

WARNING!

There are organizations at work this year who want to double your property tax.

In 2006 Act 388 reduced most property tax for owner occupied residences by 50%. This was done by enacting a 1 cent sales tax dedicated to eliminating the school operating portion of the property tax bill. You might have noticed your property tax bill being cut in half in 2007.

These organizations want to undo Act 388 and return us to higher property taxes.

Act 388 is operating as intended. School districts are being compensated for increases in the Consumer Price Index, population growth and percentage of students below the poverty line. In addition, counties whose school operating budget is below \$2.5 million are receiving the difference to bring them up to \$2.5 million. The 1 cent sales tax is received by the Homestead Exemption Fund which disburses funds to the county school districts according to the formula. Any shortfall in the 1 cent sales tax receipts is being made up from the state's general fund.

Additionally, Act 388 reduced the sales tax on unprepared food to 3% and this sales tax was later reduced to 0% by another act of the legislature. Since that time some counties have added back a tax on unprepared food which varies by county. For example, in Charleston county it is 2%.

In 2006, when Act 388 was crafted, the 1 cent sales tax more than covered the state's school operating expenses. Over the recent "great recession" annual sales tax receipts fell an average of 5.44% while school operating expenses continued to climb according to the reimbursement formula. From 2007 to 2012 school operating expenses increased at an average annual rate of 3.08% while sales tax receipts fell. The state general fund made up the shortfall as prescribed by Act 388. Over the past 7 years sales tax receipts have increased at an annual rate of 5.5% , about the pre-recession rate and the Homestead Exemption Fund will soon be in the black.

Meanwhile, property taxes for the more than 2 million homeowners in this state have been reduced by 50% and the schools have been compensated for their operating expenses adjusted for inflation, population growth, and needy students.

We should not be contemplating changing an Act which is working as planned.