~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

March 23, 2016

**H. 3710**

Introduced by Reps. Hixon, Norman, Taylor, Wells, Hamilton, Atwater, Brannon, Gagnon, Corley, Ballentine, Southard, Clemmons, Delleney, Gambrell, Huggins, Kennedy, Kirby, Loftis, D.C. Moss, Pitts, Riley, Rivers, Simrill, Toole and Bedingfield

S. Printed 3/23/16--S.

Read the first time April 29, 2015.

**THE COMMITTEE ON FINANCE**

To whom was referred a Bill (H. 3710) to amend Section 12‑43‑225, as amended, Code of Laws of South Carolina, 1976, relating to the multiple lot discount, so as to provide five, 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 striking all after the enacting words and inserting:

/ SECTION 1. Section 12‑43‑225(D) of the 1976 Code, as last amended by Act 277 of 2014, is further amended to read:

“(D)(1) For lots which received the discount provided in subsection (B) on December 31, 2011, there is granted ~~an~~ additional ~~year of~~ eligibility for that discount in all property tax years ~~2012, 2013, 2014, and 2015~~ beginning after 2011 and before 2018, in addition to any remaining period provided for in subsection (B). If ten or more lots receiving the discount under this item are sold to a new owner primarily in the business of real estate development, the new owner may make written application within sixty days of the date of sale to the assessor for the remaining eligibility period under this item.

(2) For lots which received the discount provided in subsection (C) after December 31, 2008, and before January 1, 2012, upon written application to the assessor no later than thirty days after mailing of the property tax bill, there is granted ~~an~~ additional ~~year of~~ eligibility for that discount in all property tax years ~~2012, 2013, 2014, and 2015~~ beginning after 2011 and before 2018. If a lot receiving the additional eligibility under this item is transferred to a new owner primarily in the business of residential development or residential construction during its eligibility period, the new owner may apply to the county assessor for the discount allowed by this item for the remaining period of eligibility, which must be allowed if the new owner applied for the discount within thirty days of the mailing of the tax bill and meets the other requirements of this section.”

SECTION 2. This act takes effect upon approval by the Governor. /

Renumber sections to conform.

Amend title to conform.

HUGH K. LEATHERMAN, SR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Fiscal Impact Summary**

The bill as amended is not expected to impact general fund, federal fund, or other fund expenditures or revenues.

The bill will have a minimal impact on local expenditures for administration of the extension of the multiple lot discount. We estimate extending the discount for an additional four tax years beginning in tax year 2016 for qualifying properties will reduce local property tax revenue by $800,000 to $1,600,000 per tax year. The impact is expected to decline over the four year extension period, assuming properties are developed and sold.

**Explanation of Fiscal Impact**

**Local Expenditure**

This bill as amended would extend the property tax multiple lot discount in Section 12-43-225 for additional years. Revenue and Fiscal Affairs contacted all forty-six counties regarding the impact of this bill. Sixteen counties responded to our inquiry. Based upon the responses, we anticipate that the bill as amended will have a minimal impact on local expenditures for administration of the extension.

**Local Revenue**

This bill as amended would extend the property tax multiple lot discount in Section 12-43-225 for additional years. Currently, a developer may receive a multiple lot discount on property taxes for five years after the plat is recorded or until a certificate of occupancy is issued for the improvement on the lot or the improvement is occupied, whichever occurs first. The discount is also extended to a homebuilder who purchases a qualifying lot for an additional tax year after the date of purchase.

In addition to the exemption periods allowed for all lots, the discount for developers is currently extended specifically for lots that received the discount on December 31, 2011, and for builders that received the discount between December 31, 2008, and January 1, 2012. In both instances, the discount is extended through tax year 2015. This bill as amended would further extend the discount for the same properties through tax year 2019.

We surveyed all forty-six counties and received responses from sixteen, representing approximately 44.9% of state population. Based upon the responses, we estimate total property tax exempted for multiple lot discounts was approximately $15,969,000 for tax year 2014. We further asked respondents about the percentage of the properties receiving the discount that are on an extension past five years. Most respondents were not able to easily identify properties on extension since the extension is not a part of most data systems. Of those that did give a response, the responses ranged from 0 on extension to approximately 55%. Based upon this information, we estimate extending the discount for an additional four tax years for qualifying properties will reduce local property tax revenue by $800,000 to $1,600,000 per tax year. Given the recent improvement in the housing market, the impact is expected to decline over the four year period, assuming properties are developed and sold.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND SECTION 12‑43‑225, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE MULTIPLE LOT DISCOUNT, SO AS TO PROVIDE FIVE ADDITIONAL YEARS OF ELIGIBILITY IN CERTAIN CIRCUMSTANCES.

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

SECTION 1. Section 12‑43‑225(D) of the 1976 Code, as last amended by Act 277 of 2014, is further amended to read:

“(D)(1) For lots which received the discount provided in subsection (B) on December 31, 2011, there is granted ~~an~~ additional ~~year of~~ eligibility for that discount in all property tax years ~~2012, 2013, 2014, and 2015~~ beginning after 2011 and before 2019, in addition to any remaining period provided for in subsection (B). If ten or more lots receiving the discount under this item are sold to a new owner primarily in the business of real estate development, the new owner may make written application within sixty days of the date of sale to the assessor for the remaining eligibility period under this item.

(2) For lots which received the discount provided in subsection (C) after December 31, 2008, and before January 1, 2012, upon written application to the assessor no later than thirty days after mailing of the property tax bill, there is granted ~~an~~ additional ~~year of~~ eligibility for that discount in all property tax years ~~2012, 2013, 2014, and 2015~~ beginning after 2011 and before 2019. If a lot receiving the additional eligibility under this item is transferred to a new owner primarily in the business of residential development or residential construction during its eligibility period, the new owner may apply to the county assessor for the discount allowed by this item for the remaining period of eligibility, which must be allowed if the new owner applied for the discount within thirty days of the mailing of the tax bill and meets the other requirements of this section.”

SECTION 2. This act takes effect upon approval by the Governor.

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