

CHARLESTON COUNTY NEWS RELEASE

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Charleston County Receives First Transportation (Half-Cent) Sales Tax Check: \$7.9 Million *First check \$1.4 million less than budgeted, vendors required to pay owed taxes*

The Charleston County Treasurer's office has received the first check from the Transportation (Half-Cent) Sales Tax in the amount of \$7.9 million.

The first check was \$1.4 million dollars less than Charleston County had budgeted. Any outstanding tax dollars will still be collected from the vendors.

Together with the S.C. Department of Revenue (DOR), Charleston County is in the process of pinpointing and working through the existing vendor reporting errors that led to the \$1.4 million shortfall.

According to the DOR, vendors not reporting the tax will be responsible for any back taxes owed.

The Transportation Sales Tax was approved by almost sixty percent of the voters in a County-wide referendum on November 2 of 2004. It was implemented in Charleston County business establishments beginning May 1 of 2005. The tax is expected to raise \$1.3 billion for Charleston County, and will continue for 25 years or until the \$1.3 billion is collected.

The DOR sent letters out to all vendors in the state prior to the implementation of the Transportation Sales Tax, informing the vendors of their responsibility to collect and report the tax beginning in May of 2005.

Although the first Transportation Sales Tax check was less than anticipated, Charleston County staff does not think the shortfall will have negative impacts in the long run.

"We do not think the initial lesser amount will have a big impact on the budget or planning process for areas to which funds from the Transportation Sales Tax are dedicated: greenbelts, transportation projects and mass transit," said Corine Altenhein, Charleston County's Chief Financial Officer.

Charleston County staff is working closely with the DOR to identify the reasons for the difference between the budgeted amount and the actual amount received.

"As with any new tax, start-up problems will often be encountered through taxpayer reporting errors, and in this case the 'taxpayer' is the vendor," said Stephanie Jones, spokesperson for the DOR. "Although Charleston County has a Local Option Sales Tax in place, the Transportation

Sales Tax is a new tax, and we frequently find that it takes vendors a period of time to fully adjust to the reporting of a new tax.”

The DOR identified the following problems encountered with the Transportation Sales Tax:

- The half-cent is being reported by vendors with the 5% state sales tax.
- The half-cent is being reported by vendors with the Local Option Sales Tax.
- Some vendors have not reported the tax.

The DOR collects the half-cent tax from vendors throughout the state at the same time they collect the state’s five-cent sales tax and the one-cent local option sales tax. The half-cent is added onto the original sales tax on each dollar spent.

It is estimated that the Transportation Sales Tax will cost the average person in Charleston County about \$31 more per year, which is 70 percent of the total, while tourists and others living outside Charleston County will contribute to about 30 percent of the total.

Visit the official Charleston County Transportation (Half-Cent) Sales Tax Web site at www.smallchangeformbigchange.org for up-to-date news and information, workshop notices, and to view minutes from advisory board meetings.

- Written by Jennie Davis -