



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** S. 0460 As amended by the House Ways and Means Property Tax Subcommittee on May 3, 2016  
**Author:** Campsen  
**Subject:** Tax Bills  
**Requestor:** House Ways and Means  
**RFA Analyst(s):** Wren, Jolliff, and Shuford  
**Impact Date:** May 12, 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>	Undetermined	\$0
<b>Local Revenue</b>	\$0	\$0

**Fiscal Impact Summary**

The bill as amended would have no expenditure or revenue impact on the General Fund, Federal Funds, or Other Funds.

The nine responding counties indicated that providing electronic tax bills as permitted by the bill would increase expenditures for seven counties and decrease expenditures for two counties. Additionally, the provisions of this bill apply only to the counties wishing to provide electronic property tax bills and receipts to taxpayers. Given the permissive nature of the bill, the impact of this section on local expenditures statewide is undetermined.

Based upon eighteen county responses, the local expenditure impact of the second unnumbered section of the amendment will vary by county depending upon the county's current process for notifying taxpayers of a change in assessment, volume of agricultural property, and ability to absorb these additional responsibilities within current staff levels. The responses received ranged from no impact to an increase in expenditures of \$30,000 per year.

The second unnumbered section of the amendment is also expected to increase expenditures for probate courts due to the additional requirements they must fulfill in administering the distribution of agricultural use property to heirs and the uncertainties surrounding how these requirements will be accomplished. Given these issues, the statewide local expenditure impact of this section is undetermined.

## **Explanation of Fiscal Impact**

### **Explanation of Amendment by the House Ways and Means Property Tax Subcommittee on May 3, 2016**

#### **State Expenditure**

The first unnumbered section of the amendment amends Section 12-54-122(G) to allow the Department of Revenue to implement a publicly accessible system of filing and indexing tax liens instead of the tax lien notices that must be filed with the county clerk of court or the register of mesne conveyances. These liens in favor of the Department of Revenue would be effective statewide and encumber all the taxpayer's property and rights as provided in Section 12-54-120. The Department of Revenue indicates that this amendment will have a minimal expenditure impact from the reimbursements for mileage, subsistence, and per diem expenses authorized for the oversight committee members, which can be absorbed within current appropriations.

#### **State Revenue**

The bill as amended would have no revenue impact on the General Fund, Federal Funds, or Other Funds.

#### **Local Expenditure**

This bill as amended adds Section 12-43-370, which allows a taxpayer the option to receive certain property tax bills and receipts in electronic form. Each county may determine to which classes of property this provision applies. Also, participating counties must create an application process to allow taxpayers to submit email addresses and must publish the application process on the county's website. The impact of this section of the bill is unchanged from the bill as amended by the Senate Finance Property Taxation Subcommittee on March 10, 2015. This section has also been updated to add a response from Beaufort County.

The Revenue and Fiscal Affairs Office contacted all forty-six county governments regarding the expenditure impact of this section and received responses from nine counties.

**Beaufort County.** Beaufort County reports that this bill would result in an annual savings of approximately \$12,000 per year.

**Charleston County.** Charleston County reports this bill would likely require additional staffing.

**Cherokee County.** Cherokee County reports this bill could likely save on printing and postage costs, but would require the expenditure of additional funds for software and administration.

**Clarendon County.** Clarendon County reports this bill would require the expenditure of additional funds on software and labor.

**Florence County.** Florence County reports this bill would save on postage.

**Greenwood County.** Greenwood County indicates this bill would potentially require the expenditure of additional funds for administration.

**Saluda County.** Saluda County reports this bill would require the expenditure of additional funds on software and possibly additionally employees.

**Williamsburg County.** Williamsburg County reports this bill would require the expenditure of additional funds on software and labor.

**York County.** York County reports this bill would require the expenditure of additional funds on software and internal overhead.

Seven of the nine responding county governments indicate this bill would require additional expenditures, but could not place a dollar amount on the amount of expenses to be incurred. Two counties responded that these provisions would reduce county expenditures. Additionally, the provisions of this bill apply only to the counties wishing to provide electronic property tax bills and receipts to taxpayers. Given the permissive nature of the bill, the impact on local expenditures statewide is undetermined.

The second unnumbered section of the amendment would add Section 12-43-235 to require counties to provide a form for new property owners to certify that real property currently being assessed as agricultural property will not change use. The section also requires that if a county does not receive the certification within sixty days from the new owner, the county must notify the owner of the impending change in assessment and send an additional notice after thirty days for those who did not respond to the first notice.

We contacted the 46 county assessors to determine the local expenditure impact of the amendment. To date, we received responses from eighteen counties. These responses are detailed below.

Abbeville replied that these provisions will require an additional part-time staff person and increase expenditures for postage, mailings, and record keeping by a total of approximately \$20,000 per year. Abbeville also estimates a one-time expenditure of \$5,000 to upgrade the county's software to track notifications and compliance. Calhoun County expects the bill will increase expenditures by approximately \$20,000 to administer these requirements. Charleston County anticipates that their annual expenditures will increase by approximately \$18,500 to \$22,500 for the necessary software upgrades, mailings, and staff time needed to administer these requirements. Colleton County anticipates that the bill will require additional staff and increase county expenditures by approximately \$20,000 annually. Georgetown County indicated that this bill will increase expenditures by approximately \$20,000, including the need for one-half of an additional staff person to administer these requirements. Orangeburg indicated that the provisions would require an additional clerk to track replies and contact taxpayers who have not replied. Along with the additional postage, the bill would increase Orangeburg County expenditures by approximately \$30,000 per year. Richland County estimates that the bill will increase expenditures for tracking, printing, and mailing certifications by approximately \$8,000 annually. Spartanburg County responded that the bill is expected to increase expenditures by approximately \$28,000 annually. Union County expects this bill to increase annual expenditures by approximately \$23,000 to \$26,000. Williamsburg County anticipates that the bill will require additional staff and increase county expenditures by approximately \$20,000 annually.

Anderson, Fairfield, Hampton, Horry, Newberry, and Sumter Counties indicated that the amendment will increase expenditures for tracking, notifying, and record keeping for these provisions including the potential need for additional staff, but the exact increase for these counties is undetermined.

Clarendon and Dorchester Counties replied that these provisions will not significantly impact their current process and therefore not impact county expenditures.

Based upon these responses, we anticipate that the local expenditure impact will vary by county depending upon the county's current process, volume of agricultural property, and ability to absorb these responsibilities. Given these uncertainties, the statewide impact on county expenditures is undetermined.

This section of the amendment is also expected to impact expenditures for probate courts. The bill requires that probate courts provide taxpayers with the certification for agricultural property assessment and that the taxpayer must sign an acknowledgement of receipt of the certification. Because probate courts do not have any information on how property is assessed for taxation, these requirements will require additional staff for researching property tax assessments. Additionally, distributees of property typically do not appear in person and requiring that they sign an acknowledgement of receipt of the certification form would be difficult to administer. These provisions are expected to increase local probate court expenditures. However, given the uncertainties as to how these requirements will be accomplished and the additional staff time ultimately needed, the impact is undetermined.

**Local Revenue**

N/A

**Explanation of Amendment by the Senate Finance Property Taxation Subcommittee on March 10, 2015**

**State Expenditure**

N/A

**State Revenue**

N/A

**Local Expenditure**

This amendment would strike Section 12-43-370(B) and insert changes which provide that the provisions of this Section are only for the counties wishing to provide certain electronic tax bills and receipts to taxpayers.

The Revenue and Fiscal Affairs Office contacted all forty-six county governments regarding the expenditure impact of this bill and received responses from eight counties.

**Charleston County.** Charleston County reports this bill would likely require additional staffing.

**Cherokee County.** Cherokee County reports this bill could likely save on printing and postage costs, but would require the expenditure of additional funds for software and administration.

**Clarendon County.** Clarendon County reports this bill would require the expenditure of additional funds on software and labor.

**Florence County.** Florence County reports this bill would save on postage.

**Greenwood County.** Greenwood County indicates this bill would potentially require the expenditure of additional funds for administration.

**Saluda County.** Saluda County reports this bill would require the expenditure of additional funds on software and possibly additionally employees.

**Williamsburg County.** Williamsburg County reports this bill would require the expenditure of additional funds on software and labor.

**York County.** York County reports this bill would require the expenditure of additional funds on software and internal overhead.

Seven of the eight responding county governments indicate this bill would require additional expenditures, but could not place a dollar amount on the amount of expenses to be incurred. Additionally, the provisions of this bill apply only to the counties wishing to provide certain electronic tax bills and receipts to taxpayers. Therefore, our office cannot provide an estimate of the expenditure impact on county governments.

**Local Revenue**

N/A

**Explanation of Update for Additional Responses on March 10, 2015**

**State Expenditure**

N/A

**State Revenue**

N/A

**Local Expenditure**

The Revenue and Fiscal Affairs Office received additional responses from county governments regarding the expenditure impact of this bill. Additional responses were received from Charleston, Cherokee and Clarendon Counties.

**Charleston County.** Charleston County reports this bill would likely require additional staffing.

**Cherokee County.** Cherokee County reports this bill could likely save on printing and postage costs, but would require the expenditure of additional funds for software and administration.

**Clarendon County.** Clarendon County reports this bill would require the expenditure of additional funds on software and labor.

**Florence County.** Florence County reports this bill would save on postage.

**Greenwood County.** Greenwood County indicates this bill would potentially require the expenditure of additional funds for administration.

**Saluda County.** Saluda County reports this bill would require the expenditure of additional funds on software and possibly additionally employees.

**Williamsburg County.** Williamsburg County reports this bill would require the expenditure of additional funds on software and labor.

**York County.** York County reports this bill would require the expenditure of additional funds on software and internal overhead.

Seven of the eight responding county governments indicate this bill would require additional expenditures, but could not place a dollar amount on the amount of expenses to be incurred. Therefore, our office cannot provide an estimate of the expenditure impact on county governments.

**Local Revenue**

N/A

**Explanation of Bill Filed on February 17, 2015**

**State Expenditure**

N/A

**State Revenue**

N/A

**Local Expenditure**

This bill adds Section 12-43-370, which allows a taxpayer the option to receive certain property tax bills and receipts in electronic form. Each county may determine to which classes of property this provision applies. Also, participating counties must create an application process to allow taxpayers to submit email addresses and must publish the application process on the county's website.

The Revenue and Fiscal Affairs Office contacted all forty-six county governments regarding the expenditure impact of this bill and received responses from five counties.

**Florence County.** Florence County reports this bill would save on postage.

**Greenwood County.** Greenwood County indicates this bill would potentially require the expenditure of additional funds for administration.

**Saluda County.** Saluda County reports this bill would require the expenditure of additional funds on software and possibly additionally employees.

**Williamsburg County.** Williamsburg County reports this bill would require the expenditure of additional funds on software and labor.

**York County.** York County reports this bill would require the expenditure of additional funds on software and internal overhead.

Four of the five responding county governments indicate this bill would require additional expenditures, but could not place a dollar amount on the amount of expenses to be incurred. Therefore, our office cannot provide an estimate of the expenditure impact on county governments.

**Local Revenue**

N/A