



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3146
 Author: G.M. Smith
 Requestor: House Ways and Means
 Date: April 21, 2015
 Subject: Real property tax notices
 RFA Analyst(s): Wren and Jolliff

Estimate of Fiscal Impact

	FY 2015-16	FY 2016-17	FY 2017-18
State Expenditure			
General Fund	N/A	N/A	N/A
Other and Federal	N/A	N/A	N/A
Full-Time Equivalent Position(s)	0.00	0.00	0.00
State Revenue			
General Fund	N/A	N/A	N/A
Other and Federal	N/A	N/A	N/A
Local Expenditure	N/A	Up to \$1,400,000	Up to \$1,400,000
Local Revenue	N/A	\$0	Up to \$1,400,000

Fiscal Impact Summary

This bill is expected have an annual expenditure impact of up to \$1,400,000 on county governments beginning in FY 2016-17 for additional staff time and postage costs. Several of the counties indicate that the costs associated with this bill would be passed along to taxpayers in the form of increased millage. To the extent possible given the millage rate increase limitations, we anticipate that local governments will increase millage rates in the following fiscal year to fund the increase in expenditures as a result of additional mailings. The bill is expected to increase local tax revenue in FY 2017-18 by up to \$1,400,000 to offset the expenditure increase.

Explanation of Fiscal Impact

State Expenditure and State Revenue

N/A

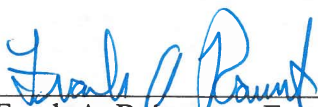
Local Expenditure

This bill requires county auditors to mail real property tax notices by October fifteenth of each year. Incomplete notices must be mailed, and a supplemental notice must be mailed when completed. Any taxing jurisdiction that has its property taxes collected by a county and causes the tax notice to be incomplete must reimburse the county the cost of the supplemental tax notice and its mailing.

The Revenue and Fiscal Affairs Office received responses from five county governments regarding the expenditure impact of this bill. Based on the responses received and prorating for a statewide total, we estimate this bill would have an expenditure impact of up to \$1,400,000 on county governments in FY 2016-17 for additional staff time and postage costs. Several of the counties indicated that the local jurisdictions cannot absorb the costs associated with this bill and the expense would be passed along to taxpayers in the form of increased millage.

Local Revenue

This bill would require a county to mail a real property tax notice by October fifteenth of each year even if the notice is incomplete and send an additional notice when the tax rates are final. The cost of mailing the second notice is the responsibility of the taxing entity responsible for the delay. We have received feedback from five counties indicating that the cost of mailing an additional notice is expected to be up to \$1,400,000 statewide beginning with tax year 2016. To the extent possible given the millage rate increase limitations, we anticipate that local governments will increase millage rates in the following tax year to fund the increase in expenditures as a result of additional mailings. The bill will impact FY 2016-17 expenditures and would likely increase local tax revenue in FY 2017-18 by up to \$1,400,000 to offset the expenditure increase.



Frank A. Rainwater, Executive Director