



Charleston County
Transportation Sales and Use Tax Audit
July 1, 2019-June 30, 2024

December 11, 2025

South Carolina Department of Revenue
300A Outlet Point Boulevard
Columbia, South Carolina 29210

EXECUTIVE SUMMARY

The South Carolina Department of Revenue conducted a compliance audit of Charleston County's Transportation Sales and Use Tax program. The audit evaluated Charleston County's collection and use of the tax revenues from July 1, 2019 to June 30, 2024.

The audit concludes that, aside from one finding that Charleston County corrected during the review, Charleston County is in compliance with the Transportation Sales and Use Tax Act and the county used the penny tax collections exclusively for projects listed on the 2004 and 2016 referendums or to service general obligation bond debt.

I. INTRODUCTION

The South Carolina Department of Revenue (Department) conducted an audit of the Charleston County Transportation Sales and Use Tax. As the administrator of the tax, the Department has a duty to ensure public accountability and transparency regarding the expenditures of the Transportation Sales and Use Tax revenue collected by the county.

II. AUDIT OBJECTIVE & SCOPE

The purpose of this audit was to perform an independent and objective compliance audit of the Charleston County Transportation Sales and Use Tax. The audit scope included review of the expenditures and collection of the sales tax revenue for the period from July 1, 2019 to June 30, 2024.

III. BACKGROUND

The Transportation Sales and Use Tax Act (S.C. Code Ann. § 4-37-30) grants counties with the authority to impose, pursuant to a referendum, a sales and use tax not to exceed 1% within its jurisdiction for a specific purpose or purposes and for a specific period of time. The county must use the revenue from the tax to provide funding for "highways, roads, streets, bridges, mass transit systems, greenbelts, and other transportation-related projects including, but not limited to, drainage facilities relating to the highways, roads, streets, bridges, and other transportation related projects." S.C. Code Ann. § 4-37-30(A)(1)(i).

In the 2004 and 2016 General Elections, Charleston County voters approved two separate one-half (1/2) percent Sales and Use Tax referendums, each authorized for a 25-year period. The first referendum became effective May 1, 2005 and the second referendum became effective May 1, 2017.

IV. AUDIT SUMMARY

In the 2004 and 2016 referendums, the county stated that it will use all revenue received from the sales and use tax to pay the costs of transportation projects and to pay debt service on general obligation bonds, if any, issued by Charleston County to fund the transportation projects.

The department began the audit by requesting that Charleston County provide documentation related to the transportation sales and use tax program, including internal and external audits, general ledgers, invoices, collection deposits, debt service schedules and other documents showing all dollars collected as well as all dollars expended.

The Department received information from the county and reviewed it as follows:

- *Verified collections on GL against amounts sent to the State Treasurer's Office from SCDOR.*
- *Organized expenses on the GL account with supporting documentation.*
- *Assessed expenses for eligibility or ineligibility based on audit authority.*
- *Categorized ineligible expenses with an explanation.*
- *Verified bonds on the GL account against the bond debt service schedule.*

V. TAX COLLECTION

Charleston County collected \$767,078,714 in 1% Transportation Sales and Use Tax for the audit period. The county also issued General Obligation (GO) Bonds, to fund the approved projects.

VI. FINDINGS

1. Inappropriate Expenditures

The county used \$615.43 for non-penny tax related expenses. The county has reimbursed these funds to the penny tax account.

VI. CONCLUSION

Based on the audit, the Department concludes that Charleston County's Transportation Sales and Use Tax records for the reported period are in compliance with the Transportation Sales and Use Tax Act and the 2004 and 2016 referendums, with the exception of the one finding mentioned above. The county used the Transportation Sales and Use Tax revenue for transportation projects listed on the 2004 and 2016 referendums or to service general obligation bond debt incurred by the county for those projects.