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Indicates New Matter

COMMITTEE REPORT

March 24, 2010

**S. 1270**

Introduced by Senator Rose

S. Printed 3/24/10--S.

Read the first time March 11, 2010.

**THE COMMITTEE ON FINANCE**

To whom was referred a Bill (S. 1270) to amend Sections 12-60-1750 and 12-43-220 of the 1976 Code, relating to refunds of property taxes, to provide that no refund must be, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, by deleting SECTION 3.

Renumber sections to conform.

Amend title to conform.

HUGH K. LEATHERMAN, SR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**REVENUE IMPACT 1/**

This bill is not expected to impact state revenues. The amount of property tax refunds issued would decrease by an estimated $2.0 million.

## Explanation

***Section 1 and 2*** Currently, there is some ambiguity of the time frame that a refund for property changing from the 6.0% to 4.0% assessment ratio can be sought. Also, the refund can go back for two years. This section clarifies that a taxpayer will not be eligible to receive a property tax refund on property that changes from the 6.0% assessment ratio to the special 4.0% assessment ratio unless the taxpayer applies for the special 4.0% assessment ratio before the first penalty date for the payment of taxes for the tax year the owner claims the refund. Based on conversations with county officials, we project this clarification will reduce property tax refunds issued by $2.0 million.

*Approved By:*

William C. Gillespie

Board of Economic Advisors

1/ This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

**A** **BILL**

TO AMEND SECTIONS 12-60-1750 AND 12-43-220 OF THE 1976 CODE, RELATING TO REFUNDS OF PROPERTY TAXES, TO PROVIDE THAT NO REFUND MUST BE GIVEN FOR A CHANGE IN ASSESSMENT RATIOS TO THE SPECIAL FOUR PERCENT ASSESSMENT RATIO UNLESS THE APPLICATION WAS TIMELY FILED; AND TO FURTHER AMEND SECTION 12-43-220, RELATING TO THE SPECIAL FOUR PERCENT ASSESSMENT RATIO, TO PROVIDE THAT THE PROPERTY MAY ONLY BE CLAIMED AT THE FOUR PERCENT ASSESSMENT RATIO FOR THE PRO-RATA PORTION OF THE YEAR IN WHICH THE PROPERTY WAS THE LEGAL RESIDENCE.

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

SECTION 1. Section 12‑60‑1750 of the 1976 Code is amended to read:

“Section 12‑60‑1750. Notwithstanding any other provision of law, no refund of property taxes must be given:

(1) for a property tax exemption requiring an application, unless the application was timely filed; ~~or~~

(2) for errors in valuation, unless the assessment was appealed in accordance with Section 12‑60‑2110, 12‑60‑2510, or 12‑60‑2910, as appropriate. For the purposes of this item, the taxation of exempt property is not an error in valuation; or

(3) for a change in assessment ratios to the special four percent assessment ratio pursuant to Section 12‑43‑220(c) unless the application was made before the first penalty date for the payment of taxes for the tax year for which the owner claims the refund.”

SECTION 2. Section 12‑43‑220(c)(3) of the 1976 Code is amended to read:

“(3) Notwithstanding any other provision of law, a taxpayer may apply for a refund of property taxes overpaid because the property was eligible for the legal residence assessment ratio and the application was made before the first penalty date for the payment of taxes for the tax year for which the taxpayer claims the refund. The application must be made in accordance with Section 12‑60‑2560. The taxpayer must establish that the property in question was in fact his legal residence and where he was domiciled. A county council, by ordinance, may allow refunds for the county government portion of property taxes for such additional past years as it determines advisable.”

SECTION 3. Section 12‑43‑220(c)(2)(i) of the 1976 Code is amended to read:

“(i) To qualify for the special property tax assessment ratio allowed by this item, the owner‑occupant must have actually owned and occupied the residence as his legal residence and been domiciled at that address for some period during the applicable tax year. A residence which has been qualified as a legal residence for any part of the year is entitled to the four percent assessment ratio provided in this item for the ~~entire year~~ pro‑rata portion of the year the residence was the legal residence, for the exemption from property taxes levied for school operations pursuant to Section 12‑37‑251 for the ~~entire year~~ pro‑rata portion of the year the residence was the legal residence, and for the homestead exemption under Section 12‑37‑250, if otherwise eligible, for the ~~entire year~~ pro‑rata portion of the year the residence was the legal residence.”

SECTION 4. This act takes effect upon approval by the Governor and applies for all property tax years beginning after December 31, 2009.

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