

# REPORT OF THE PROPERTY TAX SUBCOMMITTEE

(G.R. Smith, Clyburn, Merrill, Bales & Clemmons - Staff Contact: Kenzie Riddle)

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## SENATE BILL 932

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S. 932 -- Senators Bennett, Grooms and Hembree: A BILL TO AMEND SECTION 12-43-220, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO PROPERTY TAX ASSESSMENT RATIOS, SO AS TO REVISE AN APPLICATION DEADLINE FOR CERTAIN PROPERTY OWNED BY CERTAIN MEMBERS OF THE ARMED FORCES.

***Summary of Bill:***

The bill would change the current date of May 15<sup>th</sup> of each year for active duty Armed Forces members to apply for the 4% assessment rate by the first penalty date for the payment of taxes for the tax year in which the taxes are due.

***Introduced:*** 01/13/2016

***Received by Ways and Means:*** 02/09/2016

***Estimated Fiscal Impact:***

The bill is not expected to impact state expenditures or revenues. The bill would reduce local property tax revenue by approximately \$215,000 in FY 2016-17 for local property tax refunds from tax years 2014 and 2015.

***Subcommittee Recommendation:*** Favorable

***Full Committee Recommendation:*** Pending



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** S. 0932  
**Author:** Bennett  
**Subject:** Property tax assessment ratios  
**Requestor:** Senate Finance  
**RFA Analyst(s):** Jolliff  
**Impact Date:** January 19, 2016

**Estimate of Fiscal Impact**

	FY 2016-17	FY 2017-18
<b>State Expenditure</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
<b>State Revenue</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
<b>Local Expenditure</b>	\$0	\$0
<b>Local Revenue</b>	(\$ 215,000)	\$0

**Fiscal Impact Summary**

The bill is not expected to impact state expenditures or revenues. Due to the limited scope of the provisions of the bill and the small number of refunds expected, we do not anticipate that the bill will have a material impact on local expenditures for processing the refunds. The bill would reduce local property tax revenue by approximately \$215,000 in FY 2016-17 for local property tax refunds from tax years 2014 and 2015.

**Explanation of Fiscal Impact**

**State Expenditure**

N/A

**State Revenue**

N/A

**Local Expenditure**

The bill would change the date for an active duty Armed Forces member to apply for the special assessment ratio under the limited provisions in Sections 12-43-220(c)(2)(v) and allow for a refund for members who missed the application deadline in tax years 2014 or 2015. Due to the limited scope of the provisions and the small number of refunds expected, we do not anticipate that the bill will have a material impact on local expenditures for processing the refunds.

**Local Revenue**

This bill would amend Section 12-43-220(c)(2)(v)(C)(3) by changing the date by which a qualifying member of the Armed Forces must apply to retain the special four percent assessment

ratio on a second property while attempting to sell the first property. Under this section a member of the Armed Forces who receives a permanent change of station or a temporary assignment for at least one year may claim the four percent assessment ratio on two residential properties in the state so long as the owner attempts to sell the first residence within thirty days of acquiring the second residence and must apply for the special assessment by May fifteenth of each year. The bill would change the May fifteenth deadline to the first penalty date for payment of the taxes of the year for which the taxes are due, typically January of the following year. This section applies to tax years after 2013. In our analysis of H. 3027 of 2014, the bill that enacted this section, the limited scope of this provision was not expected to have a material impact on local property tax revenue. Changing the application date from May fifteenth to the first penalty date for the taxes due also is not expected to have a material impact on local property tax revenue.

The bill would also allow service members who qualified for the special assessment ratio under subsubitems (B) or (C) to apply for a refund for tax year 2014 or 2015 if the taxpayer was denied the special assessment ratio because application was made after the May fifteenth deadline. Subsubitem B allows an active duty member of the Armed Forces of the United States to retain the special four percent assessment ratio when the member is either permanently or temporarily relocated regardless of any rental income attributable to the property. Based upon our analysis of H. 3027 of 2014, the bill that enacted this section, we estimated that approximately 428 service members would qualify for this provision and that it may reduce local property tax revenue by \$357,000 for tax year 2014 for the reduction in the assessment ratio from six to four percent. The section was enacted in March 2014. If fifty percent of the service members who qualified for this provision applied after the May fifteenth penalty date for tax year 2014, the total estimated local property tax refund for tax year 2014 would be approximately \$179,000. Subsequently, if approximately ten percent of qualifying members failed to apply by the deadline for tax year 2015, this would amount to a refund of approximately \$36,000 for tax year 2015. Adding the two tax year refunds together, the bill would reduce local property tax revenue by approximately \$215,000 in FY 2016-17 when the refunds are issued.



Frank A. Rainwater, Executive Director

**South Carolina General Assembly**  
121st Session, 2015-2016

**S. 932**

**STATUS INFORMATION**

General Bill

Sponsors: Senators Bennett, Grooms and Hembree

Document Path: I:\council\ills\bbm\9399dg16.docx

Companion/Similar bill(s): 5115

Introduced in the Senate on January 13, 2016

Introduced in the House on February 9, 2016

Currently residing in the House Committee on **Ways and Means**

Summary: Property tax assessment ratios

**HISTORY OF LEGISLATIVE ACTIONS**

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
12/2/2015	Senate	Prefiled
12/2/2015	Senate	Referred to Committee on <b>Finance</b>
1/13/2016	Senate	Introduced and read first time ( <u>Senate Journal-page 35</u> )
1/13/2016	Senate	Referred to Committee on <b>Finance</b> ( <u>Senate Journal-page 35</u> )
2/3/2016	Senate	Committee report: Favorable <b>Finance</b> ( <u>Senate Journal-page 31</u> )
2/4/2016	Senate	Read second time ( <u>Senate Journal-page 19</u> )
2/4/2016	Senate	Roll call Ayes-38 Nays-0 ( <u>Senate Journal-page 19</u> )
2/9/2016	Senate	Read third time and sent to House ( <u>Senate Journal-page 9</u> )
2/9/2016	House	Introduced and read first time ( <u>House Journal-page 8</u> )
2/9/2016	House	Referred to Committee on <b>Ways and Means</b> ( <u>House Journal-page 44</u> )

View the latest [legislative information](#) at the website

**VERSIONS OF THIS BILL**

12/2/2015

2/3/2016

1 ~~Indicates Matter Stricken~~  
2 Indicates New Matter  
3  
4 COMMITTEE REPORT  
5 February 3, 2016  
6

7 **S. 932**

8  
9 Introduced by Senators Bennett, Grooms and Hembree

10  
11 S. Printed 2/3/16--S.

12 Read the first time January 13, 2016.  
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15 **THE COMMITTEE ON FINANCE**

16 To whom was referred a Bill (S. 932) to amend Section  
17 12-43-220, as amended, Code of Laws of South Carolina, 1976,  
18 relating to property tax assessment ratios, so as to revise an  
19 application, etc., respectfully

20 **REPORT:**

21 That they have duly and carefully considered the same and  
22 recommend that the same do pass:

23  
24 HUGH K. LEATHERMAN, SR. for Committee.  
25  
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27 **STATEMENT OF ESTIMATED FISCAL IMPACT**

28 **Fiscal Impact Summary**

29 The bill is not expected to impact state expenditures or revenues.  
30 Due to the limited scope of the provisions of the bill and the small  
31 number of refunds expected, we do not anticipate that the bill will  
32 have a material impact on local expenditures for processing the  
33 refunds. The bill would reduce local property tax revenue by  
34 approximately \$215,000 in FY 2016-17 for local property tax  
35 refunds from tax years 2014 and 2015.

36 **Explanation of Fiscal Impact**

37 **Local Expenditure**

38 The bill would change the date for an active duty Armed Forces  
39 member to apply for the special assessment ratio under the limited  
40 provisions in Sections 12-43-220(c)(2)(v) and allow for a refund for  
41 members who missed the application deadline in tax years 2014 or  
42 2015. Due to the limited scope of the provisions and the small

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1 number of refunds expected, we do not anticipate that the bill will  
2 have a material impact on local expenditures for processing the  
3 refunds.

4 **Local Revenue**

5 This bill would amend Section 12-43-220(c)(2)(v)(C)(3) by  
6 changing the date by which a qualifying member of the Armed  
7 Forces must apply to retain the special four percent assessment ratio  
8 on a second property while attempting to sell the first property.  
9 Under this section a member of the Armed Forces who receives a  
10 permanent change of station or a temporary assignment for at least  
11 one year may claim the four percent assessment ratio on two  
12 residential properties in the state so long as the owner attempts to  
13 sell the first residence within thirty days of acquiring the second  
14 residence and must apply for the special assessment by May  
15 fifteenth of each year. The bill would change the May fifteenth  
16 deadline to the first penalty date for payment of the taxes of the year  
17 for which the taxes are due, typically January of the following year.  
18 This section applies to tax years after 2013. In our analysis of H.  
19 3027 of 2014, the bill that enacted this section, the limited scope of  
20 this provision was not expected to have a material impact on local  
21 property tax revenue. Changing the application date from May  
22 fifteenth to the first penalty date for the taxes due also is not  
23 expected to have a material impact on local property tax revenue.

24 The bill would also allow service members who qualified for the  
25 special assessment ratio under subsubitems (B) or (C) to apply for a  
26 refund for tax year 2014 or 2015 if the taxpayer was denied the  
27 special assessment ratio because application was made after the May  
28 fifteenth deadline. Subsubitem B allows an active duty member of  
29 the Armed Forces of the United States to retain the special four  
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41 \$179,000. Subsequently, if approximately ten percent of qualifying  
42 members failed to apply by the deadline for tax year 2015, this  
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1 2015. Adding the two tax year refunds together, the bill would  
2 reduce local property tax revenue by approximately \$215,000 in FY  
3 2016-17 when the refunds are issued.

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5 Frank A. Rainwater, Executive Director

6 Revenue and Fiscal Affairs Office

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**A BILL**

TO AMEND SECTION 12-43-220, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO PROPERTY TAX ASSESSMENT RATIOS, SO AS TO REVISE AN APPLICATION DEADLINE FOR CERTAIN PROPERTY OWNED BY CERTAIN MEMBERS OF THE ARMED FORCES.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. A. Section 12-43-220(c)(2)(v)(C)(3) of the 1976 Code, as added by Act 133 of 2014, is amended to read:

“(3) This subsubitem does not apply unless the owner of the properties or the owner’s agent applies for the four percent assessment ratio on both residences before the first penalty date for the payment of taxes for the tax year for which the owner first claims eligibility for this assessment ratio. The burden of proof for eligibility for the four percent assessment ratio on both residences is on the taxpayer. The taxpayer must provide the proof the assessor requires, including, but not limited to, a copy of the owner’s most recently filed South Carolina individual income tax return and copies of South Carolina motor vehicle registrations for all motor vehicles registered in the name of the owner. The taxpayer must apply to the county assessor by ~~May fifteenth of each year~~ the first penalty date for the payment of taxes for the tax year in which the taxes are due to utilize the provisions of subsubitems (B) and (C). Along with the application, the applicant must submit a Leave and Earnings Statement (LES) from the current calendar year. Any information contained in the LES that is not related to the active duty status of the member may be redacted.”



1 B. Notwithstanding any other provision of law, if a taxpayer  
2 qualified for the special assessment rate for tax year 2014 or 2015  
3 pursuant to Section 12-43-220(c)(2)(v)(B) or (C), except that the  
4 taxpayer applied after the May fifteenth deadline, then the taxpayer  
5 must be refunded the appropriate amount so long as the taxpayer  
6 makes application for either or both years by January 15, 2017.

7  
8 SECTION 2. This act takes effect upon approval by the Governor  
9 and applies for property tax years beginning after 2013.

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