

1983 WL 181969 (S.C.A.G.)

Office of the Attorney General

State of South Carolina

August 9, 1983

***1 SUBJECT: Taxation and Revenue—Tax Reduction**

A town and school district should adopt a budget and levy the necessary tax to fund the same. No legal objection exists to the reduction of mills from the preceding year's levy when the lesser number of mills is adequate to fund the budget.

Charles W. Whetstone, Jr., Esq.
Attorney for Town of Elloree

QUESTION:

A new industry is to be located within the Town of Elloree. The industry will increase the Town's tax base by \$2,242,200. The town will reduce its millage rate from 70 mills to 40 mills. The school district would decrease its millage from 78 mills to 60 mills. The inquiry is whether this reduction is within the powers of the town and school district.

APPLICABLE LAW:

[Article X, § 7\(b\), South Carolina Constitution](#); [§ 5-7-260\(3\), 1976 Code of Laws](#).

DISCUSSION:

It is assumed for purposes of this opinion that the school district has the statutory authority to adopt its budget. [Article X, § 7\(b\)](#) provides in part that:

'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. * * *.'

Because of the increase in the tax base caused by the new industry, the town and school district will be able to fund its services by levying a lesser number of mills. The budget adopted by the town and the school district should levy an adequate tax to meet the revenue needs. If this need is realized by a lesser number of mills, it would be proper to reduce the millage.

CONCLUSION:

A town and school district should adopt a budget and levy the necessary tax to fund the same. No legal objection exists to the reduction of mills from the preceding year's levy when the lesser number of mills is adequate to fund the budget.

Joe L. Allen, Jr.
Chief Deputy Attorney General

1983 WL 181969 (S.C.A.G.)