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ARTICLE X

FINANCE, TAXATION, AND BONDED DEBT

Editor's Note

Article X was revised in 1977. What follows are conversion tables showing sections of the former Article X and the corresponding sections of the new Article X, and from the new article X to the former Article X.

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SECTION 1. Taxation and assessment.

The General Assembly may provide for the ad valorem taxation by the State or any of its subdivisions of all real and personal property. The assessment of all property shall be equal and uniform in the following

classifications:

(1) All real and personal property owned by or leased to manufacturers, utilities and mining operations and used by the manufacturer, utility or mining operation, in the conduct of such business shall be taxed on an assessment equal to ten and one-half percent of the fair market value of such property.

(2) All real and personal property owned by or leased to companies primarily engaged in transportation for hire of persons or property and used by the company in the conduct of such business shall be taxed on an assessment equal to nine and one-half percent of the fair market value of such property.

(3) The legal residence and not more than five acres contiguous thereto shall be taxed on an assessment equal to four percent of the fair market value of such property.

(4) Agricultural real property which is actually used for such purposes shall be taxed on an assessment equal to:

(A) four percent of its value for such purposes when owned or leased to individuals or partnerships and certain corporations which do not:

(i) have more than ten shareholders;

(ii) have as a shareholder a person (other than an estate) who is not an individual;

(iii) have a nonresident alien as a shareholder; and

(iv) have more than one class of stock.

(B) six percent of its value for such purposes when owned or leased to corporations, except for certain corporations specified in (A) above. Provided, that the General Assembly shall by general law provide for a penalty system on lands classified as agricultural lands to insure the proper utilization of this classification.

(5) All other real property not herein provided for shall be taxed on an assessment equal to six percent of the fair market value of such property.

(6) All inventories of business establishments shall be taxed on an assessment equal to six percent of the fair market value of such property.

(7) All farm machinery and equipment except motor vehicles licensed for use on the highways owned by farmers and used on agricultural lands shall be taxed on an assessment equal to five percent of the fair market value.

(8)(A) Except as provided in subitem (B) of this item, all other personal property must be taxed on an assessment equal to ten and one-half percent of the fair market value of the property.

(B)(1) Personal motor vehicles which must be titled by a state or federal agency, limited to passenger motor vehicles and pickup trucks, as defined by law, must be taxed on an assessment equal to the following percentage of fair market value of the property:

Property Tax Year	Percentage
year 1	9.75
year 2	9.00
year 3	8.25
year 4	7.50
year 5	6.75
year 6 and after	6.00

(2) This subitem applies for property tax years beginning after 2001 or for earlier tax years as the General Assembly may provide by law. (1976 (59) 2217; 1977 (60) 90; 2001 Act No. 10.)

SECTION 2. Defining classes of property and values for property tax purposes; transition to assessment ratios; continuance of existing statutes pertaining to assessment methods; changing assessment ratios.

(a) The General Assembly may define the classes of property and values for property tax purposes of the classes of property set forth in Section 1 of this article and establish administrative procedures for property owners to qualify for a particular classification.

(b) The General Assembly may provide for a gradual transition to any ratio as set out in Section 1 over a period not to exceed seven years.

(c) Statutes pertaining to the methods of assessment of property for ad valorem taxation not in conflict with this article shall continue in force until changed by an act of the General Assembly.

(d) The General Assembly may change the ratios as set forth in Section 1, but only with the approval of at least two-thirds of the membership of each house. (1976 (59) 2217; 1977 (60) 90.)

Editor's Note

The provisions of this section are somewhat similar to former Section 3A of Article X as it read prior to the 1977 revision.

SECTION 3. Property exempt from ad valorem taxation.

There shall be exempt from ad valorem taxation:

(a) all property of the State, counties, municipalities, school districts and other political subdivisions, if the property is used exclusively for public purposes;

(b) all property of all schools, colleges and other institutions of learning and all charitable institutions in the nature of hospitals and institutions caring for the infirmed, the handicapped, the aged, children and indigent persons, except where the profits of such institutions are applied to private use;

(c) all property of all public libraries, churches, parsonages and burying grounds;

(d) all property of all charitable trusts and foundations used exclusively for charitable and public purposes;

(e) all household goods and furniture used in the home of the owner of such goods and furniture, but this exemption shall not apply to household goods used in hotels, rooming houses, apartments or other places of business;

(f) all inventories of manufactures, except manufactured articles which have been offered for sale at retail or which have been available for sale at retail;

(g) all new manufacturing establishments located in any of the counties of this State after July 1, 1977, for five years from the time of establishment and all additions to the existing manufacturing establishments located in any of the counties of this State for five years from the time each of these additions is made if the cost of the addition is fifty thousand dollars or more. The additions shall include additional machinery and equipment installed in the plant. The exemptions authorized in this item for manufacturing establishments, and additions to those manufacturing establishments, do not include exemptions from school taxes or municipal taxes but include only county taxes. All manufacturing establishments and all additions to existing manufacturing establishments exempt under existing statutes are allowed their exemptions provided for by statute until the exemptions expire. Municipal governing bodies may by ordinance exempt from municipal ad valorem taxation for not more than five years all new manufacturing establishments located in any of the municipalities of this State after July 1, 1985, and all additions to the existing manufacturing establishments, including additional machinery and equipment, located in any of the municipalities of this State costing fifty thousand dollars or more made after July 1, 1985. Exemptions from municipal taxation granted pursuant to this item may not result in any refund of taxes;

The governing body of a municipality may by ordinance exempt from municipal ad valorem taxation for not more than five years:

(1) all new corporate headquarters, corporate office facilities, distribution facilities located in the municipality, and additions to such facilities; and

(2) all facilities of new enterprises engaged in research and development activities located in the municipality, and additions to such facilities.

The exemptions allowed pursuant to this paragraph are subject to those terms and conditions that the General Assembly may provide by law.

(h) all facilities or equipment of industrial plants which are designed for the elimination, mitigation, prevention, treatment, abatement or control of water, air or noise pollution;

(i) a homestead exemption for persons sixty-five years of age and older, for persons permanently and

totally disabled and for blind persons in the amount of ten thousand dollars of the fair market value of the homestead under conditions prescribed by the General Assembly by general law; provided, that the amount may be increased by the General Assembly by general law, passed by a majority vote of both houses;

(j) intangible personal property.

The exemptions provided in subitems (c) and (d) for real property shall not extend beyond the buildings and premises actually occupied by the owners of such real property. Homestead exemptions from ad valorem taxation not specifically provided for in this section may be provided for by the General Assembly by general law. In addition to the exemptions listed in this section, the General Assembly may provide for exemptions from the property tax, by general laws applicable uniformly to property throughout the State and in all political subdivisions, but only with the approval of two-thirds of the members of each House. All exemptions not specifically provided for or authorized in this article shall be repealed March 1, 1978. The General Assembly shall provide for methods and procedures in applying for the exemption of any property as is described in this section.

In addition to the exemptions provided and authorized in this section, subject to statutory authorization, the governing body of a county by ordinance may impose a sales and use tax in order to exempt all or a portion of the value of private passenger motor vehicles, motorcycles, general aviation aircraft, boats, and boat motors from property taxes levied in the county. This exemption, or its subsequent rescission, is allowed only pursuant to a referendum held in the county in the manner that the General Assembly provides by law. (1976 (59) 2217; 1977 (60) 90; 1985 Act No. 19; 1995 Act No. 47; 2001 Act No. 9.)

Editor's Note

The present provisions of this section are somewhat similar to former Section 4 of Article X as it existed prior to the 1977 revision.

See Article III, Section 28 for Notes of Decisions relating to homestead exemption.

SECTION 4. One assessment for all taxes.

The General Assembly shall provide for the assessment of all property for taxation, whether for state, county, school, municipal or any other political subdivision. All taxes shall be levied on that assessment. (1976 (59) 2217; 1977 (60) 90.)

Editor's Note

The present provisions of this section are somewhat similar to former Section 13 of Article X as it existed prior to the 1977 revision.

SECTION 5. No tax without consent; taxes to be levied in pursuance of law.

No tax, subsidy or charge shall be established, fixed, laid or levied, under any pretext whatsoever, without the consent of the people or their representatives lawfully assembled. Any tax which shall be levied shall distinctly state the public purpose to which the proceeds of the tax shall be applied. (1976 (59) 2217; 1977 (60) 90.)

Editor's Note

The present provisions of the first sentence of this section are similar to former Section 3B of Article X as it existed prior to the 1977 revision; the present provisions of the second sentence of this section are somewhat similar to former Section 3 of Article X as it existed prior to the 1977 revision.

SECTION 6. Establishment of method of valuation for assessment of real property within State.

Except as otherwise provided in this section, the General Assembly may vest the power of assessing and collecting taxes in all of the political subdivisions of the State, including counties, municipalities, special purpose districts, public service districts, and school districts. Property tax levies shall be uniform in respect to persons and property within the jurisdiction of the body imposing such taxes; provided, that on properties located in an area receiving special benefits from the taxes collected, special levies may be permitted by

general law applicable to the same type of political subdivision throughout the State, and the General Assembly shall specify the precise condition under which such special levies shall be assessed. For the tax year beginning 2007, each parcel of real property in this State shall have a maximum value for ad valorem taxes that does not exceed its fair market value. The General Assembly is authorized, by general law, to define "fair market value" and to define when property has been improved or when losses have occurred to change the value of the real property.

The General Assembly shall establish, through the enactment of general law, and not through the enactment of local legislation pertaining to a single county or other political subdivision, the method of assessment of real property within the State that shall apply to each political subdivision within the State. Each political subdivision shall value real property by a method in which the value of each parcel of real property, adjusted for improvements and losses, does not increase more than fifteen percent every five years unless, as defined by the General Assembly, an assessable transfer of interest occurs.

Notwithstanding any other provision of law, for the purposes of calculating the limit on bonded indebtedness of political subdivisions and school districts, pursuant to Sections 14 and 15 of Article X, respectively of the Constitution of this State, the assessed values of all taxable property within a political subdivision or school district shall not be lower than the assessed values of tax year 2006.

Whenever there is a merger of governments authorized under Section 12 of Article VIII, tax districts may be created, based upon the services rendered in each district, but tax levies must be uniform in respect to persons and property within each such district. (1976 (59) 2217; 1977 (60) 90; 2007 Act No. 12.)

Editor's Note

This section is derived from Sections 5, 13-a, 14, 14-a, and 15 to 22 of Article X as they existed prior to the 1977 revision.

SECTION 7. Limitation on annual expenditures of state government and number of state employees; annual budgets and expenses of political subdivisions and school districts.

(a) The General Assembly shall provide by law for a budget process to insure that annual expenditures of state government may not exceed annual state revenue.

(b) Each political subdivision of the State as defined in Section 14 of this article and each school district of this State shall prepare and maintain annual budgets which provide for sufficient income to meet its estimated expenses for each year. Whenever it shall happen that the ordinary expenses of a political subdivision for any year shall exceed the income of such political subdivision, the governing body of such political subdivision shall provide for levying a tax in the ensuing year sufficient, with other sources of income, to pay the deficiency of the preceding year together with the estimated expenses for such ensuing year. The General Assembly shall establish procedures to insure that the provisions of this section are enforced.

(c) The General Assembly shall prescribe by law a spending limitation on appropriations for the operation of state government which shall provide that annual increases in such appropriations may not exceed the average growth rate of the economy of the State as measured by a process provided for by the law which prescribes the limitations on appropriations; provided, however, the limitation may be suspended for any one fiscal year by a special vote as provided in this subsection.

During the regular session of the General Assembly in 1990 and during every fifth annual regular session thereafter, the General Assembly shall conduct and complete a review of the law implementing this subsection. During such session, only a vote of two-thirds of the members of each branch present and voting shall be required to change the existing limitation on appropriation. Unless that is done, the existing limitations shall remain unchanged.

Upon implementation of the provisions of this subsection by law, such law may not be amended or repealed except by the special vote as provided in this subsection.

The special vote referred to in this subsection means an affirmative vote in each branch of the General Assembly by two-thirds of the members present and voting, but not less than three-fifths of the total membership in each branch.

(d) The General Assembly shall prescribe by law a limitation on the number of state employees which shall provide that the annual increase in such number may not exceed the average growth rate in the population of the State measured by a process provided for in the law which prescribes that employment limitation; provided, however, the limitation may be suspended for any one fiscal year by a special vote as provided in this subsection.

Upon implementation of the provisions of this subsection by law, such law may not be amended or repealed except by the special vote provided in this subsection.

The special vote referred to in this subsection means an affirmative vote in each branch of the General Assembly by two-thirds of the members present and voting, but not less than three-fifths of the total membership in each branch. (1976 (59) 2217; 1977 (60) 90; 1985 Act No. 10.)

Editor's Note

The provisions of this section are somewhat similar to former Section 2 of Article X as it existed prior to the 1977 revision.

SECTION 8. Payments from treasuries.

Money shall be drawn from the treasury of the State or the treasury of any of its political subdivisions only in pursuance of appropriations made by law. (1976 (59) 2217; 1977 (60) 90.)

Editor's Note

The provisions of this section are somewhat similar to former Section 9 of Article X as it existed prior to the 1977 revision.

SECTION 9. Statement of receipts and expenditures.

An accurate statement of the receipts and expenditures of the public money shall be published annually in such manner as may be prescribed by law. (1976 (59) 2217; 1977 (60) 90.)

Editor's Note

The present provisions of this section are similar to former Section 8 of Article X as it existed prior to the 1977 revision.

SECTION 10. Claims against State.

The General Assembly may direct, by law, in what manner claims against the State may be established and adjusted. (1976 (59) 2217; 1977 (60) 90.)

Editor's Note

The provisions of this section are identical to Section 2 of Article XVII.

SECTION 11. Credit of State and political subdivisions.

The credit of neither the State nor of any of its political subdivisions shall be pledged or loaned for the benefit of any individual, company, association, corporation, or any religious or other private education institution except as permitted by Section 3, Article XI of this Constitution. Neither the State nor any of its political subdivisions shall become a joint owner of or stockholder in any company, association, or corporation. The General Assembly may, however, authorize the South Carolina Public Service Authority to become a joint owner with privately owned electric utilities, including electric cooperatives, of electric generation or transmission facilities, or both, and to enter into and carry out agreements with respect to such jointly owned facilities.

Provided, however, the General Assembly may obligate or appropriate state funds in order to participate in federal or federally aided disaster related grant or loan programs for individuals or families, but only to the extent that such state participation is a prerequisite to federal financial assistance.

Provided, however, that endowment funds donated specifically to state-supported institutions of higher

learning and held by the State Treasurer may be invested and reinvested in equity securities of a corporation within the United States that is registered on a national securities exchange, as provided in the Securities Exchange Act of 1934 or a successor act, or quoted through the National Association of Securities Dealers Automatic Quotations System or similar service. The General Assembly shall implement this paragraph by enacting legislation in which these endowment funds held and invested by the State Treasurer must be invested pursuant to a plan recommended by the State Retirement Systems Investment Panel which must be submitted to and approved by the boards of trustees of the respective colleges and universities.

Notwithstanding any other provision of this section, a municipality, county, special purpose district, or public service district of this State which provides firefighting service and which administers a separate pension plan for its employees performing this service may invest and reinvest the funds in this pension plan in equity securities traded on a national securities exchange as provided in the Securities Exchange Act of 1934 or a successor act, or in equity securities quoted through the National Association of Securities Dealers Automatic Quotations System or similar service. (1976 (59) 2217; 1977 (60) 90; 1979 Act No. 1; 1985 Act No. 7; 1999 Act No. 11; 2003 Act No. 93.)

Editor's Note

The provisions of the first two sentences of this section are somewhat similar to the first sentence of former Section 6 of Article X as it existed prior to the 1977 revision; the provisions of the third sentence of this section are identical to the second sentence of former Section 6 of Article X as it existed prior to the 1977 revision.

SECTION 12. Counties not to incur bonded indebtedness for special services in certain areas without special tax or charge on area or persons benefitted.

No law shall be enacted permitting the incurring of bonded indebtedness by any county for sewage disposal or treatment, fire protection, street lighting, garbage collection and disposal, water service or any other service or facility benefitting only a particular geographical section of the county unless a special assessment, tax or service charge in an amount designed to provide debt service on bonded indebtedness or revenue bonds incurred for such purposes shall be imposed upon the area or persons receiving the benefit therefrom. (1976 (59) 2217; 1977 (60) 90.)

SECTION 13. Bonded indebtedness of State.

(1) Subject to the conditions and limitations in this section, the State shall have power to incur indebtedness in the following categories and in no others: (a) general obligation debt; and (b) indebtedness payable only from a revenue-producing project or from a special source as provided in subsection (9) hereof.

(2) "General obligation debt" shall mean any indebtedness of the State which shall be secured in whole or in part by a pledge of the full faith, credit and taxing power of the State.

(3) General obligation debt may not be incurred except for a public purpose and all general obligation debt shall mature not later than thirty years from the time such indebtedness shall be incurred.

(4) In each act authorizing the incurring of general obligation debt the General Assembly shall allocate on an annual basis sufficient tax revenues to provide for the punctual payment of the principal of and interest on such general obligation debt. If at any time any payment due as the principal of or interest on any general obligation debt shall not be paid as and when the same become due and payable, the State Comptroller General shall forthwith levy and the State Treasurer shall collect an ad valorem tax without limit as to rate or amount upon all taxable property in the State sufficient to meet the payment of the principal and interest of such general obligation debt then due.

(5) If general obligation debt be authorized by (a) two-thirds of the members of each House of the General Assembly; or (b) by a majority vote of the qualified electors of the State voting in a referendum called by the General Assembly there shall be no conditions or restrictions limiting the incurring of such indebtedness except (i) those restrictions and limitations imposed in the authorization to incur such indebtedness, and (ii) the provisions of subsection (3) hereof.

(6) General obligation debt may be also incurred on such terms and conditions as the General Assembly may by law prescribe under the following limitations:

(a) General obligation bonds for highway purposes (highway bonds) may be issued if such bonds shall be additionally secured by a pledge of the revenues derived from the "sources of revenue" as such term is defined in this subsection; provided, that the maximum annual debt service on all highway bonds so additionally secured which shall thereafter be outstanding shall not exceed fifteen percent of the proceeds received from the sources of revenue for the fiscal year next preceding.

For the purpose of this subsection, the term "sources of revenue" shall mean so much of the revenues as may be made applicable by the General Assembly for state highway purposes from any and all taxes or licenses imposed upon individuals or vehicles for the privilege of using the public highways of the State.

(b) General obligation bonds for any state institution of higher learning designated by the General Assembly (state institution bonds) may be issued, if such bonds shall be additionally secured by a pledge of the revenues derived from the tuition fees received by the particular institution of higher learning for which such state institution bonds are issued; provided, that the maximum annual debt service on all state institution bonds so additionally secured issued for such state institution thereafter to be outstanding shall not exceed ninety percent of the sums received by such state institution of higher learning from tuition fees for the fiscal year next preceding.

(c) General obligation bonds for any public purpose including those purposes set forth in (a) and (b) may be issued; provided, that the maximum annual debt service on all general obligation bonds of the State thereafter to be outstanding (excluding highway bonds, state institution bonds, tax anticipation notes, and bond anticipation notes) must not exceed five percent of the general revenues of the State for the fiscal year next preceding (excluding revenues which are authorized to be pledged for state highway bonds and state institution bonds).

Upon implementation of the provisions of this item by law, the percentage rate of general revenues may be reduced to four or increased to seven percent by legislative enactment passed by a two-thirds vote of the total membership of the Senate and a two-thirds vote of the total membership of the House of Representatives.

During the regular session of the General Assembly in 1990 and during every fifth annual regular session thereafter, the General Assembly shall conduct and complete a review of the law implementing this item. Unless during such session that review results in an amendment to or repeal of the law implementing this item, which must be accomplished by legislative enactment passed by a two-thirds vote of the total membership of the Senate and a two-thirds vote of the total membership of the House of Representatives.

(7) General obligation indebtedness may be incurred in anticipation of state tax collections (tax anticipation notes) under such terms and conditions as the General Assembly may prescribe by law. Such tax anticipation notes shall be secured by a pledge of such taxes and by a pledge of the full faith, credit and taxing power of the State. All tax anticipation notes shall be expressed to mature not later than ninety days from the end of the fiscal year in which such notes are issued.

(8) General obligation notes may be issued in anticipation of the proceeds of general obligation bonds which may be lawfully issued (bond anticipation notes) under terms and conditions which the General Assembly may prescribe by law. Such bond anticipation notes shall be secured by a pledge of the proceeds of the bonds in anticipation of which such bond anticipation notes are issued and by a pledge of the full faith, credit and taxing power of the State.

Bond anticipation notes shall be expressed to mature not later than one year following the date of issuance, but if the General Assembly shall so authorize by law, bond anticipation notes may be refunded or renewed.

(9) The General Assembly may authorize the State or any of its agencies, authorities or institutions to incur indebtedness for any public purpose payable solely from a revenue-producing project or from a special source, which source does not involve revenues from any tax but may include fees paid for the use of any toll bridge, toll road or tunnel. Such indebtedness may be incurred upon such terms and conditions as the General Assembly may prescribe by law. All indebtedness incurred pursuant to the provisions of this subsection shall contain a statement on the face thereof specifying the sources from which payment is to be

made. (1976 (59) 2217; 1977 (60) 90; 1985 Act No. 10.)

Editor's Note

The provisions of this section are somewhat similar to Section 11 of Article X as it existed prior to the 1977 revision.

2013 Act No. 98, Section 5.A., provides as follows:

"Section 5.A. The General Assembly finds that:

"(1) before a motor vehicle may be licensed and registered by the South Carolina Department of Motor Vehicles for the privilege of using the public highways of this State, that department either collects or confirms the collection of any applicable sales, use, and casual excise taxes due on the vehicle;

"(2) without the required registration and licensing it is unlawful for a motor vehicle to use the public highways of this State; and

"(3) the revenue of the sales, use, and casual excise tax required to be paid before a motor vehicle may be registered and licensed in this State is included within the "sources of revenue" that may be pledged to secure highway bonds pursuant to Section 13(6)(a), Article X of the Constitution of this State."

SECTION 14. Bonded indebtedness of political subdivisions.

(1) For the purposes of this section, the term "political subdivisions" shall mean the counties of the State, the incorporated municipalities of the State, and special purpose districts, including special purpose districts which are located in more than one county or which are comprised of one or more counties. The term does not include regional planning agencies which are expressly forbidden to incur general obligation debt.

(2) The political subdivisions of the State shall have the power to incur bonded indebtedness in such manner and upon such terms and conditions as the General Assembly shall prescribe by general law within the limitations set forth in this section and Section 12 of this article.

Such political subdivisions shall have the power to incur indebtedness in the following categories and in no others:

(a) General obligation debt; and

(b) Indebtedness payable only from a revenue-producing project or from a special source as provided in subsection (10) of this section.

(3) "General obligation debt" shall mean any indebtedness of the political subdivision which shall be secured in whole or in part by a pledge of its full faith, credit and taxing power.

(4) General obligation debt may be incurred only for a purpose which is a public purpose and which is a corporate purpose of the applicable political subdivision. The power to incur general obligation debt shall include general obligation debt incurred by counties within the limitations prescribed by Section 12 of this article, and general obligation debt incurred by any political subdivision for purposes permitted by Section 13 of Article VIII of this Constitution. All general obligation debt shall mature within forty years from the time such indebtedness shall be incurred.

(5) No general obligation debt shall be incurred by any political subdivision unless prior to the delivery thereof a schedule showing the date and the principal and interest payments to become due thereon shall be filed in the office of the State Treasurer. If at any time any political subdivision shall fail to effect the punctual payment of the principal or interest on its general obligation debt, then, in such instance, the State Treasurer shall withhold from such political subdivision sufficient moneys from any state appropriation to which such political subdivision may be entitled and apply so much as shall be necessary to the payment of the principal and interest on the indebtedness of the political subdivision then due. Any and all appropriations for political subdivisions of the State shall be subject to the provisions of this subsection.

(6) If general obligation debt be authorized by a majority vote of the qualified electors of the political subdivision voting in a referendum authorized by law, there shall be no conditions or restrictions limiting the incurring of such indebtedness except:

(a) those restrictions and limitations imposed in the authorization to incur such indebtedness;

(b) the provisions of subsection (4) hereof; and

(c) such general obligation debt shall be issued within five years of the date of such referendum.

(7) Subject to the provisions of subsection (4) of this section and on such terms and provisions as the General Assembly may, by general law, prescribe, general obligation debt may also be incurred by the governing body of each political subdivision:

(a) For any of its corporate purposes in an amount not exceeding eight percent of the assessed value of all taxable property of such political subdivision; or

(b) General obligation debt incurred pursuant to and within the limitations prescribed by Section 12 of this article.

In determining the debt limitations imposed by the provisions of subsection (7) of this section, bonded indebtedness incurred pursuant to the authorizations of subsection (6), bonded indebtedness existing on the date of this section becomes a part of the Constitution in 1977, and bonded indebtedness incurred pursuant to subsection (b) of this section, shall not be considered.

(8) General obligation debt may also be incurred in anticipation in the collection of ad valorem taxes or licenses (tax anticipation notes) under such terms and conditions as the General Assembly may prescribe by general law. Such tax anticipation notes shall be secured by a pledge of such taxes or license fees and a pledge of the full faith, credit and taxing power of the political subdivision. All tax anticipation notes shall be expressed to mature not later than ninety days from the date as of which such taxes or license fees may be paid without penalty.

(9) General obligation notes may also be issued in anticipation of the proceeds of general obligation bonds which may be lawfully issued (bond anticipation notes) under such terms and conditions that the General Assembly may prescribe by general law. Such bond anticipation notes shall be secured by a pledge of the proceeds of the bonds in anticipation of which such bond anticipation notes are issued and by a pledge of the full faith, credit and taxing power of the political subdivision.

Bond anticipation notes shall be expressed to mature not later than one year following the date of issuance, but if the General Assembly shall so authorize by law, bond anticipation notes may be refunded or renewed.

(10) Indebtedness payable solely from a revenue-producing project or from a special source, which source does not involve revenues from any tax or license, may be issued upon such terms and conditions as the General Assembly may prescribe by general law; provided, that the General Assembly may authorize by general law that indebtedness for the purpose of redevelopment within incorporated municipalities and counties may be incurred, and that the debt service of such indebtedness be provided from the added increments of tax revenues to result from any such project. Any and all indebtedness incurred pursuant to the provisions of this subsection shall contain a statement on the face thereof specifying the sources from which payment is to be made and shall state that the full faith, credit, and taxing powers are not pledged therefor. (1976 (59) 2217; 1977 (60) 90; 1999 Act No. 11.)

Editor's Note

The provisions of this section are somewhat similar to Section 5 of Article X as it existed prior to the 1977 revision.

SECTION 15. Bonded indebtedness of school districts.

(1) The school districts of the State shall have the power to incur general obligation debt only in such manner and upon such terms and conditions as the General Assembly shall prescribe by law within the limitations set forth in this section.

(2) General obligation debt shall mean any indebtedness of the school district which shall be secured in whole or in part by a pledge of its full faith, credit and taxing power.

(3) General obligation debt may be incurred only for a purpose which is a public purpose and which is a corporate purpose of the applicable school district. The power to incur general obligation debt shall include general obligation debt incurred by any school districts for the purposes permitted by Section 13 of Article VIII of this Constitution. All general obligation debt shall mature within thirty years from the time such indebtedness shall be incurred.

(4) No general obligation debt shall be incurred by any school district unless prior to the delivery thereof a schedule showing the date and the principal and interest payments to become due thereon shall be filed in the office of the State Treasurer. If at any time any school district shall fail to effect the punctual payment of the principal and interest of its general obligation debt, the State Treasurer shall withhold from such school district sufficient moneys from any state appropriation to which such school district may be entitled and apply so much as shall be necessary to the payment of the principal and interest on the indebtedness of the school district then due. All appropriations for school districts of the State shall be subject to the provisions of this paragraph.

(5) If the general obligation debt be authorized by a majority vote of the qualified electors of the school district voting in a referendum authorized by law, there shall be no conditions or restrictions limiting the incurring of such indebtedness except:

- (a) those restrictions and limitations imposed in the authorization to incur such indebtedness;
- (b) such general obligation debt shall be issued within five years of the date of such referendum; and
- (c) the provisions of subsection (3) hereof.

(6) In addition to the bonded indebtedness authorized by subsection (5), during the period beginning on the date of the ratification of this article in 1977 and ending on the fifth anniversary of that date, the governing body of any school district may incur bonded indebtedness to the limit authorized by Section 5, Article X of the Constitution as of January 1, 1976, and upon such terms and conditions as the General Assembly may have heretofore or may hereafter prescribe; provided, however, that in determining the limit authorized by Section 5, Article X of the Constitution, in the event the assessed value of all taxable property in any school district decreases in any year during the aforesaid five-year period to an amount less than the assessed value of all taxable property in any such school district as of December 31, 1975, the assessed value of all taxable property of any such school district as of December 31, 1975, shall be applied in determining any such school district's bonded indebtedness during the aforesaid five-year period. After the fifth anniversary of that date, the governing body of any school district may incur general obligation debt in an amount not exceeding eight percent of the assessed value of all taxable property of such school district subject to the provisions of subsection (3) of this section and upon such terms and conditions as the General Assembly may prescribe.

In computing the eight percent debt limitation imposed by the provisions of this subsection, bonded indebtedness existing on the date of the fifth anniversary of the ratification of this article in 1977 and bonded indebtedness incurred under the provisions of subsection (5) of this section shall not be considered in the computation of the eight percent limitation.

(7) General obligation debt may also be incurred in anticipation of the collection of ad valorem taxes (tax anticipation notes) under such terms and conditions as the General Assembly may prescribe by law. Such tax anticipation notes shall be secured by a pledge of such taxes and a pledge of the full faith, credit and taxing power of the school district. All tax anticipation notes shall be expressed to mature not later than ninety days from the date as of which such taxes may be paid without penalty.

(8) General obligation notes may be issued in anticipation of the proceeds of general obligation bonds which may lawfully be issued (bond anticipation notes) under such terms and conditions that the General Assembly may prescribe by law. Such bond anticipation notes shall be secured by a pledge of the proceeds of the bonds in anticipation of which such bond anticipation notes are issued and by a pledge of the full faith, credit and taxing power of the school district.

Bond anticipation notes shall be expressed to mature not later than one year following the date of issuance, but if the General Assembly shall so authorize by law, bond anticipation notes may be refunded or renewed. (1976 (59) 2217; 1977 (60) 90.)

Editor's Note

The provisions of this section are somewhat similar to Section 5 of Article X as it existed prior to the 1977 revision.

SECTION 16. Regulation of benefits, funding and membership contributions of state-operated retirement

systems; investment of funds.

The governing body of any retirement or pension system in this State funded in whole or in part by public funds shall not pay any increased benefits to members or beneficiaries of such system above the benefit levels in effect on January 1, 1979, unless such governing body shall first determine that funding for such increase on a sound actuarial basis has been provided or is concurrently provided.

The General Assembly shall annually appropriate funds and prescribe member contributions for any state-operated retirement system which will insure the availability of funds to meet all normal and accrued liability of the system on a sound actuarial basis as determined by the governing body of the system.

Assets and funds established, created and accruing for the purpose of paying obligations to members of the several retirement systems of the State and political subdivisions shall not be diverted or used for any other purpose.

Notwithstanding the provisions of Section 11 of this article, the funds of the various state-operated retirement systems may be invested and reinvested in equity securities. (1979 Act No. 3; 1997 Act No. 77; 2007 Act No. 1.)