



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** S. 1082 Introduced on March 6, 2018  
**Author:** Grooms  
**Subject:** PSA Leaseholder Property Tax Exemption  
**Requestor:** Senate Finance  
**RFA Analyst(s):** Gable  
**Impact Date:** March 7, 2018

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**Estimate of Fiscal Impact**

	<b>FY 2018-19</b>	<b>FY 2019-20</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>	See Below	\$0

**Fiscal Impact Summary**

This bill's expected impact on local property tax revenue is undetermined, due to insufficient data for one of the specific counties impacted by the exemption for the South Carolina Public Service Authority (PSA) conveyed leasehold interests. The anticipated revenue reduction impact, for counties with PSA conveyed leasehold interests, ranges from \$0 to \$141,000. To the extent allowable under the millage rate increase limitations, we expect the impacted counties to increase millage rates to offset any reduction.

**Explanation of Fiscal Impact**

**Introduced on March 6, 2018**

**State Expenditure**

N/A

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

This bill adds leasehold interests conveyed by the South Carolina Public Service Authority (PSA) that are used for residential purposes to the classes of property exempt from ad valorem taxation. The bill specifies that the exemption applies only to the land, not to any structures or other improvements situated on the land.

This bill would specifically impact those counties bordering Lakes Marion and Moultrie as this is where PSA has conveyed leasehold interests. These counties are Berkeley, Calhoun, Clarendon, Orangeburg, and Sumter. Revenue and Fiscal Affairs (RFA) contacted each of the five counties and received a response from the counties of Berkeley, Calhoun, Orangeburg, and Sumter.

Calhoun County would experience the largest potential property tax revenue loss. There are 58 parcels of PSA conveyed lease interests used for residential purposes in Calhoun. Exempting these results in a maximum estimated revenue loss of \$141,000 in FY 2017-18. However, this estimate may include structures and improvements on the land leased. If structures and improvements are included in the estimate, the property tax revenue loss would be less than \$141,000.

Berkeley County has 42 parcels of property that are PSA conveyed lease interests, most of which are used for residential purposes. If all 42 properties qualify for the exemption, the resulting loss of property tax revenue for Berkeley County would be \$16,000 in FY 2018-19.

In Orangeburg County, approximately 85 parcels of property are PSA conveyed lease interests used for residential purposes. The county began collecting property taxes on these leasehold interests as of their last reassessment in 2014. However, the Orangeburg County Assessor's office stated that most of the values were capped per §12-37-3140(B) and thereby the property tax revenue is minimal. Therefore, the impact to the property tax revenue for Orangeburg is minimal.

Sumter County stated it would have no loss of property tax revenue in FY 2017-18, as there is no property in the county that qualifies for the exemption.

We do not have sufficient information to estimate the potential property tax revenue loss for Clarendon County, as the property tax revenue loss is dependent upon county specific factors.

County	FY 2018-19 Estimated Maximum Revenue Reduction
Calhoun	Up to \$141,000
Berkeley	\$16,000
Orangeburg	Minimal
Sumter	\$0
Clarendon	Undetermined

Overall, the impact of adding an exemption for PSA conveyed leasehold interest to local property tax revenue would vary from county to county. However, the revenue loss to each county is expected to be less than 1 percent of the county's total property tax revenue, per the Department of Revenue's 2015 Tax Collection by County report. To the extent allowable under the millage rate increase limitations, we expect the impacted counties to increase millage rates to offset any reduction.



Frank A. Rainwater, Executive Director