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To: Mayor Shewmaker and Members of City Council

Date: June 19, 2026

Re: S. 866 — Municipal Tax Relief Act: Proposed 1% Municipal Sales Tax Referendum

On May 19, 2026, Governor McMaster signed [S. 866](#), the Municipal Tax Relief Act, into law. The Act creates a new capital project funding tool that would allow the City of Simpsonville to impose, subject to voter approval, a municipal-level sales and use tax of up to 1% for up to eight years to fund certain “core government services,” which include “highways, roads, streets, bridges, public parking lots, public parking garages, core local government services, and related facilities.”

Under the Act, a minimum of 20% of the revenue generated by the tax must be rebated to City homeowners. According to projections by the State Office of Revenue and Fiscal Affairs, under an eight-year, 20% rebate scenario, Simpsonville homeowners would receive a total of \$10.8 million in tax credits, the equivalent of a 9.9 mil (or 17.8%) reduction in City property taxes. At the same time, the tax would generate upwards of \$43.3 million for eligible projects.

Because Greenville County has never imposed a local option sales or use tax, the City of Simpsonville could conduct a referendum as early as November 3, 2026. The option to conduct a referendum is limited only to cities that do not already have a county local option sales tax, so the opportunity for Simpsonville to take advantage of this funding mechanism exists only while Greenville County has no countywide sales tax.

Should Council decide to authorize a referendum for this November, the City will need to prepare an enabling ordinance, ballot question, and prioritized project list and then convey them to the Greenville County Voter Registration and Election Board by [August 17](#).

Respectfully,

Tee Coker, City Administrator

I. Statutory Authority

S. 866, the Municipal Tax Relief Act (MTRA, signed May 19, 2026), codified at Chapter 41, Title 5 of the South Carolina Code of Laws, authorizes municipalities located in counties that do not have a local option sales tax to impose a 1% local option sales tax at any qualifying general election. Since Greenville County has never enacted a Chapter 10 or Chapter 37, Title 4 tax, Simpsonville enjoys a §5-41-120(A)(2) pathway that allows a 2026 referendum, rather than the general pathway under (A)(1) which prohibits placement until the 2028 General Election.

Key statutory requirements relevant to the MTRA referendum:

- The tax rate is not to exceed 1% with duration set in 2-year increments, up to 8 years maximum;
- At least 20% of all revenues must fund a property tax credit on owner-occupied residential property (4%, assessed under §12-43-220(c));
- The remaining revenues must fund eligible capital projects, such as roads, bridges, drainage, public safety facilities, civic buildings, and related infrastructure;
- The enabling ordinance must specify project list with costs and a priority order for expenditure;
- If bonds are proposed, the ordinance and ballot question must state the maximum principal amount and repayment source;
- The tax is approved by majority vote of qualified City electors at a general election;
- All referendum expenses are paid by the municipality;
- The SC Department of Revenue administers and collects the tax, then distributes the net proceeds quarterly to the City; and
- The total cumulative state and local sales tax rate may not exceed 9% (the current rate is 6%, leaving the City below the ceiling).

II. Revenue Projections

The SC Revenue and Fiscal Affairs Office (RFA) has provided official revenue projections based on the City's FY2024-25 net taxable sales base of \$541,066,663.

RFA applied growth rates adopted by the S.C. Board of Economic Advisors: 4.0% in FY2025-26, 3.0% in FY2026-27, and 3.5% annually thereafter through FY2034-35.

These projections are conservative relative to Simpsonville's retail trajectory; the City leads all Greenville County municipalities in insurance license tax per capita and has experienced consistent commercial growth upwards of 8% in recent years.

Fiscal Year	Net Taxable Sales	Growth Rate	Est. 1% Revenue	Cumulative (8-Yr)
FY2026-27	\$562,709,329	4.0%	\$5,627,093	\$5,627,093
FY2027-28	\$579,390,609	3.0%	\$5,793,906	\$11,420,999
FY2028-29	\$599,669,280	3.5%	\$5,996,693	\$17,417,692
FY2029-30	\$620,657,705	3.5%	\$6,206,577	\$23,624,269
FY2030-31	\$642,380,725	3.5%	\$6,423,807	\$30,048,076
FY2031-32	\$664,864,050	3.5%	\$6,648,641	\$36,696,717
FY2032-33	\$688,134,292	3.5%	\$6,881,343	\$43,578,060
FY2033-34	\$712,219,192	3.5%	\$7,122,192	\$50,700,252
FY2034-35	\$737,146,864	3.5%	\$7,371,469	\$54,172,000*

** RFA total-period estimate; minor rounding from annual sum. Figures represent gross 1% tax collections before SCDOR administrative deduction (not to exceed 1% of revenues).*

III. Proposed Use of Proceeds

Staff recommends a two-bucket structure consistent with the statutory minimum: 20% to property tax credit and 80% to capital infrastructure.

The following project list is proposed for Council discussion. Council may adjust the allocation ratio above 20% for the tax credit, increase or substitute capital projects, or consider bond-backed financing against projected revenues.

For the purposes of project planning, Staff recommends using a total budget of \$48.5M, which would be more in line with municipal commercial sales growth.

Proposed projects involve improvements to city-owned streets (with one exception: South Pliney Circle in League Estates). Below is a summary of proposed projects along with a project map:

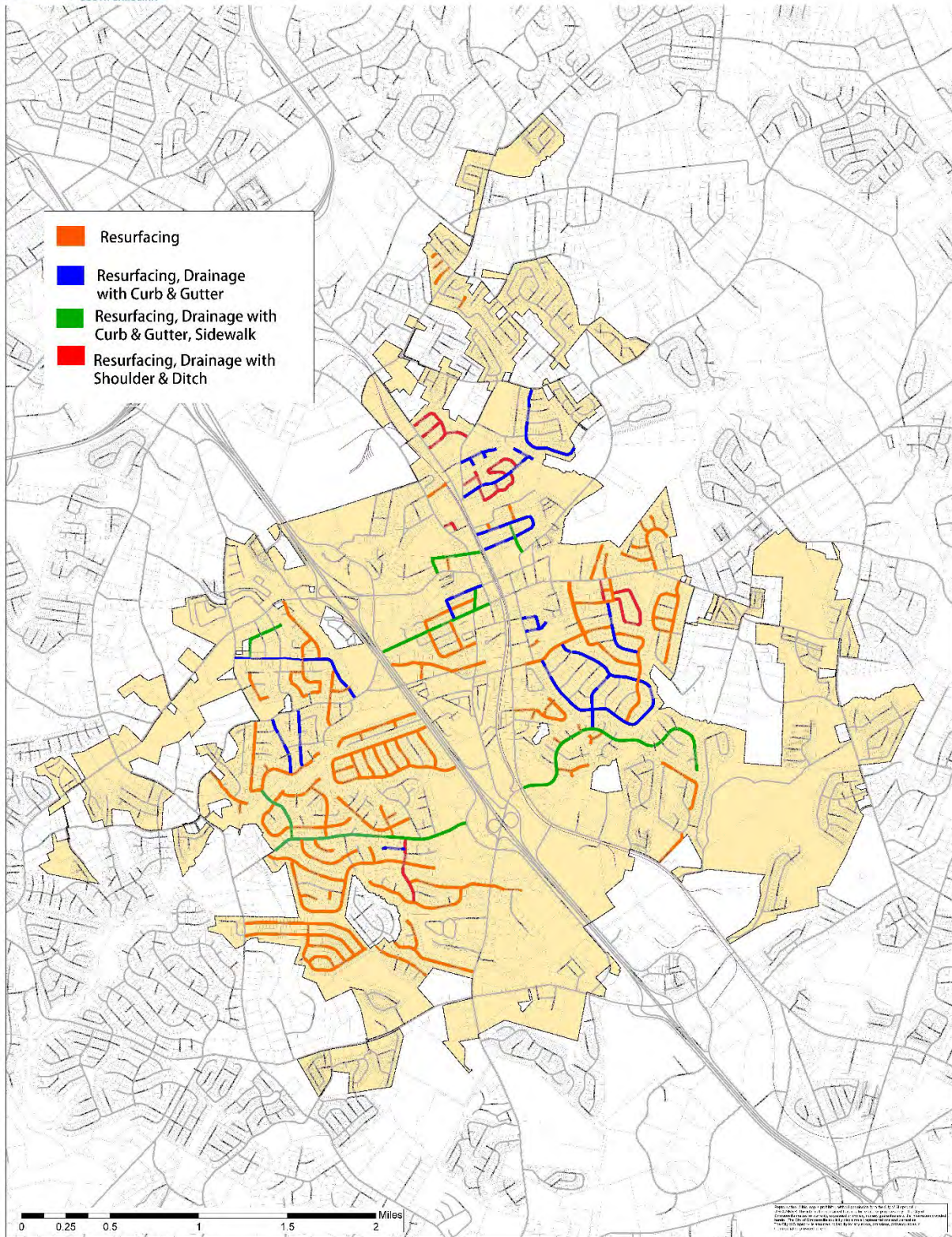
- Total project funding of \$48,494,432
- 138 projects on 40.07 miles of city-owned streets
- Four project types:
 1. Street Resurfacing: 26.45 miles at an estimated cost of \$635,055 per mile; 97 streets
 2. Resurfacing and Drainage Improvements with Shoulder & Ditches: 2.70 miles at an estimated cost of \$1,332,172 per mile; 14 streets
 3. Resurfacing and Drainage Improvements with Curb & Gutter: 6.40 miles at an estimated cost of \$2,434,381 per mile; 19 streets
 4. Resurfacing and Drainage Improvements with Curb & Gutter and Sidewalk (One Side): 4.52 miles at an estimated cost of \$2,768,503 per mile; 8 streets
- Project funding would be an amount equivalent to 80 years of resurfacing projects at today's funding levels.
- The projects would include 45.8% of the overall city-maintained road system and improve 68.8% of city streets in fair or poor condition.
- The projects would be supplemented by future CTC and City matching funds.
- Projects by Ward:
 1. Ward 1: 27 projects, \$9.78 million
 2. Ward 2: 28 projects, \$8.74 million
 3. Ward 3: 21 projects, \$5.35 million
 4. Ward 4: 20 projects, \$5.36 million
 5. Ward 5: 12 projects, \$2.08 million
 6. Ward 6: 24 projects, \$5.82 million

7. Multiple Wards: 6 projects, \$11.37 million

- In total, projects would occur in front of approximately 3,120 residential parcels, directly impacting over 40% of city homeowners.
- Projects would be in all or part of the following neighborhoods:
 - Amber Gate
 - Bellingham
 - Brentwood
 - Chancellors Park
 - Eastview Heights
 - Forest Park
 - Fox Trace
 - Heritage Creek
 - Hudders Creek
 - Hunters Woods
 - League Estates
 - Martins Grove
 - Neely Forest
 - Poinsettia
 - Powderhorn
 - Roland Heights
 - Rosemont
 - Stonebridge
 - Wemberly
 - Westwood
 - Woodcliff
 - Woodside Mill Village
- Projects would be on numerous other residential streets.



DRAFT - Project List - 6/17/2026



IV. City Resident Impact Analysis

The tax would apply to discretionary purchases made within the city limits of Simpsonville. An estimated 30% of revenue collected would come from non-resident individuals. The remainder would come from commercial buyers (both inside and outside of the City) and City residents (renters and homeowners).

The household tax burden for Simpsonville residents would be entirely dependent on the amount of eligible goods and services purchased in establishments within the City. Mortgages, rents, utilities, fuel, autos, groceries, and pharmacy purchases are tax-exempt. Prepared food, home goods, and other discretionary items are taxable. Each \$1,000 in eligible purchases would create \$10 in tax burden.

The tax burden for City homeowners would be offset (either partially or fully, depending on their specific situation) by an annual tax credit in the amount of the percentage to be rebated (20%, in this instance). The tax credit applies only to the taxable market value of owner-occupied residential property. Taxable market value may be found on a real estate property tax bill (see image at right). Renters and commercial property owners pay the sales tax but do not receive the property tax credit. This is a feature of the statute.

CURRENT YEAR TAX AMOUNT DUE	
TAXABLE MARKET VALUE:	362.930
ASSESSED VALUE:	14,520
TOTAL TAX	\$ 4,406.82
SANITATION	
SIMPSONVILLE PW FEE	\$ 167.00
COUNTY STORMWATER	\$ 25.65
CITY STORMWATER	
HOMESTEAD LESS SCHOOL OPERATIONS	\$ 324.60-
SCHOOL TAX CREDIT SAVINGS	\$ 2,050.22-
PAY THIS AMOUNT ON OR BEFORE JANUARY 15, 2026*	
	\$ 2,224.65

The table below details the estimated tax credit to homeowners based on several different taxable market values (TMV) for residential properties in the City. The median TMV in the City is \$257k. The credit amounts reflect a 20% rebate scenario.

FY	\$150k TMV Rebate	\$250k TMV Rebate	\$400k TMV Rebate
2026-27	\$ 8.06	\$ 13.43	\$ 21.49
2027-28	\$ 95.36	\$ 158.94	\$ 254.30
2028-29	\$ 94.00	\$ 156.67	\$ 250.67
2029-30	\$ 92.65	\$ 154.42	\$ 247.07
2030-31	\$ 91.33	\$ 152.21	\$ 243.54
2031-32	\$ 90.02	\$ 150.04	\$ 240.07
2032-33	\$ 88.74	\$ 147.90	\$ 236.63
2033-34	\$ 87.48	\$ 145.79	\$ 233.27
2034-35	\$ 79.03	\$ 131.72	\$ 210.75

V. Bond Financing (Optional)

The Act explicitly permits the City to issue bonds pledged to future tax revenues, provided the ordinance and ballot question disclose the maximum principal amount and repayment source. Bonding would allow the City to begin road resurfacing, utility and environmental permitting, easement acquisition (if needed), and engineering design in Year 1 at full scale rather than on a pay-as-you-go basis, shortening the delivery timeline by several years.

Staff recommends that Council authorize staff to evaluate bond feasibility and maximum exposure (“not to exceed” ceiling) as part of the ordinance drafting process. A bond authorization ceiling of \$10,000,000 is proposed as a starting point for discussion.

A decision on whether to issue bonds requires a separate City ordinance that would be determined by Council following voter approval of the ballot question.

VI. Implementation Timeline

The Act requires City Council to adopt an ordinance to approve the ballot question and project list for the referendum. The timeline is tight and the deadlines are fixed, but Council may conduct special meetings for first and/or second readings, if necessary.

The timeline below assumes the adoption of the ordinance will be conducted during scheduled Council meetings.

June 23	Formal Consideration (Committee of the Whole)
July 14	First Reading (Business Meeting)
August 11	Second Reading and Adoption (Business Meeting)
August 17	Last Day to Convey Adopted Ordinance to Greenville County Voter Registration and Election Board
October 21	Ballot Question and Project List Published (by Voter Registration and Election Board)
November 4	Election Day
Mid-November	Project Bonding (If Desired)
May 1, 2027	Effective Day of Tax Collection
August 2027	First Quarterly Distribution to City

VII. Potential Ballot Language

Should Council decide to send this item to First Reading, an ordinance containing a ballot question is required. To simplify the projects into specific purposes, Staff recommends creating three categories with estimated costs totaling \$48M. They are as follows:

#	Purpose	Estimated Cost	Notes
1	Neighborhood Street Resurfacing and Pavement Rehabilitation Program	\$28,000,000	Total program includes 40.1 miles of city-owned streets
2	Neighborhood Stormwater Drainage and Flood Reduction Improvements	\$12,000,000	Included in 13.6 miles in program
3	Sidewalk Construction and Safety Improvements (Pedestrian and Vehicular)	\$8,000,000	Included in 4.5 miles of program
TOTAL		\$48,000,000	

Any ballot question must comply with the language laid out in the statute. Staff recommends the following as a starting point. If bonds are to be used, additional verbiage will be required as part of the question.

Must a 1% sales and use tax be levied in the City of Simpsonville for no more than 8 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?

1. \$28,000,000 for neighborhood street repair and resurfacing;
2. \$12,000,000 for drainage improvements and flood reduction;
3. \$8,000,000 for sidewalks and neighborhood safety improvements.

Yes ☐

No ☐

VIII. Open Questions and Points of Consideration

Questions for Council:

- Should the property tax credit allocation exceed the statutory 20% minimum? A higher percentage increases homeowner benefit but reduces capital project funding.
- Should the City pursue bond-backed financing to front-load road resurfacing, or operate on a pay-as-you-go basis?
- Should the duration be set at the maximum 8 years, or a shorter period instead?

Points of Consideration:

- Greenville County Council is considering a Transportation Sales Tax Referendum in November 2026. The adoption of a countywide local sales tax would remove the option for Simpsonville to conduct its own referendum later. 2026 then would be the only year Simpsonville has to conduct a city referendum.
- At the same time, other cities in Greenville County are considering their own municipal sales tax referenda.
- An approved countywide transportation sales tax would make project approval in Simpsonville contingent on County Council approval. There would be no guarantee of any Simpsonville projects under this scenario. On the other hand, a county tax would net \$1.1B, so there would likely be numerous projects within City limits.
- If Greenville County and Simpsonville both decide to pursue a sales tax referendum, there would be two similar ballot questions for City residents. It would require education to help them understand the difference between both questions.