Council sides with auditor on school taxes

Richland 2 claims disputed estimate leaves its budget $3 million short

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Officials with Richland 2 say they could end up $3 million short next year because of a dispute with the auditor over how much school taxes can increase.

Paul Brawley, in his second year as auditor, defends his figures.

Finance officers at District 2 defend theirs.

But in the end, Richland County Council sided with Brawley, saying they would revisit the district’s budget in September when revenues are firm.

“The only desire is to get it right,” said Mike Montgomery, a former councilman and lawyer representing District 2.

Either way, the issue should not affect property tax bills.

But it could affect programs for the 24,178 students who attend schools in the growing suburban district.

Tuesday, using fresh estimates from Brawley, the council set District 2’s budget at $115.7 million.

The school district maintains it is eligible for $118.8 million based on such factors as the tax collection rate, growth in property values and population increases in Northeast Richland.

Councilman Damon Jeter called Brawley’s projections “bad news for a growing school district.”

A 2006 state law limits how much city, county and school budgets can increase each year. The auditor is responsible for computing a tax rate to fund their budgets without exceeding the cap.

Concerns about Brawley’s calculations came to light two weeks ago, as the council finalized 2009-10 budgets, including those for Richland 1 and Richland 2 schools. Only the larger of the county’s two school districts raised questions.

“There is still some confusion about how the auditor arrived at his numbers,” Councilwoman Val Hutchinson said Monday after a tense, 2½-hour meeting among county and school leaders.

Tuesday, council members Hutchinson, Kit Smith and Jim Manning said they still were struggling to understand the auditor’s figures.

Council members said they wanted to respect Brawley’s authority but also wanted to ensure the school district got full funding.

Brawley said he shared that goal.

“I don’t blame them for wanting to go back in and double-check,” he said of District 2 officials. “That’s what they should do.”

Business owners, including those who own rental property, pay school taxes. Homeowners do not. A state sales tax covers their portion.
Earlier this month, Treasurer David Adams notified County Council that this year’s county general fund was short by about $440,000 because of an error in the tax rate. He was careful not to blame Brawley, noting the council approves budgets and the tax rates that fund them.

“You call it a mistake, you call it an inadvertent tax break, you call it whatever you want to,” Adams said. “The end result is we’re going to end up with a little bit of a shortfall in tax revenue this year instead of a surplus in tax revenue.”

Robert Croom, with the S.C. Association of Counties, said setting the tax rate can be as much art as science.

That’s especially true in a recession when, for example, it’s hard to predict how many people will pay their taxes on time or how many people might buy new cars.

Disagreements over tax rates are pretty common, Croom said. “There’s plenty of room for reasonable people to disagree.”

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