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Summary: Property tax millage increase

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

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1/25/2023 House Referred to Committee on **Ways and Means** ([House Journal‑page 11](h:\hj\20230125.docx))

2/8/2023 Scrivener's error corrected

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**VERSIONS OF THIS BILL**

[01/25/2023](https://www.scstatehouse.gov/sess125_2023-2024/prever/3806_20230125.docx)

[02/08/2023](https://www.scstatehouse.gov/sess125_2023-2024/prever/3806_20230208.docx)

A bill

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING section 6‑1‑320, RELATING TO THE LIMIT ON ANNUAL PROPERTY TAX MILLAGE INCREASES IMPOSED BY POLITICAL SUBDIVISIONS, SO AS TO RESTORE THE FORMER METHOD OF OVERRIDING THE ANNUAL CAP BY A POSITIVE MAJORITY OF THE APPROPRIATE GOVERNING BODY AND DELETING THE SUPER MAJORITY REQUIREMENT FOR OVERRIDING THE CAP FOR SPECIFIC CIRCUMSTANCES; BY AMENDING SECTION 11‑11‑150, RELATING TO THE TRUST FUND FOR TAX RELIEF, SO AS TO RESTORE FUNDING FOR THE RESIDENTIAL PROPERTY TAX EXEMPTION AND FULL FUNDING FOR THE SCHOOL‑OPERATING MILLAGE PORTION OF THE REIMBURSEMENT PAID LOCAL GOVERNMENTS FOR THE HOMESTEAD PROPERTY TAX EXEMPTION FOR THE ELDERLY OR DISABLED; BY AMENDING SECTION 12‑37‑220, RELATING TO PROPERTY TAX EXEMPTIONS, SO AS TO DELETE THE EXEMPTION REIMBURSED FROM THE HOMESTEAD EXEMPTION FUND FROM ALL SCHOOL‑OPERATING MILLAGE ALLOWED FOR ALL OWNER‑OCCUPIED RESIDENTIAL PROPERTY; BY AMENDING SECTION 12‑37‑270, RELATING TO THE REIMBURSEMENTS PAID LOCAL GOVERNMENTS FOR PROPERTY TAX NOT COLLECTED AS A RESULT OF THE HOMESTEAD EXEMPTION FOR THE ELDERLY OR DISABLED AND, AMONG OTHER THINGS, THE APPLICATION OF PROPERTY TAX CREDITS IN COUNTIES WHERE THE USE OF LOCAL OPTION SALES TAX REVENUES GIVE RISE TO A CREDIT AGAINST SCHOOL‑OPERATING PROPERTY TAX MILLAGE, SO AS TO MAKE CONFORMING AMENDMENTS; BY AMENDING SECTION 12‑37‑251, RELATING TO THE CALCULATION OF “ROLLBACK TAX MILLAGE” APPLICABLE FOR REASSESSMENT YEARS, SO AS TO RESTORE THE FORMER EXEMPTION ALLOWED FROM A PORTION OF SCHOOL‑OPERATING MILLAGE FOR ALL OWNER‑OCCUPIED RESIDENTIAL PROPERTY; BY REPEALING ARTICLE 7 of CHAPTER 10, TITLE 4 RELATING TO THE LOCAL OPTION SALES AND USE TAX FOR LOCAL PROPERTY TAX CREDITS; BY REPEALING SECTIONS 11‑11‑157, 11‑11‑155, AND 11‑11‑156 RELATING TO THE HOMESTEAD EXEMPTION TRUST FUND; BY REPEALING ARTICLE 11 OF CHAPTER 36, TITLE 12 RELATING TO THE STATEWIDE ADDITIONAL ONE PERCENT SALES AND USE TAX THE REVENUES OF WHICH REIMBURSE SCHOOL DISTRICTS FOR THE HOMESTEAD EXEMPTION FROM ALL PROPERTY TAX MILLAGE IMPOSED FOR SCHOOL OPERATIONS; BY AMENDING SECTIONS 12‑37‑3130, 12‑37‑3140, AND 12‑37‑3150, RELATING TO DEFINITIONS, VALUATION, AND ASSESSABLE TRANSFERS OF INTEREST, FOR PURPOSES OF THE “SOUTH CAROLINA REAL PROPERTY VALUATION REFORM ACT”, SO AS TO ELIMINATE THE “POINT OF SALE” VALUATION OF REAL PROPERTY FOR PURPOSES OF IMPOSITION OF THE PROPERTY TAX AND RETURN TO THE FORMER VALUATION SYSTEM IN WHICH REAL PROPERTY AND IMPROVEMENTS TO REAL PROPERTY ARE APPRAISED BY THE ASSESSOR AND PERIODICALLY ADJUSTED IN COUNTYWIDE REAPPRAISALS, TO PROVIDE THAT WHEN THE FIFTEEN PERCENT CAP OVER FIVE YEARS ON INCREASES IN FAIR MARKET VALUE OF REAL PROPERTY RESULTS IN A VALUE THAT IS LOWER THAN THE FAIR MARKET VALUE OF THE PROPERTY AS DETERMINED BY THE ASSESSOR THAT THE LOWER VALUE BECOMES THE PROPERTY TAX VALUE OF THE REAL PROPERTY AND IS DEEMED ITS FAIR MARKET VALUE FOR PURPOSES OF IMPOSITION OF PROPERTY TAX, TO PROVIDE THAT AN ASSESSABLE TRANSFER OF INTEREST IS A TRANSFER OF OWNERSHIP OR OTHER INSTANCE CAUSING A “STEPUP” IN THE PROPERTY TAX VALUE OF REAL PROPERTY TO ITS FAIR MARKET VALUE AS DETERMINED BY THE ASSESSOR, TO REQUIRE THE CAP ON INCREASES IN VALUE TO BE APPLIED SEPARATELY TO REAL PROPERTY AND THE IMPROVEMENTS THEREON, AND TO PROVIDE WHEN THE STEPUP VALUE FIRST APPLIES; BY AMENDING SECTION 12‑60‑30, RELATING TO THE DEFINITION OF “PROPERTY TAX ASSESSMENT” FOR PURPOSES OF THE SOUTH CAROLINA REVENUE PROCEDURES ACT, SO AS TO REQUIRE THE NOTICES TO INCLUDE PROPERTY TAX VALUE AND PROVIDE THAT THE APPLICABLE ASSESSMENT RATIO APPLIES TO THE LOWER OF FAIR MARKET VALUE, PROPERTY TAX VALUE, OR SPECIAL USE VALUE; BY AMENDING SECTION 12‑60‑2510, RELATING TO THE FORM OF ASSESSMENT NOTICES ISSUED BY THE COUNTY ASSESSOR, SO AS TO PROVIDE THAT THESE NOTICES MUST CONTAIN THE PROPERTY TAX VALUE OF REAL PROPERTY AND IMPROVEMENTS IN ADDITION TO FAIR MARKET VALUE AND SPECIAL USE VALUE; BY REPEALING ARTICLE 25 of CHAPTER 37, TITLE 12 RELATING TO THE SOUTH CAROLINA REAL PROPERTY VALUATION REFORM ACT, IF CERTAIN CONSTITUTIONAL AMENDMENTS ARE RATIFIED; BY AMENDING SECTION 12‑43‑220, RELATING TO PROPERTY TAX EXEMPTIONS AND SECTIONS 12‑60‑30 AND 12‑60‑2510, RELATING TO TAX PROCEDURES, ALL SO AS TO MAKE CONFORMING AMENDMENTS, AND MAKE THESE REPEALS AND AMENDMENTS CONTINGENT UPON RATIFICATION OF AN AMENDMENT TO SECTION 6, ARTICLE X OF THE CONSTITUTION OF THIS STATE ELIMINATING THE FIFTEEN PERCENT CAP OVER FIVE YEARS IN INCREASES IN THE VALUE OF REAL PROPERTY FOR PURPOSES OF IMPOSITION OF THE PROPERTY TAX AND ELIMINATING AN ASSESSABLE TRANSFER OF INTEREST AS AN EVENT THAT MAY RESULT IN A CHANGE IN THE VALUE OF REAL PROPERTY FOR PURPOSES OF THE IMPOSITION OF THE PROPERTY TAX..

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

Part I

SECTION 1. Section 6‑1‑320 of the S.C. Code is amended to read:

Section 6‑1‑320. (A)(1) Notwithstanding Section 12‑37‑251(E), a local governing body may increase the millage rate imposed for general operating purposes above the rate imposed for such purposes for the preceding tax year only to the extent of the increase in the average of the twelve monthly consumer price indices for the most recent twelve‑month period consisting of January through December of the preceding calendar year, plus, beginning in 2007, the percentage increase in the previous year in the population of the entity as determined by the Office of Research and Statistics of the Revenue and Fiscal Affairs Office. If the average of the twelve monthly consumer price indices experiences a negative percentage, the average is deemed to be zero. If an entity experiences a reduction in population, the percentage change in population is deemed to be zero. However, in the year in which a reassessment program is implemented, the rollback millage, as calculated pursuant to Section 12‑37‑251(E), must be used in lieu of the previous year’s millage rate.

(2) There may be added to the operating millage increase allowed pursuant to item (1) of this subsection any such increase, allowed but not previously imposed, for the three property tax years preceding the year to which the current limit applies.

(B) Notwithstanding the limitation upon millage rate increases contained in subsection (A), the millage rate limitation may be suspended and the millage rate may be increased upon a two~~‑~~thirds vote of the membership of the local governing body for the following purposes:

(1) the deficiency of the preceding year;

(2) any catastrophic event outside the control of the governing body such as a natural disaster, severe weather event, act of God, or act of terrorism, fire, war, or riot;

(3) compliance with a court order or decree;

(4) taxpayer closure due to circumstances outside the control of the governing body that decreases by ten percent or more the amount of revenue payable to the taxing jurisdiction in the preceding year; or

(5) compliance with a regulation promulgated or statute enacted by the federal or state government after the ratification date of this section for which an appropriation or a method for obtaining an appropriation is not provided by the federal or state government.

(6) purchase by the local governing body of undeveloped real property or of the residential development rights in undeveloped real property near an operating United States military base which property has been identified as suitable for residential development but which residential development would constitute undesirable residential encroachment upon the United States military base as determined by the local governing body. The local governing body shall enact an ordinance authorizing such purchase and the ordinance must state the nature and extent of the potential residential encroachment, how the purchased property or development rights would be used and specifically how and why this use would be beneficial to the United States military base, and what the impact would be to the United States military base if such purchase were not made. Millage rate increases for the purpose of such purchase must be separately stated on each tax bill and must specify the property, or the development rights to be purchased, the amount to be collected for such purchase, and the length of time that the millage rate increase will be in effect. The millage rate increase must reasonably relate to the purchase price and must be rescinded five years after it was placed in effect or when the amount specified to be collected is collected, whichever occurs first. The millage rate increase for such purchase may not be reinstated unless approved by a majority of the qualified voters of the governmental entity voting in a referendum. The cost of holding the referendum must be paid from the taxes collected due to the increased millage rate; or

(7) to purchase capital equipment and make expenditures related to the installation, operation, and purchase of the capital equipment including, but not limited to, taxes, duty, transportation, delivery, and transit insurance, in a county having a population of less than one hundred thousand persons and having at least forty thousand acres of state or national forest land. For purposes of this section, “capital equipment” means an article of nonexpendable, tangible, personal property, to include communication software when purchased with a computer, having a useful life of more than one year and an acquisition cost of fifty thousand dollars or more for each unit.

If a tax is levied to pay for items (1) through (5) above, then the amount of tax for each taxpayer must be listed on the tax statement as a separate surcharge, for each aforementioned applicable item, and not be included with a general millage increase. Each separate surcharge must have an explanation of the reason for the surcharge. The surcharge must be continued only for the years necessary to pay for the deficiency, for the catastrophic event, or for compliance with the court order or decree.

(C) The millage increase permitted by subsection (B) is in addition to the increases from the previous year permitted pursuant to subsection (A) and shall be an additional millage levy above that permitted by subsection (A). The millage limitation provisions of this section do not apply to revenues, fees, or grants not derived from ad valorem property tax millage or to the receipt or expenditures of state funds. The millage rate limitation provided for in subsection (A) may be overridden and the millage rate may be further increased by a positive majority vote of the appropriate governing body. The vote must be taken at a specially called meeting held solely for the purpose of taking a vote to increase the millage rate. The governing body must provide public notice of the meeting notifying the public that the governing body is meeting to vote to override the limitation and increase the millage rate. Public comment must be received by the governing body before the override vote.

(D) The restriction contained in this section does not affect millage that is levied to pay bonded indebtedness or payments for real property purchased using a lease‑purchase agreement or used to maintain a reserve account. Nothing in this section prohibits the use of energy‑saving performance contracts as provided in Section 48‑52‑670.

(E) Notwithstanding any provision contained in this article, this article does not and may not be construed to amend or to repeal the rights of a legislative delegation to set or restrict school district millage, and this article does not and may not be construed to amend or to repeal any caps on school millage provided by current law or statute or limitation on the fiscal autonomy of a school district that are more restrictive than the limit provided pursuant to subsection (A) of this section.

(F) The restriction contained in this section does not affect millage imposed to pay bonded indebtedness or operating expenses of a special tax district established pursuant to Section 4‑9‑30(5), but the special tax district is subject to the millage rate limitations in Section 4‑9‑30(5).

(G)(1) Notwithstanding the limitation upon millage rate increases contained in subsection (A), a fire district’s governing body may adopt an ordinance or resolution requesting the governing body of the county to conduct a referendum to suspend the millage rate limitation for general operating purposes of the fire district. If the governing body of the county agrees to hold the referendum and subject to the results of the referendum, the millage rate limitation may be suspended and the millage rate may be increased for general operating purposes of the fire district. The referendum must be held at the time of the general election, and upon a majority of the qualified voters within the fire district voting favorably in the referendum, the millage rate may be increased in the next fiscal year. The referendum must include the amount of the millage increase. The actual millage levy may not exceed the millage increase specified in the referendum.

(2) This subsection only applies to a fire district that existed on January 1, 2014, and serves less than seven hundred homes.

(H) Notwithstanding the limitation upon millage rate increases contained in subsection (A), the governing body of a county may adopt an ordinance, subject to a referendum, to suspend the millage rate limitation for the purpose of imposing up to six‑tenths of a mill for mental health. The referendum must be held at the time of the general election, and upon a majority of the qualified voters within the county voting favorably in the referendum, this special millage may be imposed in the next fiscal year. The state election laws apply to the referendum mutatis mutandis. This special millage may be removed only upon a majority vote of the local governing body. The amounts collected from the increased millage:

(1) must be deposited into a mental health services fund separate and distinct from the county general fund and all other county funds;

(2) must be dedicated only to expenditures for mental health services in the county; and

(3) must not be used to supplant existing funds for mental health programs in the county.

(I) The positive majority vote of the governing body required by this section does not apply to school districts that have their budgets approved by qualified electors at a town meeting.

SECTION 2.A. Section 11‑11‑150(A)(1) of the S.C. Code is amended to read:

(1) Reserved Section 12‑37‑251 for the residential property tax exemption;

B. This section is effective for fiscal years beginning after June 30, 2022.

SECTION 3.A. Section 12‑37‑220(B)(47) of the S.C. Code is amended to read:

(47)(a) Effective for property tax years beginning after 2006 and to the extent not already exempt pursuant to Section 12~~‑~~37~~‑~~250, one hundred percent of the fair market value of owner~~‑~~occupied residential property eligible for and receiving the special assessment ratio allowed owner~~‑~~occupied residential property pursuant to Section 12~~‑~~43~~‑~~220(c) is exempt from all property taxes imposed for school operating purposes but not including millage imposed for the repayment of general obligation debt.

(b) Notwithstanding any other provision of law, property exempted from property tax in the manner provided in this item is considered taxable property for purposes of bonded indebtedness pursuant to Section 15 of Article X of the Constitution of this State.

(c) The exemptions allowed by this item may not be deleted or reduced except by a legislative enactment receiving a recorded roll call vote of at least a two~~‑~~thirds majority of the membership of each house of the General Assembly Reserved.

B. This section is effective for property tax years beginning after 2022.

SECTION 4.A. Section 12‑37‑270(A) of the S.C. Code is amended to read:

(A) As provided in Section 11‑11‑150, there must be credited to the Trust Fund for Tax Relief in a fiscal year an amount sufficient to pay the reimbursement provided by this section. From the trust fund, the department annually shall pay to the county treasurer of the county in which the dwelling is situate for the account of each county, school district, or special district in it a sum equal to the amount of taxes that was not collected for the county, school district, or special district by reason of the exemption provided for in Section 12‑37‑250. The department also annually, from the trust fund, shall pay to the governing body of the municipality in which the dwelling is situate a sum equal to the amount of taxes that was not collected for the municipality by reason of the exemption provided for in Section 12‑37‑250. However, no reimbursement must be paid pursuant to this section for revenue for school operations not collected because of the exemption allowed pursuant to Section 12~~‑~~37~~‑~~250. The county treasurer and municipal governing body shall furnish the department on or before April first following the tax year, or during an extension authorized by the department not to exceed sixty days, an accounting or statement as prescribed by the department that reflects the amount of county, municipal, school district, or special district taxes that was not collected because of the exemption. Funds paid by the department as the result of an erroneous or improper application must be returned to the department for deposit in the general fund of the State.

B. This section is effective for fiscal years beginning after June 30, 2023.

SECTION 5.A. Section 12‑37‑251 of the S.C. Code is amended to read:

Section 12‑37‑251. (A) RESERVED (1) The Trust Fund for Tax Relief must contain an amount equal to the revenue necessary to fund a property tax exemption of one hundred thousand dollars based on the fair market value of property classified pursuant to Section 12‑43‑220(c) calculated on the school‑operating millage imposed for tax year 1995 or the current school‑operating millage, whichever is lower, excluding taxes levied for bonded indebtedness and payments pursuant to lease purchase agreements for capital construction. The 1995 tax year school‑operating millage or the current school‑operating millage, whichever is lower, is the base‑year millage for purposes of calculating the amount necessary to fund the Trust Fund for Tax Relief in accordance with this section. However, in years in which the values resulting from a countywide reassessment and equalization program are implemented, the base‑year millage must be adjusted to an equivalent millage rate in the manner that the Department of Revenue shall prescribe. Funds distributed to a taxing district as provided in subsection (B) must be used to provide a uniform property tax exemption for all property in the taxing district which is classified pursuant to Section 12‑43‑220(c), excluding taxes levied for bonded indebtedness and payments pursuant to lease purchase agreements for capital construction.

(2) Notwithstanding the provisions of this subsection, a school district whose operating millage falls below the 1995 School Year operating millage may request to receive tax relief based on the 1995 operating millage, or equivalent millage rate, if one of the following conditions are met:

(a) the current operating millage per pupil plus the current debt service millage is equal to or less than the total millage per pupil for 1995;

(b) the operating millage per pupil for the 1995 tax year reduced by the amount by which the total millage per pupil for all purposes in the current year exceeds the total millage per pupil for the 1995 tax year but not below the actual operating millage per pupil for the current year.

The Department of Revenue is responsible for certifying that the conditions are met based on the latest completed fiscal year data of the requesting district.

Any funds received by an eligible school district in excess of its current millage under this subsection may be used by the district to pay bonded indebtedness.

(B) RESERVED (1) School districts must be reimbursed from revenues credited to the Trust Fund for Tax Relief for a fiscal year, in the manner provided in Section 12‑37‑270, for the revenue lost as a result of the homestead exemption provided in this section. Ninety percent of the reimbursement must be paid in the last quarter of the calendar year on December first. From funds appropriated to the Office of the Comptroller General in the annual general appropriations act, the Comptroller shall make the calculations and distributions required pursuant to this subsection. If amounts received by a school district pursuant to this subsection are insufficient to reimburse fully for the base‑year operating millage, the local school board, within its authority, shall decide how to make up the shortfall, if necessary. Amounts received by a district in excess of the amount necessary to reimburse the district for the base‑year operating millage must first be used to reduce any operating millage imposed since the 1995 base year, must next be used for school debt service purposes, and any funds remaining may then be retained by the district.

(2) School districts must be reimbursed on a per capita basis, but a district may not receive as a reimbursement for a fiscal year an amount less than the actual reimbursement amount it received in Fiscal Year 1998‑1999. If amounts credited to the Trust Fund for Tax Relief for a fiscal year pursuant to item (1) of this subsection are insufficient to pay the full amount of the reimbursements provided by this item, then all amounts credited to the trust fund for a fiscal year for this reimbursement in excess of the amount of the reimbursements paid pursuant to this section in Fiscal Year 1998‑1999 must be allocated only to those districts receiving less than the full per capita reimbursement, and this allocation must be on a per capita basis among only those counties receiving some part of this allocation.

(3) Operating millage levied in a county for alternative schools, career and technology centers, and county boards of education whether or not levied countywide or on a school district by school district basis in a county also is considered school‑operating millage to which the property tax exemption provided by this section applies. County treasurers shall consider these operating millages in determining revenue lost when making disbursements to school districts from trust funds for tax relief funds under this section.

(C) RESERVED Notwithstanding any other provision of law, property exempted from property taxation in the manner provided in this section is considered taxable property for purposes of bonded indebtedness pursuant to Sections 14 and 15 of Article X of the Constitution of this State, and for purposes of computing the “index of taxpaying ability” pursuant to Section 59‑20‑20(3).

(D) RESERVED

(E) Rollback millage is calculated by dividing the prior year property taxes levied as adjusted by abatements and additions by the adjusted total assessed value applicable in the year the values derived from a countywide equalization and reassessment program are implemented. This amount of assessed value must be adjusted by deducting assessments added for property or improvements not previously taxed, for new construction, and for renovation of existing structures, and assessments attributable to increases in value due to an assessable transfer of interest.

(F) RESERVED The exemption allowed by this section is conditional on full funding of the Education Finance Act and on an appropriation by the General Assembly each year reimbursing school districts an amount equal to the Office of Research and Statistics of the Revenue and Fiscal Affairs Office’s estimate of total school tax revenue loss resulting from the exemption in the next fiscal year.

(G) If the boundaries of a municipality extend into more than one county and those counties implement the countywide appraisal and equalization programs required pursuant to Section 12‑43‑217 on different schedules, then the governing body of the municipality shall set an equivalent millage to be used to compute municipal ad valorem property taxes. The equivalent millage to be set by the municipal governing body must be determined by methodology established by the respective county auditors which must be consistent with the methodology for calculating equivalent millage to be established by the Department of Revenue for use in these situations for the purpose of equalizing the municipal property tax on real property situated in different counties.

B. The property tax exemption and reimbursement for the exemption allowed by this section are effective for property tax years beginning after 2022.

SECTION 6. Section 11‑11‑157 of the S.C. Code is repealed.

SECTION 7.A. Article 7, Chapter 10, Title 4 of the S.C. Code is repealed.

B. Sections 11‑11‑155 and 11‑11‑156 of the S.C. Code are repealed.

C. Article 11, Chapter 36, Title 12 of the S.C. Code is repealed.

D. Subsections B and C of this section take effect July 1, 2023.

Part II

SECTION 8.A. Section 12‑37‑3130 of the S.C. Code is amended to read:

Section 12‑37‑3130. As used in this article:

(1) “Additions” or “improvements” mean an increase in the value of an existing parcel of real property because of:

(a) new construction;

(b) reconstruction;

(c) major additions to the boundaries of the property or a structure on the property;

(d) remodeling; or

(e) renovation and rehabilitation, including installation.

Additions or improvements do not include minor construction or ongoing maintenance and repair of existing structures. The repair or reconstruction of a structure damaged or destroyed by a disaster, to include, but not limited to, construction defects, defective materials, fire, wind, hail, flood, and acts of God, is not an addition or improvement to the extent that the structure as repaired or reconstructed is similar in size, utility, and function of the structure damaged or destroyed, and the rebuilding or reconstruction is begun within eight years after determination of the damage or destruction. Construction of facilities in a home that make the home handicap accessible is not an addition or improvement if the utility and function of the structure remains unchanged. The installation of a fire sprinkler system in a commercial or residential structure when the installation is not required by law, regulation, or code is not an addition or improvement if the utility and function of the structure remains unchanged.

(2) “Adjustments” mean changes in fair market value as determined in and property tax value resulting from periodic countywide appraisal and equalization programs conducted pursuant to Section 12‑43‑217 as allowed pursuant to Section 6, Article X of the Constitution of this State, but adjustments are subject to the limits on increases provided in that Section 6 and as further provided in Section 12‑37‑3140(B).

(3) “Appraisal” or “appraised” means the process provided by law for the property tax assessor to determine the fair market value of real property and additions and improvements to real property.

(4) “Assessable transfer of interest” means a transfer of an existing interest in real property that subjects the real property to appraisal triggers a stepup. For purposes of this definition, an existing interest in real property includes life estate interests.

(5) RESERVED

(6) “Commonly controlled” means persons having relationships as described in Section 267(b) of the Internal Revenue Code as defined in Section 12‑6‑40(A).

(7)(6) “Conveyance” means the date of the transfer of an assessable transfer of interest in real property. Failure to record legal instruments evidencing a transfer of interest gives rise to no inference as to whether or not an assessable transfer of interest has occurred.

(7) “Fair market value” means the fair market value of real property and improvements to real property determined by appraisals of the property tax assessor based on initial appraisals and periodic reappraisals conducted pursuant to Section 12‑43‑217.

(8) “Property tax assessor” means the county assessor, an assessor appointed to handle multiple county assessments pursuant to an intergovernmental agreement, or the Department of Revenue, as applicable.

(9) “Property tax value” means the value determined pursuant to item (7) when the application of the limit imposed pursuant to Section 12‑37‑3140(B) results in an amount less than fair market value. For all purposes of property tax, property tax value is deemed fair market value when it is less than fair market value.

(10) “Stepup” means the substitution of fair market value for property tax value triggered when a parcel of real property undergoes an assessable transfer of interest.

B. Section 12‑37‑3140 of the S.C. Code is amended to read:

Section 12‑37‑3140. (A)(1) For property tax years beginning after 2006, the fair market value of real property is its fair market value applicable for the later of:

(a) the base year, as defined in subsection (C);

(b) December thirty‑first of the year in which an assessable transfer of interest has occurred triggers a stepup;

(c) as determined on appeal; or

(d) as it may be adjusted as determined in a countywide reassessment program conducted pursuant to Section 12‑43‑217, but limited to increases in such value as provided in subsection (B) of this section with any increase limited to property tax value.

(2) To the fair market value and property tax value of real property as determined at the time provided in item (1) of this subsection, there must be added the fair market value of subsequent improvements and additions to the property.

(B) Any An increase in the fair market value of real property attributable to the periodic countywide appraisal and equalization program implemented pursuant to Section 12‑43‑217 is limited to fifteen percent within a five‑year period to the otherwise applicable fair market value. This limit must be calculated separately on the land and improvements as a whole. However, this limit does not apply to the fair market value of additions or improvements to real property in the year those additions or improvements are first subject to property tax, nor do they apply to the fair market value of real property when an assessable transfer of interest occurred in the year that the transfer value is first subject to tax does it the year a stepup is implemented.

(C) For purposes of determining a “base year” fair market value pursuant to this section, the fair market value of real property is its appraised value applicable for property tax year 2007.

(D) Real property valued by the unit valuation concept is excluded from the limits provided pursuant to subsection (B) of this section.

(E) Value attributable to additions and improvements, and changes in value resulting from assessable transfers of interest occurring in a property tax year stepups are first subject to property tax in the following tax year except as provided pursuant to Section 12‑37‑670(B).

C. That portion of Section 12‑37‑3150(A) of the S.C. Code preceding item (1) is amended to read:

(A) An assessable transfer of interest triggers a stepup in value of a parcel of real property effective as provided in Section 12‑37‑3140(E). For purposes of determining when a parcel of real property must be appraised, An assessable transfer of interest in real property includes, but is not limited to, the following transactions or circumstances:

D. Section 12‑60‑2510(A)(1)(b) of the S.C. Code is amended to read:

(b) property tax value as limited by Article 25, Chapter 37, Title 12 defined pursuant to Section 12‑37‑3130(9);

SECTION 9. This part is effective for property tax years beginning after 2022. Property tax assessors shall conform the values of parcels of real property which underwent an assessable transfer of interest in any tax year beginning after 2006 and before 2023 and before the effective date of this section, to the fair market value and property tax value of these parcels as determined pursuant to Article 25, Chapter 37, Title 12 of the S.C. Code, the South Carolina Real Property Valuation Reform Act, as amended by this section. No refund is allowed as a result of these adjustments.

Part III

SECTION 10.A. If an amendment to Section 6, Article X of the Constitution of this State is ratified by the General Assembly that (1) eliminates the fifteen percent over five years constitutional “cap” on increases in the fair market value of real property for purposes of imposition of the property tax; and (2) eliminates an “assessable transfer of interest” as an event which may change the value of real property for purposes of imposition of the property tax, then Article 25, Chapter 37, Title 12 of the S.C. Code, the South Carolina Real Property Valuation Reform Act, is repealed for property tax years beginning after the year of ratification. Effective for the property tax years beginning after this repeal, the value of real property for purposes of the property tax is the fair market value of the property, as that term was defined pursuant to the former provisions of Section 12‑37‑3130(7) of the S.C. Code, as that had been most recently determined pursuant to the former provisions of Article 25, Chapter 37, Title 12 of the S.C. Code. Thereafter, the value of real property for purposes of imposition of the property tax is its fair market value determined in the manner provided by law.

B. If the provisions of subsection A of this section take effect, then effective for property tax years beginning after the ratification date described in subsection A of this section:

(1) Section 12‑43‑220 of the S.C. Code is amended by deleting the last undesignated paragraph which reads:

As used in this section, fair market value with reference to real property means fair market value determined in the manner provided pursuant to Article X of the Constitution of this State, Section 12‑37‑930 and Article 25, Chapter 37 of this title.

(2) Section 12‑60‑30(19) of the S.C. Code is amended to read:

(19) “Property tax assessment” means a valuation or determination of property value for annual property tax purposes arrived at by multiplying the fair market value or special use value of the property by the appropriate assessment ratio for the taxable property’s classification.

(3) Section 12‑60‑2510(A)(1)(b) of the S.C. Code is amended to read:

(b) value as limited by Article 25, Chapter 37, Title 12 RESERVED;

Part IV

SECTION 11. The repeal or amendment by this act of any law, whether temporary or permanent or civil or criminal, does not affect pending actions, rights, duties, or liabilities founded thereon, or alter, discharge, release or extinguish any penalty, forfeiture, or liability incurred under the repealed or amended law, unless the repealed or amended provision shall so expressly provide. After the effective date of this act, all laws repealed or amended by this act must be taken and treated as remaining in full force and effect for the purpose of sustaining any pending or vested right, civil action, special proceeding, criminal prosecution, or appeal existing as of the effective date of this act, and for the enforcement of rights, duties, penalties, forfeitures, and liabilities as they stood under the repealed or amended laws.

Part V

SECTION 12. Except where otherwise stated, this act takes effect upon approval by the Governor.

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