tax collections must be dedicated to property-tax relief for owner-occupied residences, with the remaining 80% eligible municipal projects that meet the criteria established by the Act.

   Currently, the South Carolina Department of Revenue reports net taxable sales within the city of Westminster range between $ 2,294,298.65 and $ 2,999,928.36 monthly for the period January 2025 to May 2026 with a monthly average of $2,665,417.00, meaning a 1% tax could provide city homeowners with approximately $63,970 in annual property tax relief and fund roughly $255,880 in specific infrastructure projects, annually for eight years.

Over the eight-year implementation period of the Municipal Tax Relief Act, the City projects a total of $2,558,800 in sales tax revenue could be generated and allocated according to the requirements of the Act.

The passage of this ordinance will add a referendum to the November ballot, allowing city of Westminster voters to consider a 1% municipal sales tax. The proposed tax would apply to sales – except gas, most groceries and prescriptions – made within the city limits.

Property-Tax Relief (20%) The City estimates that $63,970 will be directed toward reducing property taxes for owner-occupied homes. This recurring annual relief is intended to offset the burden of rising property valuations and stabilize housing affordability for residents.

Eligible Projects (80%) The remaining $255,880 is projected to support capital improvements, the City Council must provide a ranked-ordered project list with the project costs.

By law, the project list cannot be altered after City Council's second vote. Approval of the ordinance will require two readings and must be finalized by August 14, 2026 for the question to appear on the November 2026 ballot.

Therefore the City Council will need to

1- Set the number of years to collect the one cent sales tax with a maximum of eight years; and,
2- Set the percentage of annual revenue to be dedicated toward property tax relief (properties with 4% assessment ratios) with a minimum of 20% annually; and,
3- Set the capital improvements which will be constructed in rank order with project budgets.

Please note: As there will be only one (1) month of collections in FY2027, the tax credit will be significantly less in tax year 2027. All estimates of revenue include growth projections.

Executive Session

None.

2) Adjourn

ORDINANCE 2026-08-11-02

ENACTED PURSUANT TO THE MUNICIPAL TAX RELIEF ACT, TITLE 5, CHAPTER 41 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED, PROVIDING FOR THE IMPOSITION OF A ONE PERCENT SALES AND USE TAX TO PROVIDE PROPERTY TAX RELIEF TO OWNER-OCCUPIED HOMES AND TO FINANCE CERTAIN PROJECTS UPON REFERENDUM APPROVAL; THE FORM OF THE BALLOT TO BE USED IN CONNECTION THEREWITH; AND OTHER MATTERS RELATING THERETO

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WESTMINSTER, SOUTH CAROLINA AS FOLLOWS:

ARTICLE I

FINDINGS

Section 1.01 Findings

In connection with the enactment of this ordinance (the "***Ordinance***"), the City Council of the City of Westminster (the "***City Council***"), the governing body of the City of Westminster, South Carolina (the "***City***"), hereby finds and determines as follows:

(a) Pursuant to the Municipal Tax Relief Act, codified at Title 5, Chapter 41 of the Code of Laws of South Carolina 1976, as amended (the "***Tax Relief Act***"), the City Council is authorized to impose an up to one percent sales and use tax (the "***Sales and Use Tax***"), subject to the approval of a referendum to be held in the City. The proceeds of the Sales and Use Tax must be applied for the purposes identified by the City pursuant to Section 5-41-120 of the Tax Relief Act, including utilizing at least 20% of the revenues collected to provide a credit against a taxpayer's municipal *ad valorem* tax liability for owner-occupied homes.

(b) The City Council has considered the funding of capital projects within the City with an estimated total cost of approximately $2,047,040, has evaluated and determined which capital projects to be funded from the Sales and Use Tax, and has determined the form of the ballot question (the "***Ballot Question***"), pursuant to Section 5-41-120(E) of the Tax Relief Act.

(c) The City has estimated that a one percent sales and use tax within the City would generate an average of approximately $319,850 annually or over $2.55 million during the 8-year period from May 1, 2027, to April 30, 2035, based on current receipts, but may grow over time.

(d) Pursuant to Section 5-41-120(I) of the Tax Relief Act, the Sales and Use Tax proceeds will be spent on the basis of a priority ranking assigned to the capital projects as established in Exhibit A attached hereto (the "***Capital Projects***"), subject to certain conditions and adjustments. Those Capital Projects are:

1. (Insert Ranked Project List)

(e) City Council finds and determines that each of the Capital Projects are will benefit the health, safety, and welfare of the citizens of the City.

(f) Pursuant to Section 5-41-120(A)(2) of the Tax Relief Act, because the City lies wholly within Oconee County and Oconee County has never imposed any tax pursuant to Chapter 10 or Chapter 37, Title 4 of the Code of Laws of South Carolina 1976, as amended, or pursuant to any local law enacted by the South Carolina General Assembly, the City may impose the Sales and Use Tax at any qualifying general election, subject to a successful referendum, the first opportunity being November 3, 2026.

(g) The City Council finds that the health, safety and welfare of the residents of the City shall be benefited from the imposition of the Sales and Use Tax (i) to fund the Capital Projects and (ii) to utilize no less than 20% of the revenues in the City collected pursuant to the Tax Relief Act to provide a credit against taxpayer's municipal *ad valorem* tax liability for owner-occupied homes and is now minded to enact this Ordinance imposing the Sales and Use Tax subject to a favorable referendum, to be held at the next qualifying general election, as defined in the Tax Relief Act, on November 3, 2026 (the "***Referendum***").

(h) In accordance with Section 5-41-120 of the Tax Relief Act, this Ordinance (i) imposes the Sales and Use Tax subject to Referendum approval; (ii) contains the Ballot Question; (iii) specifies the purposes for which the Sales and Use Tax proceeds will be used as set forth on the Ballot Question attached hereto as Exhibit B; (iv) states the maximum time for which the Sales and Use Tax may be imposed; (v) states that no less than 20% of the revenues collected in the City pursuant to the Tax Relief Act will be used to provide a nonrefundable credit against existing municipal *ad valorem* tax liability on property assessed pursuant to Section 12-43-220(c) of the Code of Laws of South Carolina 1976, as amended; (vi) states the maximum cost of the Capital Projects; (vii) states the maximum amount of net Sales and Use Tax proceeds to be used to fund the Capital Projects, (viii) states the maximum amount of bonds to be issued, that the Sales and Use Tax proceeds are to be pledged to the payment of the bonds, and the other sources to be used for the Capital Projects, and (ix) sets forth the priority in which the net proceeds are to be expended.

(i) The bonds subject to authorization at the Referendum shall be general obligation bonds of the City issued pursuant to Article X, § 14 of the Constitution of the State of South Carolina, 1895, as amended, and Title 5, Chapter 21 of the Code of Laws of South Carolina 1976, as amended, as supplemented by Title 11, Chapter 27 of the Code of Laws of South Carolina 1976, as amended. To the extent the bonds are approved at the Referendum, they shall not count against the constitutional debt limit of the City pursuant to Article X, § 14(6). Any bonds authorized at the Referendum shall be issued within five years of the date of the Referendum pursuant to Article X, § 14(6)(c) of the Constitution of the State of South Carolina, 1895, as amended

ARTICLE II

SALES AND USE TAX IMPOSITION, PURPOSES, TERMS AND CONDITIONS

Section 2.01 Imposition, Term

Subject to Referendum approval, City Council hereby imposes the Sales and Use Tax in the City for the 8-year period May 1, 2027, through April 30, 2035.

Section 2.02 Purposes

The Sales and Use Tax proceeds shall be applied for the purposes set forth on the Ballot Question (i) to defray the costs of Capital Projects and (ii) no less than 20% of the revenues collected in the City pursuant to the Tax Relief Act will be used to provide a nonrefundable credit against existing municipal ad valorem tax liability in accordance with Section 5-41-170 of the Tax Relief Act on property assessed pursuant to Section 12-43-220(c) of the Code of Laws of South Carolina 1976, as amended.

Section 2.03 Terms and Conditions

The City Council has determined to require Sales and Use Tax proceeds to be spent on the basis of a priority ranking system, subject to the conditions set forth below:

(a) The projects to be funded from the Sales and Use Tax proceeds, and each project's designated funding priority, are listed on Exhibit A attached hereto. Except as otherwise permitted by subsections (b) and (c) below, the City Council has determined that those projects with a higher priority ranking will be funded before projects with a lower priority ranking (with 1 being the highest priority ranking) as and to the extent that Sales and Use Tax proceeds become available. Nothing herein shall prevent the simultaneous funding of multiple projects with subsequent funding priority.

(b) Once the construction contract for a given project has been let, the City can begin spending Sales and Use Tax proceeds on projects of the next priority. In addition to property acquisition and construction costs, Sales and Use Tax proceeds may be spent on procurement, project management, right-of-way acquisition and work, preconstruction work, such as design, engineering, and related planning, for projects in the next funding priority prior to final construction contract execution.

(c) Notwithstanding the above, upon the written request of the City Administrator, the City Council, by ordinance, may determine to fund projects in the next lower priority before projects of a higher priority (e.g., funding a project with a funding priority of 2 before a funding priority of 1). Such ordinance must contain findings that either (i) the higher priority project is impossible or delayed or impractical because of construction schedules or other events that may affect the schedule or scope for such project or (ii) the lower priority project has received partial funding from grants or other sources allowing such lower priority project to be undertaken ahead of schedule. The written request and ordinance required by this subsection will specify either (i) the basis of the delay or scope adjustment, which may include issues concerning acquisition of title and rights-of-way, design and engineering considerations, environmental issues, the receipt of all necessary permits and regulatory approvals, bids in excess of project estimates and cost overruns and related scope reduction or value engineering, qualification of bidders, the availability of Sales and Use Tax proceeds or other funding sources, project impossibility, and force majeure or other unforeseen circumstances or (ii) the alternative source or sources of funding of the lower priority project.

(d) The expenditures of Sales and Use Tax proceeds, if approved, will be subject to acquisition of property, rights-of-way, design and engineering considerations, the receipt of all necessary permits and regulatory approvals, funding of projects from other sources (including unanticipated grants that fund a project), bids in excess of project estimates, qualifications of bidders, cost overruns, exhaustion or insufficiency of net Sales and Use Tax proceeds to complete the projects in the order and priority stated above, and other unforeseen circumstances and conditions.

(e) All Sales and Use Tax proceeds must be deposited into a separate fund of the City and not commingled with any other funds.

Section 2.04 Capital Projects Estimates and Sales and Use Tax Proceeds Estimates; Bonds

(a) The total maximum cost of the Capital Projects as described herein is expected to be approximately $2,047,040. After providing for the tax credit, the City expects that all proceeds of the Sales and Use Tax will be used to defray the costs of the capital project or to pay debt service on the bonds issued for the Capital Projects. Depending on the performance of the Sales and Use Tax, the City may use other City funds, including [grants, hospitality taxes, and general funds], to accomplish the Capital Projects. The maximum amount of net proceeds of the Sales and Use Tax expected to be used to pay the cost or debt service on bonds is approximately $2.047 million.

(b) The maximum amount of bonds that may be approved at the Referendum shall not exceed $2,047,040 in aggregate principal amount. Such bonds shall be general obligation bonds of the City of Westminster and the proceeds thereof must be used to defray the costs of the Capital Projects and the costs of issuance thereof. If approved, the City shall pledge to the payment of such bonds the receipts, net of amounts required to be applied to the credit pursuant to Section 5-41-170, of the Sales and Use Tax authorized hereby, provided that in the event such Sales and Use Tax is inadequate for the payment of such bonds, such bonds shall be payable from an ad valorem tax imposed on all taxable property in City of Westminster.

ARTICLE III

REFERENDUM

Section 3.01 Ballot Question

The Ballot Question as formulated by the City is included as Exhibit B attached hereto.

Section 3.02 Certification of Referendum

The appropriate election commission (the "***Election Commission***") shall conduct the Referendum under the election laws of this State, *mutatis mutandis,* and shall certify the result to the City Council and to the South Carolina Department of Revenue no later than thirty days after the Referendum. The City Council shall thereafter declare the result of the Referendum by resolution. The City Administrator shall confirm that the Election Commission has certified the result of the Referendum to the Department of Revenue within thirty days after the Referendum as required by Section 5-41-120(F), and if such certification has not been made, shall take all action necessary to cause it to be made. Promptly following adoption of the resolution declaring the result, the City Administrator shall file with the Department of Revenue a certified copy of this Ordinance together with a certified copy of such resolution.

Section 3.03 Notice of Referendum

To assist the Election Commission in complying with the Tax Relief Act, the contents of the notice of the Referendum required by the Tax Relief Act are described in Exhibit C hereto.

ARTICLE IV

MISCELLANEOUS

Section 4.01 Transmittal to Election Commission

Upon enactment of this Ordinance, the City Clerk is directed to provide the same to the Election Commission with direction to provide for the submission of the Ballot Question to the electors of the City at the Referendum.

Section 4.02 Authorization for Further Action

The City Council hereby authorizes the City Administrator to take all actions necessary and convenient in connection with implementing this Ordinance.

Section 4.03 Savings Clause, Severability

If any one or more of the sections, subsections, paragraphs, line items, covenants, or agreements provided in this Ordinance or in the Ballot Question should be contrary to law, then the same shall be deemed severable from the remaining provisions hereof, and shall in no way affect the validity of such other provisions of this Ordinance or the Ballot Question.

Section 4.04 Effective Date

This Ordinance shall take effect upon second and final reading thereof.

(Execution Page Follows)

ENACTED AT WESTMINSTER, SOUTH CAROLINA THIS _____ DAY OF _____________, 2026.

CITY OF WESTMINSTER, SOUTH CAROLINA

____
Mayor

Attest:

____
City Clerk

Approved as to Form:

____
City Attorney

First Reading: _______, 2026
Second Reading: _______, 2026

EXHIBIT A

Priority and Project		Amount
1.		
	Total	$

EXHIBIT B

BALLOT QUESTION

Must a one percent sales and use tax be levied in the City of Westminster, South Carolina for no more than eight years for the purpose of allowing a credit against certain municipal *ad valorem* tax liability and for the purpose of raising the amounts specified for the following purposes?

Project		Amount
1.		
	Total	$

and pending the receipt of such sales and use tax, must the City of Westminster be authorized to issue and sell not exceeding $2,047,040 aggregate principal amount general obligation bonds of the City of Westminster to defray the costs of the capital projects described above plus issuance costs, and to pledge to the payment of the principal of and interest on such bonds the receipts of the sales and use tax authorized hereby, net of amounts required to be applied to the credit pursuant to Section 5-41-170, provided that in the event such sales and use tax is inadequate for the payment of such bonds, such bonds shall be payable from an ad valorem tax imposed on all taxable property in City of Westminster?

Yes [ ]   No [ ]

INSTRUCTIONS TO VOTERS: All qualified electors of the City of Westminster desiring to vote in favor of imposing the tax for the stated purposes and authorizing the bonds shall vote "YES," and all qualified electors opposed to levying the tax and authorizing the bonds shall vote "NO."

EXHIBIT C

NOTICE OF REFERENDUM

NOTICE IS HEREBY GIVEN that a Referendum will be held in the City of Westminster, South Carolina (the "City"), on November 3, 2026, for the purpose of submitting to all persons qualified to vote in the City, under the Constitution and laws of the State of South Carolina the following question:

Ballot Question

> Must a one percent sales and use tax be levied in the City of Westminster, South Carolina for no more than eight years for the purpose of allowing a credit against certain municipal ad valorem tax liability and for the purpose of raising the amounts specified for the following purposes?

Project		Amount
1.		
	Total	$

and pending the receipt of such sales and use tax, must the City of Westminster be authorized to issue and sell not exceeding $2,047,040 aggregate principal amount general obligation bonds of the City of Westminster to defray the costs of the capital projects described above plus issuance costs, and to pledge to the payment of the principal of and interest on such bonds the receipts of the sales and use tax authorized hereby, net of amounts required to be applied to the credit pursuant to Section 5-41-170, provided that in the event such sales and use tax is inadequate for the payment of such bonds, such bonds shall be payable from an ad valorem tax imposed on all taxable property in City of Westminster?

Yes [ ]   No [ ]

INSTRUCTIONS TO VOTERS: All qualified electors of the City of Westminster desiring to vote in favor of imposing the tax for the stated purposes and authorizing the bonds shall vote "YES," and all qualified electors opposed to levying the tax and authorizing the bonds shall vote "NO."

The question is being submitted pursuant to Title 5, Chapter 41, Code of Laws of South Carolina 1976 as amended, and an ordinance of the City Council of the City of Westminster, South Carolina enacted on August 11, 2026 (the "Ordinance"). The referendum ordered by the Ordinance includes the authorization of the imposition of a sales and use tax and the issuance of not exceeding $2,047,040 of general obligation bonds of the City. If a majority of the qualified electors of the City voting in the Referendum vote in favor of the question, a one percent sales and use tax will be imposed in the City of Westminster for eight years, beginning on May 1, 2027, and will continue to April 30, 2035. The receipts from the Sales and Use Tax will be applied (i) to pay the cost of the projects listed above in the manner set forth in the Ordinance and (ii) no less than 20% of the revenues collected will be used to provide a nonrefundable credit against existing municipal ad valorem tax liability on property assessed pursuant to Section 12-43-220(c) of the Code of Laws of South Carolina 1976, as amended.

South Carolina General Assembly
126th Session, 2025-2026

A228, R238, S866

STATUS INFORMATION

General Bill
Sponsors: Senators Elliott and Turner
Document Path: LC-0287DG26.docx

Introduced in the Senate on January 29, 2026
Introduced in the House on April 16, 2026
Last Amended on April 1, 2026
Currently residing in the House
Governor's Action: May 19, 2026, Signed

Summary: Municipal Tax Relief Act

HISTORY OF LEGISLATIVE ACTIONS

Date	Body	Action Description with journal page number
1/29/2026	Senate	Introduced and read first time (Senate Journal-page 3)
1/29/2026	Senate	Referred to Committee on **Finance** (Senate Journal-page 3)
3/18/2026	Senate	Committee report: Favorable **Finance** (Senate Journal-page 7)
3/24/2026		Scrivener's error corrected
4/1/2026	Senate	Amended (Senate Journal-page 40)
4/1/2026	Senate	Read second time (Senate Journal-page 40)
4/1/2026	Senate	Roll call Ayes-32 Nays-9 (Senate Journal-page 40)
4/15/2026	Senate	Read third time and sent to House (Senate Journal-page 53)
4/16/2026	House	Introduced and read first time (House Journal-page 8)
4/16/2026	House	Referred to Committee on **Ways and Means** (House Journal-page 8)
4/30/2026	House	Committee report: Favorable **Ways and Means** (House Journal-page 6)
5/4/2026		Scrivener's error corrected
5/5/2026	House	Requests for debate-Rep(s). Cromer, Gilreath, Harris, White, Edgerton, Beach (House Journal-page 36)
5/7/2026	House	Debate adjourned (House Journal-page 46)
5/13/2026	House	Requests for debate removed-Rep(s). Cromer, Edgerton, White, Harris, Beach, Gilreath (House Journal-page 63)
5/13/2026	House	Read second time (House Journal-page 127)
5/13/2026	House	Roll call Yeas-96 Nays-16 (House Journal-page 128)
5/14/2026	House	Read third time and enrolled (House Journal-page 15)
5/15/2026		Ratified R 238
5/19/2026		Signed By Governor
6/5/2026		Effective date 05/19/26
6/3/2026		Act No. 228

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VERSIONS OF THIS BILL

01/29/2026
03/18/2026
03/24/2026
04/01/2026
04/30/2026
05/04/2026

(A228, R238, S866)

AN ACT TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY ENACTING THE "MUNICIPAL TAX RELIEF ACT" BY ADDING CHAPTER 41 TO TITLE 5 SO AS TO AUTHORIZE CERTAIN MUNICIPALITIES TO IMPOSE UP TO A ONE PERCENT SALES TAX TO PROVIDE PROPERTY TAX RELIEF TO OWNER-OCCUPIED HOMES AND TO FINANCE CERTAIN PROJECTS, TO SPECIFY THE MANNER IN WHICH THE TAX MUST BE IMPOSED AND ADMINISTERED AND THE MANNER IN WHICH THE PROPERTY TAX CREDIT IS CALCULATED.

Be it enacted by the General Assembly of the State of South Carolina:

Municipal Tax Relief Act

SECTION 1. Title 5 of the S.C. Code is amended by adding:

CHAPTER 41

Municipal Tax Relief Act

Section 5-41-110. For purposes of this chapter:

(1) "Core government services" means the essential responsibilities of a municipality that protect public safety, support economic vitality, and maintain critical local infrastructure. Such services include the construction, repair, and improvement of local roads, bridges, and drainage systems, and supportive capital projects, such as police facilities, fire stations, public assembly facilities, emergency response buildings, and related technology infrastructure.

(2) "Department" means the South Carolina Department of Revenue.

(3) "General election" means the Tuesday following the first Monday in November in any even-numbered year.

(4) "Municipality" means a municipal corporation created pursuant to Chapter 1, or a municipal government as the use of the term dictates.

(5) "Tax" means the municipal tax relief sales and use tax allowed to be imposed pursuant to this chapter.

Section 5-41-120. (A)(1) Subject to the requirements of this chapter, a municipal governing body of a municipality wholly or partially located in a county that does not impose any tax pursuant to Chapter 10 or Chapter 37, Title 4 or any local law enacted by the General Assembly as of January 1, 2026, may impose a sales and use tax not to exceed one percent by ordinance, subject to a referendum to be held at the next general election which must be after the 2026 General Election, within the municipality for a specific purpose or purposes and for a limited amount of time. If a municipality is only located partially in a qualifying county, then the municipality only may impose the sales and use tax in the portion of the municipality located within the qualifying county.

(2) Notwithstanding item (1), a municipal governing body of a municipality wholly or partially located in a county that has never imposed any tax pursuant to Chapter 10 or Chapter 37, Title 4 or any local law enacted by the General Assembly, and otherwise qualifies, may impose the tax allowed by this chapter at any qualifying general election.

(B) No less than twenty percent of the revenues collected pursuant to this chapter must be used to provide a credit against a taxpayer's municipal ad valorem tax liability pursuant to Section 5-41-170. The credit only may be applied to property assessed pursuant to Section 12-43-220(c). Any revenues not dedicated to tax relief may be used to defray the cost associated with projects authorized in this chapter including, but not limited to, debt service on bonds issued to pay for such projects.

(C) To impose the tax, the governing body of the municipality shall enact an ordinance which contains the ballot question formulated by the municipality. The ordinance must specify:

(1) the purpose for which the proceeds of the tax are to be used. If any of the proceeds are to be used for purposes other than a tax credit, the proceeds may be used for projects located within or without, or both within and without, the boundaries of the municipality, and may include the following types of projects:

(a) highways, roads, streets, bridges, public parking lots, public parking garages, core local government services, and related facilities;

(b) administration buildings, civic centers, police stations, and fire stations;

(c) any combination of the projects described in this item;

(2) the maximum time, in two-year increments not to exceed eight years from the date of imposition, or in the case of a reimposed tax, a period ending on April thirtieth, not to exceed seven years, for which the tax may be imposed;

(3) at least twenty percent of the amount collected must be used to provide a nonrefundable credit against existing municipal ad valorem tax liability in accordance with Section 5-41-170 on property assessed pursuant to Section 12-43-220(c); and

(4)(a) if the municipality proposes to issue bonds to provide for the payment of any costs of the projects, the maximum amount of bonds to be issued, whether the tax proceeds are to be pledged to the payment of the bonds and, if other sources of funds are to be used for the projects, specifying the other sources;

(b) if any of the proceeds are to be used for purposes other than a tax credit, the maximum cost of the project or facilities or a portion of the project or facilities, to be funded from proceeds of the tax or bonds issued as provided in this chapter and the maximum amount of net proceeds expected to be used to pay the cost or debt service on the bonds, as the case may be.

(D) Upon receipt of the ordinance, the municipality must conduct a referendum on the question of imposing the sales and use tax in the municipality, or portion thereof, that is to be subject to the tax. The referendum for imposition of the tax must be held at the time of the general election. Two weeks before the referendum the appropriate election commission must publish in a newspaper of general circulation the question that is to appear on the ballot, with the list of projects and the cost of the projects. If the proposed question includes the use of sales taxes to defray debt service on bonds issued to pay the costs of any project, the notice must include a statement indicating that principal amount of the bonds proposed to be issued for the purpose and, if the issuance of the bonds is to be approved as part of the referendum, stating that the referendum includes the authorization of the issuance of bonds in that amount. This notice is in lieu of any other notice otherwise required by law.

(E) The referendum question to be on the ballot must read substantially as follows:

"Must a _____ percent sales and use tax be levied in (municipality or portion therof) for no more than (time) for the purpose of allowing a credit against certain municipal ad valorem tax liability and for the purpose of raising the amounts specified for the following purposes?

(1) $________ for __________

(2) $________ for __________

(3) etc.

Yes

No ”

If the referendum includes the issuance of bonds, the question must be revised to include the principal amount of bonds proposed to be authorized by the referendum and the sources of payment of the bonds if the sales tax approved in the referendum is inadequate for the payment of the bonds. If the entirety of the revenues collected pursuant to this chapter are used for existing municipal ad valorem tax liability, the question must be revised appropriately.

(F) All qualified electors desiring to vote in favor of imposing the tax for the stated purposes shall vote “yes” and all qualified electors opposed to levying the tax shall vote “no.” If a majority of the votes cast are in favor of imposing the tax, then the tax is imposed as provided in this chapter and the enacting ordinance. The appropriate election commission shall conduct the referendum under the election laws of this State, mutatis mutandis, and shall certify the result to the municipal governing body and to the Department of Revenue no later than thirty days after the election. Expenses of the referendum must be paid by the municipality.

(G) Upon receipt of the returns of the referendum, the municipal governing body must, by resolution, declare the results. In such event, the results of the referendum, as declared by resolution of the municipal governing body, are not open to question except by a suit or proceeding instituted within thirty days from the date the resolution is adopted.

(H) Once a certified copy of the ordinance is filed with the department, for the period of imposition provided in that ordinance, the department may not accept as filed any additional ordinance from the municipality that in any way relates to the tax allowed to be imposed pursuant to this chapter except an ordinance reducing or repealing the existing tax. The department shall accept for filing a certified copy of an ordinance reducing or repealing the tax and that reduction or repeal applies in the manner provided in subsection (D) for imposition.

(I) When the tax authorized by this chapter is imposed for more than one purpose, the enacting ordinance must set forth the priority in which the net proceeds are to be expended for the purposes stated. The enacting ordinance may set forth a formula or system by which multiple projects are funded simultaneously.

Section 5-41-130. (A) If the sales and use tax is approved in the referendum, the tax is imposed on the first of May following the date of the referendum. If the reimposition of an existing sales and use tax imposed pursuant to this chapter is approved in the referendum reimposing the tax, the new tax is imposed immediately following the termination of the earlier imposed tax and the reimposed tax terminates on the applicable thirtieth of April, not to exceed seven years from the date of reimposition. If the certification is not timely made to the Department of Revenue, the imposition is postponed for twelve months.

(B) The tax terminates the final day of the maximum time period specified for the imposition.

(C)(1) Amounts collected in excess of the required net proceeds must first be applied, if necessary, to complete a project for which the tax was imposed, if applicable.

(2) If funds still remain after first using the funds as described in item (1) and the tax is reimposed, the remaining funds must be used to

fund any projects approved by the voters in the referendum to reimpose the tax, in priority order as the projects appeared on the enacting ordinance.

(3) If funds still remain after first using the funds as described in item (1) and the tax is not reimposed, the remaining funds must be used for the purposes pursuant to Section 5-41-120(C)(1). These remaining funds only may be expended for the purposes pursuant to Section 5-41-120(C)(1) following an ordinance specifying the authorized purpose or purposes for which the funds will be used.

Section 5-41-140. (A) The tax allowed by this chapter is an amount not to exceed one percent of the gross proceeds of sales or sales price of all amounts subject to the sales and use tax imposed pursuant to Chapter 36, Title 12.

(B) The tax imposed pursuant to this chapter must be administered and collected by the department in the same manner that sales and use taxes are collected. The department may prescribe amounts that may be added to the sales price because of the tax.

(C) The tax authorized by this chapter is in addition to all other local sales and use taxes and applies to the gross proceeds of sales in the applicable area that is subject to the tax imposed by Chapter 36, Title 12 and the enforcement provisions of Chapter 54, Title 12. The gross proceeds of the sale of items subject to a maximum tax in Chapter 36, Title 12, and the gross proceeds of sales of unprepared food that lawfully may be purchased with United States Department of Agriculture food coupons are exempt from the tax imposed by this chapter. The tax imposed by this chapter also applies to tangible personal property subject to the use tax in Article 13, Chapter 36, Title 12.

(D) A taxpayer required to remit taxes pursuant to Article 13, Chapter

36, Title 12 must identify the municipality in which the personal property purchased at retail is stored, used, or consumed in this State.

(E) A utility is required to report sales in the municipality in which the consumption of the tangible personal property occurs.

(F) A taxpayer subject to the tax imposed by Section 12-36-920, who owns or manages rental units in more than one municipality, must report separately in his sales tax return the total gross proceeds from business done in each municipality.

(G) The gross proceeds of sales of tangible personal property delivered after the imposition date of the tax levied pursuant to this chapter in a municipality, either under the terms of a construction contract executed before the imposition date, or a written bid submitted before the imposition date, culminating in a construction contract entered into before or after the imposition date, are exempt from the sales and use tax provided in this chapter if a verified copy of the contract is filed with the Department of Revenue within six months after the imposition date of the sales and use tax provided for in this chapter.

(H) Notwithstanding the imposition date of the sales and use tax authorized pursuant to this chapter, with respect to services that are billed regularly on a monthly basis, the sales and use tax authorized pursuant to this chapter is imposed beginning on the first day of the billing period beginning on or after the imposition date.

Section 5-41-150. The revenues of the tax imposed pursuant to this chapter must be remitted to the department and placed on deposit with the State Treasurer and credited to a fund separate and distinct from the general fund of the State. After deducting the amount of any refunds made and costs to the department of administering the tax not to exceed one percent of the revenues, the State Treasurer shall distribute the revenues and interest quarterly based on point of collection to the treasurer of the municipality in which the tax is imposed and the revenues must be used only for the purposes provided in Section 5-41-120. The State Treasurer may correct misallocations by adjusting subsequent distributions, but these adjustments must be made in the same fiscal year as the misallocations. However, allocations made as a result of municipal code errors must be corrected prospectively.

Section 5-41-160. The department shall furnish data to the State Treasurer and to the municipal treasurers receiving revenues for the purpose of calculating distributions and estimating revenues. The information that must be supplied to municipalities upon request includes, but is not limited to, gross receipts, net taxable sales, and tax liability by taxpayers. Information about a specific taxpayer is considered confidential and is governed by the provisions of Section 12-54-240. A person violating this section is subject to the penalties provided in Section 12-54-240.

Section 5-41-170. (A)(1) The amount of any credit allowed pursuant to this chapter is determined by multiplying the property tax value of the property, before the exemption provided in Section 12-37-250, by a fraction in which the numerator is the total estimated revenue allotted to the credit during the applicable fiscal year of the municipality, and the denominator is the total of all property tax value on property assessed pursuant to Section 12-43-220(c) in the municipality or portion thereof in which the sales and use tax authorized by this chapter is imposed, including the value exempted in Section 12-37-250.

(2) For purposes of this subsection, "property tax value" means the fair market value as it may be adjusted downward to reflect the limits

imposed pursuant to Section 12-37-3140, in the municipality as of January first of the applicable property tax year.

(B) If there is any unused credit, then the unused funds must be used to provide a credit in the same manner as provided in subsection (A) over the next three property tax years.

Section 5-41-180. Notwithstanding any other provision of this chapter, the tax authorized by this chapter may not be reimposed if the reimposition plus any taxes authorized pursuant to Chapter 10 or Chapter 37, Title 4 or any local law enacted by the General Assembly would cause the cumulative rate of state and local sales and use taxes in any portion of the municipality to exceed nine percent.

Time effective

SECTION 2. This act takes effect upon approval by the Governor.

Ratified the 15th day of May, 2026.

Approved the 19th day of May, 2026.