COMMITTEE REPORT

March 29, 2017

**H. 3093**

Introduced by Reps. Loftis, Clyburn, Elliott, Long and G.M. Smith

S. Printed 3/29/17--H.

Read the first time January 10, 2017.

**THE COMMITTEE ON WAYS AND MEANS**

To whom was referred a Bill (H. 3093) to amend Section 12‑43‑220, as amended, Code of Laws of South Carolina, 1976, relating to assessment ratios, so as to provide that when an, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass:

W. BRIAN WHITE for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Explanation of Fiscal Impact**

**Introduced on January 10, 2017**

**Local Revenue**

This bill continues the special owner-occupied assessment ratio for property in a probate estate at the death of the homeowner until the deceased’s estate is closed or upon recording of the deed or deed of distribution from the estate, so long as the property was assessed at the special owner-occupied assessment ratio at the time of the deceased’s death. This provision only applies if the property is not rented and applies to property tax years beginning after 2016.

Based on the estimated average owner-occupied value of $151,740 and a statewide millage rate of 343.5 for tax year 2017, the average reduction to local property tax would be $1,042 per incident for the reduced assessment ratio and $1,022 for property tax exemptions for school operations on owner-occupied property, for a total of $2,064 per incident.

Based on prior communication with the South Carolina Court Administration, 35,773 probate cases for deceased persons were closed in FY 2014-15, but they did not know how many of those cases were open for more than a year. The South Carolina Association for Counties was also not able to determine the frequency in which this incident may occur. However, based on the structure of South Carolina Probate Code, Title 62, most probate estates open and close within one year and therefore would not be subject to a change in the assessment ratio from four percent to six percent. Furthermore, we are unsure how a county would become aware that a property should be reassessed until such time as the deed is recorded due to a transfer of ownership. Due to the limited information available and difficulty in determining the prevalence of this situation occurring, the impact to local property tax statewide is undetermined.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND SECTION 12‑43‑220, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO ASSESSMENT RATIOS, SO AS TO PROVIDE THAT WHEN AN OWNER RECEIVING THE FOUR PERCENT ASSESSMENT RATIO DIES, THE PROPERTY SHALL CONTINUE TO RECEIVE THE SPECIAL ASSESSMENT RATE UNTIL THE DECEASED’S ESTATE IS CLOSED, SO LONG AS THE PROPERTY IS NOT RENTED.

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

SECTION 1. Section 12‑43‑220(c) of the 1976 Code, as last amended by Act 251 of 2016, is further amended by adding an appropriately numbered subitem at the end to read:

“( ) Notwithstanding any other provision of law, when an owner receiving the special assessment rate pursuant to item (c) dies, the property shall continue to receive the special assessment rate until the deceased’s estate is closed, or upon recording of a deed or deed of distribution out of the estate, whichever occurs first. This subitem only applies if the property is not rented.”

SECTION 2. This act takes effect upon approval by the Governor and applies to property tax years beginning after 2016.

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