

**Chapter 18**  
**Taxation**

**Sec. 18-1. General annual property tax.**

The city council shall impose, by ordinance, an annual tax as it shall deem necessary for general corporate purposes on all real estate lying within the corporate limits within the city and on all personal property within the corporate limits of the city but excluding any real or personal property that is exempt from taxation by the constitution and laws of the state. Such tax shall be levied by the city council based upon the assessed valuation for tax purposes as fixed by the county.

**Sec. 18-2. Annual property tax for payment of interest on bonds and retirement of bonds.**

The city council, in addition to the annual tax levied for other purposes, may levy such further annual tax as may be necessary to pay the interest on all outstanding bonds issued by the city and to create the necessary sinking funds for the redemption of such bonds.

**Sec. 18-3. Reversion of excess levied for special purposes to general fund.**

If any of the amounts levied in any year for special purposes should exceed the amounts required therefor, such excess shall revert to the general fund and be used as the city council may direct.

**Sec. 18-4. Ad valorem tax exemption for manufacturing establishments and machinery and equipment; compliance with state law; exemption to be renewed annually.**

- (a) All new manufacturing establishments located in the city after July 1, 1985, and all additions to an existing manufacturing establishment, including additional machinery and equipment, located in the city after July 1, 1985, costing fifty thousand dollars (\$50,000.00) or more shall be

exempt from ad valorem property taxes for not more than five (5) years.

- (b) The owner of any manufacturing establishment seeking to obtain exemption from ad valorem property taxes levied by the city shall comply with all requirements of the state tax commission for the exemption from local property taxes. The determination of the state tax commission that such new manufacturing establishment, together with new additions of machinery and equipment, is exempt from property taxes under the provisions of state law shall constitute a determination that such establishment is exempt from real and personal ad valorem property taxes granted under the provisions of this section.
- (c) The exemption of a manufacturing establishment under the provisions of this section is granted for one (1) year only and each property owner shall reapply annually for tax exempt status with the state tax commission. If such manufacturing establishment fails to receive tax exemption from county property taxes under the provisions of state law, then no tax shall be granted under this section.

## Article II Hospitality Tax

### Sec. 18-100. Authority.

This section is enacted pursuant to the authority of Title 5, S.C. Code Ann., including, without limitation, §5-7-10 (as amended) and §5-7-30 (as amended), which provide, in relevant part, that municipalities may adopt ordinances which appear necessary and proper for the security, general welfare and convenience of the municipality and for the preservation of the general health, peace and order in the municipality and further that municipalities may establish uniform service charges, and pursuant to Title 6, S.C. Code Ann., § 6-1-700, et seq.

### Sec. 18-101. Declaration of purpose and intent.

This section is enacted to preserve the general health, safety and welfare of the general public within the City of Spartanburg, South Carolina, by creating a uniform tax for the purpose of creating a fund to pay in whole or in part for tourism-related buildings including, but not limited to, civic centers, coliseums, and aquariums; tourism-related cultural, recreational, or historic facilities; highways, roads, streets and bridges providing access to tourist destinations; advertisements and promotions related to tourism development; water and sewer infrastructure to serve tourism-related demand; the acquisition of land and the construction of passive and active

parks and facilities associated with parks including playground equipment, sports facilities, and community recreation buildings; the payment of bonded indebtedness required to provide the above referenced uses; and administrative costs associated with collection, accounting for and applying the hospitality taxes.

Sec. 18-102. Definitions.

- (a) “Business” means any entity which has or is required to have a business license from the City and is subject to collecting and remitting State of South Carolina sales tax for sales which it makes.
- (b) “Establishment” shall mean any business within the City which sells prepared meals and beverages, inclusive of alcoholic beverages, beer and wine, whether for on-premise consumption, take-out or delivery.
- (c) “Hospitality Tax” shall mean the local hospitality tax defined by S.C. Code Ann., § 6-1-710 and authorized to be charged by municipalities by S.C. Code Ann., § 6-1-720, as from time to time amended.
- (d) “Prepared Meal” shall mean food prepared or modified by an establishment which at the time of sale is ready for consumption by members of the public, regardless of the food’s actual quantity, presentation or packaging, and without regard to the time of day of the sale.

Sec. 18-103. Hospitality Tax.

A uniform tax equal to two percent (2%) is hereby imposed on:

- (a) The sale of Prepared Meals and beverages, inclusive of alcoholic beverages, beer and wine sold in Establishments.
- (b) The sale of prepared meals and beverages, served by a restaurant, hotel, motel, or other food service facility and establishments licenses for on-premises consumption of alcoholic beverages, beer or wine within the City of Spartanburg.

Sec. 18-104. Payment of tax.

- (a) Payment of the tax established herein shall be the

liability of the consumer purchaser of the services or products described in Section 18-103. The tax shall be paid at the time of delivery of the services or products to which the tax applies and shall be collected by the provider or seller of the service or products. Establishments' records may be inspected or audited by City at City request at reasonable times and places.

- (b) The taxes collected by the seller or provider of the services or products as required under Section 18-103 and this ordinance shall be remitted to the City of Spartanburg as prescribed by State law and specifically § 6-1-770, S.C. Code Ann.) along with such return or form as may be established by the City of Spartanburg for such purpose.
- (c) Taxes and required reports shall be submitted to the City of Spartanburg by the twentieth (20<sup>th</sup>) day of the applicable month (monthly for monthly reports, the first month of the quarter for quarterly reports and the first month of the year for annual reports) and shall cover sales of the previous month, quarter, or year, respectively, as appropriate and as provided in § 6-1-770, S.C. Code Ann. of the unpaid tax for each month or portion thereof after the due date until paid. A payment of the tax is considered to be timely remitted to the City if the payment and the return have a U.S. Main postmark date (not a metered date) on or before the date the payment and return are required to be made. If the twentieth (20<sup>th</sup>) day of the month falls on a Saturday, Sunday, U.S. Postal Service, holiday or City holiday, then payments and returns mailed or made at the City on the next business day will be accepted as timely made. Any taxes not timely remitted shall be subject to a penalty of ten percent (10%). The failure to collect from patrons the tax imposed by this article shall not relieve any establishment subject to the article from making the required remittance. Provided, however, that the provider or seller of the services or products may retain two percent (2%) of the amount due with the report to offset the costs of recording and remitting, provided the taxes are remitted timely.
- (d) Any person violating any provision of this article

shall be deemed guilty of an offense and shall be subject to punishment under Section 18-108 upon conviction. Each day and each act of violation shall be considered a separate offense. Punishment for violation shall not relieve the offender of liability for delinquent taxes, penalties, and costs provided for herein.

Sec. 18-105. Hospitality tax fund.

A revenue fund of the City, segregated from the City's general fund shall be known as the City of Spartanburg's Hospitality Tax Fund, and shall be established and all revenues received from the hospitality tax shall be deposited exclusively into this fund. The principal and any accrued interest from this fund shall be expended only as permitted in Section 18-105 as described below.

The City Council of the City of Spartanburg, South Carolina is hereby authorized to utilize the funds collected from the imposition of the hospitality tax for the following purposes.

- (1) Tourism-related buildings including, but not limited to, civic centers, coliseums, and aquariums;
- (2) Tourism-related cultural, recreational, or historic facilities;
- (3) Highways, roads, streets, and bridges providing access to tourist destinations;
- (4) Advertisements and promotions related to tourism development;
- (5) Water and sewer infrastructure to serve tourism-related demand;
- (6) The acquisition of land and the construction of passive and active parks and facilities associated with parks including playground equipment, sports facilities, and community recreation buildings;
- (7) The payment of bonded indebtedness required to provide the above referenced uses.
- (8) Administrative costs associated with collection, accounting for and applying the hospitality taxes.

Sec. 18-106. Authorization for use.

Authorization to utilize revenues from the hospitality tax account shall be by the annual budget ordinance duly adopted by the City Council of the City of Spartanburg, South Carolina.

Sec. 18-107. Severability.

If any section, phrase, sentence or portion of this article is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such section, phrase, sentence or portion shall be deemed a separate, distinct, and independent provision and such holding shall not affect the validity of the remaining sections, phrases, sentences or portions thereof.

Sec. 18-108. Penalty.

Failure to pay the tax shall subject the provider of services or products as set forth in Section 18-103 to prosecution in the Municipal Court for imprisonment and/or fines to the maximum jurisdiction of the Magistrate Court. Each day and each act shall constitute a separate offense. Moreover, the City may by administrative action suspend the business license of a violator.

ARTICLE III.  
SPECIAL PROPERTY TAX ASSESSMENT FOR  
REHABILITATED HISTORIC PROPERTY

Sec. 18-109. Purpose

The purpose of this Article to:

- (1) Encourage the rehabilitation of historic structures;
- (2) Promote community development and redevelopment;
- (3) Encourage sound community planning; and
- (4) Promote the general health, safety and welfare of the community.

Sec. 18-110. Authorization

The special property tax assessments authorized by S.C. Code 1976, § 5-21-140, as amended from time to time, to real property which qualifies as a “rehabilitated historic property” as such terms are defined in such statute are hereby adopted in accordance with and pursuant to the provisions of such statute.

Sec. 18-111. Reviewing authority.

The “reviewing authority” is the City of Spartanburg Architectural Design and Historic Review Board. However, no separate application to the reviewing authority is required for properties receiving preliminary and final approval for the federal income tax credit allowed, pursuant to Section 47 of the Internal Revenue Code or the state income tax credit allowed pursuant to S.C. Code 1976, § 12-6-3535.

Sec. 18 – 112. Eligible properties.

(a) *Certification.* In order to be eligible for the special tax assessment, properties must receive preliminary and final certification.

(1) *To receive preliminary certification, a property must meet the following conditions:*

- a. City Council has resolved that the property is eligible to pursue the special tax assessment in accordance with the requirement of subsection (b) herein;
- b. The proposed rehabilitation work received approval from the reviewing authority (unless approval is not required pursuant to Sec. 18-111);
- c. If preliminary certification is not received prior to beginning work, any work done prior to preliminary certification is at the owner's risk.

(2) *To receive final certification, a property must have met the following conditions:*

- a. the property has received preliminary certification;
- b. The minimum expenditures for rehabilitation were incurred and paid;
- c. The completed rehabilitation receives approval from the reviewing authority (if required) as being consistent with the plans approved as part of preliminary certification.

(b) *Historic designation.* "Historic designation" means the property maintains one or more of the following:

(1) The property is listed on the National Register of Historic Places either individually or as a contributing property in a district.

(2) The property is at least 50 years old and is an individual landmark or a contributing property in a local district as designated by City Council as a historic district. A property may be designated by City Council as a historic district. A property may be designated historic if it:

- a. Has significant inherent character, interest, or value as part of the development or heritage of the community, state or nation;
- b. Is the site of an event significant in history;
- c. Is associated with a person or persons who contributed significantly to the culture and development of the community, state or nation.
- d. Exemplifies the cultural, political, economic, social, ethnic or historic heritage of the community, state or nation;

- e. Individually, or as a collection of resources, embodies distinguishing characteristics of a type, style, period or specimen in architecture or engineering;
- f. Is the work of a designer whose work has influenced significantly the development of the community, state or nation;
- g. Contains elements of design, detail, materials, or craftsmanship which represent a significant innovation;
- h. Is part of or is related to a square or other distinctive element of community planning;
- i. Represents an established and familiar visual feature of the neighborhood or community; or
- j. Has yielded, or may be likely to yield, information important in prehistory or history.

Sec. 18-113. Eligible rehabilitation.

(a) *Standards for review of rehabilitation work.* To be eligible for the special tax assessment, historic rehabilitations must be appropriate for the historic building and the historic district in which it is located. This is achieved from adherence to the following standards:

1. A property will be used as it was historically or be given a new use that requires minimal change to its distinctive materials, features, spaces, and spatial relationships.
2. The historic character of a property will be retained and preserved. The removal of distinctive materials or alteration of features, spaces, and spatial relationships that characterize a property will be avoided.
3. Each property will be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or elements from other historic properties, will not be undertaken.
4. Changes to a property that have acquired historic significance in their own right will be retained and preserved.
5. Distinctive materials, features, finishes, and construction techniques or examples of craftsmanship that characterize a property will be preserved.

6. Deteriorated historic features will be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature will match the old in design, color, texture, and where possible, materials. Replacement of missing features will be substantiated by documentary and physical evidence.
7. Chemical or physical treatments, if appropriate, will be undertaken using the gentlest means possible. Treatments that cause damage to historic materials will not be used.
8. Archeological resources will be protected and preserved in place. If such resources must be disturbed, mitigation measures will be undertaken.
9. New additions, exterior alterations, or related new construction will not destroy historic materials, features, and spatial relationships that characterize the property. The new work shall be differentiated from the old and will be compatible with the historic materials, features, size, scale and proportion, and massing to protect the integrity of the property and its environment.
10. New additions and adjacent or related new construction will be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

(b) *Minimum expenditures for rehabilitation for "historic designation"* means the owner or his estate rehabilitates the property, with expenditures for rehabilitation of at least 25 percent of the fair market value of the property. Fair market value means the appraised value as certified to the City by a real estate appraiser licensed by the State of South Carolina, the sales price as delineated in a bona fide contract of sale within twelve months of the time it is submitted, or the most recent appraised value published by the Spartanburg County tax Assessor, at the City's election.

(c) *Expenditures for rehabilitation* means the actual costs of rehabilitation relating to one or more of the following:

- (1) Improvements located on or within the historic building as designated;

- (2) Improvements outside of but directly attached to the historic building which are necessary to make the building fully useable, but shall not include rentable, habitable floor space attributable to new construction;
  - (3) Architectural and engineering services attributable to the design of the improvements; or
  - (4) Costs necessary to maintain the historic character or integrity of the building.
- (d) *The special tax assessment may apply to the following:*
- (1) Rehabilitated structures; and
  - (2) Real property on which the structure is located.
- (e) *Time limits.* Upon receiving preliminary certification, the property shall be assessed for two years on the fair market value of the property at the time the preliminary certification was made. If the project is not complete after two years, but the minimum expenditures for rehabilitation have been incurred, the property continues to receive the special assessment until the project is completed.

#### Sec. 18-114. Process

- (a) *Fee required.* There is a fee of \$150.00 required for final certification for each application for review of rehabilitation work conducted pursuant to this Article. Final certification will not be awarded without payment of this fee to City of Spartanburg.
- (b) *Application and plan required.* Owners of property seeking approval of rehabilitation work must complete and deliver a rehabilitation of historic structure application to the reviewing authority prior to beginning rehabilitation. Supporting documentation and a project plan must be included with the application.
- (c) *Preliminary certification.* Upon receipt of the completed application the reviewing authority will determine if the project is consistent with the standards for rehabilitation in section 18-113, above. After the reviewing authority makes its determination, the owner shall be notified in writing. Upon receipt of this determination the owner may:
- (1) If the application is approved, begin rehabilitation.
  - (2) If the application is not approved, revise such application in accordance with comments provided by the reviewing authority.
  - (3) If the application is not approved, appeal the decision to the City council.
- (d) *Substantive changes.* Once preliminary certification is granted to an application, substantive changes must be approved by the reviewing authority. Unapproved substantive changes are conducted at the risk of the property owner and may disqualify the project from eligibility. Additional expenditures will not qualify the project for an extension on the special assessment.
- (e) *Final certification.* Upon completion of the project, the project must receive final certification in order to be eligible for the special assessment. The owner shall submit a request for final certification of completed work and photographs to reviewing authority. The reviewing authority will determine if the work is consistent with the preliminary certification approval granted pursuant to subsection 18-112(a) above. The reviewing authority may inspect

completed projects. Final certification will be granted when the completed work meets the standards and verification is provided to the City that expenditures have been made in accordance with section 18-113 above.

(f) *Notification.* The City shall, upon final certification of a property and final approval by City Council, notify the Spartanburg Auditor, Assessor and Treasurer that such property has been duly certified and is eligible for the special tax assessment.

(g) *Application.* Once the City Council has granted the special property tax assessment authorized herein, the property owner shall make application to the Spartanburg County Auditor for the special assessment provided herein.

(h) *Special assessment.* Upon receiving final certification. The property will be assessed for the remainder of the special assessment period on the fair market value of the property at the time the preliminary certification was made or the final certification was made which ever occurred earlier. If a completed project does not comply with all requirements for final certification, final certification must not be granted and any monies not collected by the City due to the special assessment must be returned to the City.

(i) *Special assessment period.* Unless otherwise specified by City Council, the special assessment period shall be five years. City Council may, by resolution, specify a longer or shorter special assessment period, or extend a special assessment period that has already been approved, up to an aggregate period not to exceed 20 years.

(j) *Additional work.* For the remainder of the special assessment period after final certification, the property owner shall notify the City and reviewing authority of any additional work, other than ordinary maintenance. The reviewing authority shall review the work to determine whether the overall project is consistent with the standards for rehabilitation. If the additional work is found to be inconsistent, the property owner may withdraw his request and cancel or revise the proposed additional work.

(k) *Decertification.* When the property has received final certification and has been assessed as rehabilitated historic property, it remains so certified and must be granted the special assessment for the special assessment period. Written notification or any change affecting eligibility must be given immediately to the City, and to the Spartanburg County Auditor, Assessor and Treasurer. The property becomes disqualified by anyone of the following:

- (1) Written notice by the owner to the City, and to the Spartanburg County Auditor, Assessor and treasurer to remove the preferential assessment;
- (2) Removal of historic designation by City Council or National Register of Historic Places;
- (3) A sale or transfer of ownership during the special assessment period, other than in ordinary course within probate proceedings, unless approved by the City;
- (4) Rescission of the approval of rehabilitation work by the reviewing authority because of alterations or renovation by the owner or his estate which cause the property to no longer possess the qualities and features which made it eligible for final certification.

(l) *Notification.* The owner shall, upon final certification, notify the City, and the Spartanburg County Auditor, Assessor and Treasurer that such property has been duly

certified and is eligible for the special tax assessment.

(m) Date effective. If an application for preliminary or final certification is filed by May 1, or the preliminary or final certification is approved by August 1, the special assessment authorized here is effective for that year. Otherwise, it is effective beginning with the following year. The special assessment only begins in the current or future tax years as provided for in this section. In no instance may the special assessment be applied retroactively.

Secs. 18-114-18-120. Reserved.