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## REPORT OF THE LEGISLATIVE SUBCOMMITTEE

Clyburn, Anthony, Whitmire, Erickson, and Cole  
Staff Contact: Kenzie Riddle

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### HOUSE BILL 3786

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H. 3786 -- Reps. Long, Bales, Martin, Burns, Chumley, Daning, Magnuson, Loftis, G.R. Smith, Simrill, B. Newton, Fry, Jordan, Elliott, Pope, Atkinson, Yow, Anthony, Williams, Bannister, Bedingfield, Forrester, Henderson, Herbkersman, Hill, Hixon, Lowe, V.S. Moss, Putnam, Sandifer and Toole: A BILL TO AMEND SECTION 12-43-220, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO CLASSIFICATION OF PROPERTY AND ASSESSMENT RATIOS FOR PURPOSES OF AD VALOREM TAXATION, SO AS TO LIMIT ROLLBACK TAXES TO ONE YEAR WHEN LAND CLASSIFIED AS AGRICULTURAL REAL PROPERTY IS APPLIED TO ANOTHER USE.

***Summary of Bill:***

This bill allows a county to charge Rollback taxes for up to one year after the property is reclassified from Agricultural use. The previous version allowed for up to five years of Rollback taxes to be collected.

***Estimated Revenue Impact:***

This bill would reduce local property tax revenue by \$8,560,000 statewide beginning in FY 2017-18 for tax year 2017. The bill would have no impact to the General Fund, Other Funds, or Federal Funds.

***Subcommittee Recommendation:***

Favorable



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**

**STATEMENT OF ESTIMATED FISCAL IMPACT**

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**Bill Number:** H. 3786 Introduced on February 16, 2017  
**Author:** Long  
**Subject:** Roll-Back Taxes  
**Requestor:** House Ways and Means  
**RFA Analyst(s):** Gable  
**Impact Date:** March 8, 2017

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**Estimate of Fiscal Impact**

	<b>FY 2017-18</b>	<b>FY 2018-19</b>
<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>	(\$8,560,000)	\$0

**Fiscal Impact Summary**

This bill would reduce local property tax revenue by \$8,560,000 statewide beginning in FY 2017-18 for tax year 2017. This bill would have no impact to the General Fund, Other Funds, or Federal Funds.

**Explanation of Fiscal Impact**

**Introduced on February 16, 2017**

**State Expenditure**

N/A

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

This bill modifies the calculation in §12-43-220 for the roll-back tax due on a parcel of real property changed from agricultural to commercial or residential use to allow for the collection of the difference between the taxes paid or payable on the basis of the valuation and the assessment property as an agricultural property and the taxes payable on the property as a commercial or residential property over the last tax year. This bill would apply for agricultural property changed to another use after tax year 2016. Current law allows for the collection of this difference for the past five years.

Roll-back taxes vary greatly from county-to-county and year over year. However, we estimate that roll-back taxes statewide total approximately \$10,700,000 per year. This approximation is based upon the information provided by county assessors and calculated using county roll back tax data from 2014 to 2016 from various counties across the state. This bill would cut the roll back tax by 80%, as the roll back would be changed from five tax years to one tax year, resulting in a loss of local tax revenue of \$8,560,000 annually statewide beginning with tax year 2017. The reduction in local property tax revenue by county will depend on the amount of roll back taxes collected in that particular county.



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Frank A. Rainwater, Executive Director

**South Carolina General Assembly**  
122nd Session, 2017-2018

**H. 3786**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Long, Bales, Martin, Burns, Chumley, Daning, Magnuson, Loftis, G.R. Smith, Simrill, B. Newton, Fry, Jordan, Elliott, Pope, Atkinson, Yow, Anthony, Williams, Bannister, Bedingfield, Forrester, Henderson, Herbkersman, Hill, Hixon, Lowe, V.S. Moss, Putnam, Sandifer and Toole

Document Path: I:\council\bill\bbm\9614dg17.docx

Companion/Similar bill(s): 281

Introduced in the House on February 16, 2017

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

Summary: Roll-back taxes

**HISTORY OF LEGISLATIVE ACTIONS**

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
2/16/2017	House	Introduced and read first time ( <u>House Journal-page 19</u> )
2/16/2017	House	Referred to Committee on <b>Ways and Means</b> ( <u>House Journal-page 19</u> )

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

**VERSIONS OF THIS BILL**

2/16/2017

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**A BILL**

TO AMEND SECTION 12-43-220, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO CLASSIFICATION OF PROPERTY AND ASSESSMENT RATIOS FOR PURPOSES OF AD VALOREM TAXATION, SO AS TO LIMIT ROLLBACK TAXES TO ONE YEAR WHEN LAND CLASSIFIED AS AGRICULTURAL REAL PROPERTY IS APPLIED TO ANOTHER USE.

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

SECTION 1. Section 12-43-220(d)(4) of the 1976 Code, as last amended by Act 251 of 2016, is further amended to read:

“(4) Except as provided pursuant to Section 12-43-222, when real property which is in agricultural use and is being valued, assessed, and taxed under the provisions of this article, is applied to a use other than agricultural, it is subject to additional taxes, ~~hereinafter~~ referred to as ~~roll-back~~ rollback taxes, in an amount equal to the difference, if any, between the taxes paid or payable on the basis of the valuation and the assessment authorized ~~hereunder~~ pursuant to this item and the taxes that would have been paid or payable had the real property been valued, assessed, and taxed as other real property in the taxing district, in the current tax year (the year of change in use) and ~~each of the five tax years~~ the last tax year immediately preceding in which the real property was valued, assessed, and taxed as ~~herein~~ provided in this item. If in the tax year in which a change in use of the real property occurs the real property was not valued, assessed, and taxed under this article, then the real property is subject to ~~roll-back~~ rollback taxes for ~~each of the five~~ the last tax years ~~year~~ immediately preceding in which the real property was valued, assessed, and taxed ~~hereunder~~ pursuant to this item. In

1 determining the amounts of the ~~roll-back~~ rollback taxes chargeable  
2 on real property which has undergone a change in use, the assessor  
3 shall for each of the ~~roll-back~~ rollback tax years year involved shall  
4 ascertain:

5 (A) the fair market value without consideration of the  
6 standing timber of such real property under the valuation standard  
7 applicable to other real property in the same classification;

8 (B) the amount of the real property assessment for the  
9 particular tax year by multiplying such fair market value by the  
10 appropriate assessment ratio provided in this article;

11 (C) the amount of the additional assessment on the real  
12 property for the particular tax year by deducting the amount of the  
13 actual assessment on the real property for that year from the amount  
14 of the real property assessment determined under (B) of this section;

15 (D) the amount of the ~~roll-back~~ rollback for that tax year by  
16 multiplying the amount of the additional assessment determined  
17 under (C) of this section by the property tax rate of the taxing district  
18 applicable for that tax year.”

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20 SECTION 2. This act takes effect upon approval by the Governor  
21 and applies for agricultural real property changed to another use  
22 after 2016.

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