COMMITTEE REPORT

March 11, 2009

**S. 193**

Introduced by Senators McConnell and Campsen

S. Printed 3/11/09--S. [SEC 3/12/09 1:56 PM]

Read the first time January 13, 2009.

**THE COMMITTEE ON FINANCE**

To whom was referred a Bill (S. 193) to amend Section 12‑43‑220, as amended, Code of Laws of South Carolina, 1976, relating to valuation and classification of property for purposes of the property, 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, page 2, by striking lines 19 ‑34 in their entirety.

Amend the bill further, as and if amended, by striking SECTION 3 in its entirety and inserting:

/ SECTION 3. This act takes effect upon approval by the Governor and applies to property tax years beginning after December 31, 2008. /

Renumber sections to conform.

Amend title to conform.

Majority favorable. Minority unfavorable.

HUGH K. LEATHERMAN, SR. PHIL P. LEVENTIS

For Majority. For Minority.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**REVENUE IMPACT 1/**

Local property taxes would be reduced by an estimated $450,000 as a result of homes currently receiving a 6.0% assessment ratio getting the 4.0% owner-occupied assessment ratio and the retroactive nature of this bill. Expenditures from the Homestead Exemption Fund will be increased by $370,000 to reimburse these additional homes that will qualify for the 4.0% assessment ratio.

**Explanation**

Under current law, owner occupied homes are assessed at 4.0% for property tax purposes. All other homes are assessed at 6.0% for property tax purposes. Also, under current law, an owner-occupied home can be rented out for less than fifteen days and still get the 4.0% assessment ratio. This bill would allow the home to keep the 4.0% assessment ratio if it is not rented for more than ninety days in a calendar year. This bill applies to property tax years beginning after 2004. Homes that will now qualify for the 4.0% assessment ratio because of this bill will be eligible for refunds or credits for property taxes paid from tax year 2005 and forward. Based on conversations with the Charleston County Assessor’s office and other county offices, we estimate local property taxes will be reduced by $450,000 as a result of homes currently receiving a 6.0% assessment ratio getting the 4.0% owner-occupied assessment ratio. Expenditures from the Homestead Exemption Fund will be increased by $370,000 to reimburse these additional homes that will qualify for the 4.0% assessment ratio.

*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 SECTION 12‑43‑220, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO VALUATION AND CLASSIFICATION OF PROPERTY FOR PURPOSES OF THE PROPERTY TAX, SO AS TO PROVIDE THAT THE OWNER‑OCCUPANT OF RESIDENTIAL PROPERTY QUALIFIES FOR THE FOUR PERCENT ASSESSMENT RATIO ALLOWED OWNER‑OCCUPIED RESIDENTIAL PROPERTY, IF THE OWNER IS OTHERWISE QUALIFIED AND THE RESIDENCE IS NOT RENTED FOR MORE THAN NINETY DAYS A YEAR; TO ALLOW REFUNDS OR CREDITS TO OWNER‑OCCUPANTS WHO QUALIFY FOR THE FOUR PERCENT ASSESSMENT RATIO DUE TO THE AMENDMENTS CONTAINED HEREIN; TO DELETE OTHER REFERENCES TO RENTAL OF THESE RESIDENCES; AND TO AMEND SECTION 12‑54‑240 RELATING TO DISCLOSURE OF RECORDS, REPORTS, AND RETURNS WITH THE DEPARTMENT OF REVENUE, SO AS TO PROVIDE THAT VERIFICATION THAT THE FEDERAL SCHEDULE E CONFORMS WITH THE SAME DOCUMENT REQUIRED BY A COUNTY ASSESSOR IS NOT PROHIBITED.

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

SECTION 1. A. Section 12‑43‑220(c)(2)(iv) of the 1976 Code is amended by adding a new paragraph before the last undesignated paragraph to read:

“If the owner or the owner’s agent has made a proper certificate as required pursuant to this subitem and the owner is otherwise eligible, the owner is deemed to have met the burden of proof and is allowed the four percent assessment ratio allowed by this item, if the residence that is the subject of the application is not rented for more than ninety days in a calendar year. The assessor may require a copy of Schedule E from the applicant’s federal return for the applicable tax year.”

B. Section 12‑43‑220(c) of the 1976 Code, as last amended by Act 145 of 2005, is further amended by deleting subitem (7) which reads:

“(7) Notwithstanding any other provision of law, the owner‑occupant of a legal residence is not disqualified from receiving the four percent assessment ratio allowed by this item, if the taxpayer’s residence meets the requirements of Internal Revenue Code Section 280A(g) as defined in Section 12‑6‑40(A) and the taxpayer otherwise is eligible to receive the four percent assessment ratio.”

C. The amendments to Section 12‑43‑220(c)(2) and (7) contained in this section apply for property tax years beginning after 2004.

D. A taxpayer allowed the four percent assessment ratio for property tax years subsequent to 2004 because of the amendments to Section 12‑43‑220(c) of the 1976 Code as contained in this section, instead of other provisions of law applicable for refunds of overpayments of property taxes, and upon application to the county assessor must either:

(1) receive a refund of the overpayment, together with applicable interest or, at the taxpayer’s election;

(2) be allowed a credit in the same amount as the refund pursuant to item (1) against future property taxes due on the residence.

A claim for refund made pursuant to this subsection before July 1, 2011, is deemed timely filed.

SECTION 2. Section 12‑54‑240(B) of the 1976 Code is amended by adding an appropriately numbered item at the end to read:

“( ) verification that the federal Schedule E filed with the department is the same as the Schedule E required by the assessor pursuant to Section 12‑43‑220(C).”

SECTION 3. Except where otherwise stated, this act takes effect upon approval by the Governor.

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