**A** **BILL**

TO AMEND SECTION 12-43-220(c)(1), RELATING TO PARTICULAR CLASSIFICATIONS AND ASSESSMENT RATIOS FOR COUNTY EQUALIZATION AND REASSESSMENT TAXATION, TO PROVIDE THAT ACCOMMODATIONS FURNISHED TO TRANSIENTS FOR LESS THAN THIRTY CONSECUTIVE DAYS ON A SEPARATE PORTION OF THE PROPERTY ON WHICH A LEGAL RESIDENCE LOCATED SHALL BE ASSESSED AT A FOUR-PERCENT RATIO; TO AMEND SECTION 12-36-70(1)(b), RELATING TO DEFINITIONS OF “RETAILER” AND “SELLER” FOR THE SOUTH CAROLINA SALES AND USE TAX, TO PROVIDE THAT THE TERMS EXCLUDE AN INDIVIDUAL FURNISHING ACCOMMODATIONS FOR A CONSIDERATION ON THE SAME PREMISES WHEN THE ACCOMMODATIONS FURNISHED CONTAIN LESS THAN SIX SLEEPING ROOMS; TO AMEND SECTION 12-36-920(A), RELATING TO TAX ON ACCOMMODATIONS FOR TRANSIENTS, TO PROVIDE THAT THE TAX DOES NOT APPLY WHERE AN INDIVIDUAL FURNISHES SLEEPING ACCOMMODATIONS TO TRANSIENTS ON THE SAME PREMISES AS THE INDIVIDUAL’S PLACE OF ABODE WHEN THE ACCOMMODATIONS FURNISHED TO TRANSIENTS CONTAIN LESS THAN SIX SLEEPING ROOMS AND TO FURTHER PROVIDE THAT THE GROSS PROCEEDS DERIVED FROM THE LEASE OR RENTAL OF SLEEPING ACCOMMODATIONS SUPPLIED TO THE SAME PERSON FOR A PERIOD OF THIRTY CONTINUOUS DAYS ARE NOT CONSIDERED PROCEEDS FROM TRANSIENTS; AND TO AMEND SECTION 12-43-220(c)(2)(iv), RELATING TO PARTICULAR CLASSIFICATIONS AND ASSESSMENT RATIOS FOR COUNTY EQUALIZATION AND REASSESSMENT TAXATION, TO REMOVE THE PROVISION THAT A RESIDENCE NOT RENTED FOR MORE THAN SEVENTY-TWO DAYS IN A CALENDAR YEAR WILL RETAIN ITS ELIGIBILITY FOR THE FOUR-PERCENT ASSESSMENT RATIO AND TO FURTHER PROVIDE THAT INDIVIDUALS ENGAGING IN SHORT-TERM RENTALS MUST ALSO PROVIDE THE ASSESSOR WITH A SWORN AFFIDAVIT THAT HE IS IN COMPLIANCE WITH A SHORT-TERM RENTAL ORDINANCE IN THE JURISDICTION WHERE THE PROPERTY IS LOCATED, IF SUCH AN ORDINANCE EXISTS IN THE JURISDICTION TO QUALIFY FOR THE FOUR-PERCENT ASSESSMENT RATIO.

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

SECTION 1. Section 12-43-220(c)(1) of the 1976 Code is amended to read:

“(c)(1) The legal residence and not more than five acres contiguous thereto, when owned totally or in part in fee or by life estate and occupied by the owner of the interest, and additional dwellings located on the same property and occupied by immediate family members of the owner of the interest, are taxed on an assessment equal to four percent of the fair market value of the property. If residential real property is held in trust and the income beneficiary of the trust occupies the property as a residence, then the assessment ratio allowed by this item applies if the trustee certifies to the assessor that the property is occupied as a residence by the income beneficiary of the trust. When the legal residence is located on leased or rented property and the residence is owned and occupied by the owner of a residence on leased property, even though at the end of the lease period the lessor becomes the owner of the residence, the assessment for the residence is at the same ratio as provided in this item. If the lessee of property upon which he has located his legal residence is liable for taxes on the leased property, then the property upon which he is liable for taxes, not to exceed five acres contiguous to his legal residence, must be assessed at the same ratio provided in this item. If this property has located on it any rented mobile homes or residences which are rented or any business for profit, this four percent value does not apply to those businesses or rental properties. However, if the person claiming the four percent assessment ratio resides in the mobile home or single family residence and only rents a portion of the mobile home or single family residence to another individual as a residence, the foregoing provision does not apply and the four percent assessment ratio must be applied to the entire mobile home or single family residence. Similarly, if accommodations are furnished to transients for less than thirty consecutive days on a separate portion of the property on which the legal residence is located, then the foregoing provision for businesses or rental properties does not apply and the residence shall be assessed at the same ratio as provided in this item, provided, however, that the owner of the legal residence has been issued a license or permit to lease to transients for less than thirty consecutive days within a residentially zoned area and is in compliance with the requirements for the license or permit. For purposes of the assessment ratio allowed pursuant to this item, a residence does not qualify as a legal residence unless the residence is determined to be the domicile of the owner‑applicant.”

SECTION 2. Section 12-36-70(1)(b) of the 1976 Code is amended to read:

“(b) furnishing accommodations to transients for a consideration, ~~except an individual furnishing accommodations of less than six sleeping rooms~~ on the same premises~~, which is~~ as the individuals place of abode when the accommodations furnished to transients contain less that six sleeping rooms;”

SECTION 3. Section 12-36-920(A) of the 1976 Code is amended to read:

“Section 12-36-920. (A) A sales tax equal to seven percent is imposed on the gross proceeds derived from the rental or charges for any rooms, campground spaces, lodgings, or sleeping accommodations furnished to transients by any hotel, inn, tourist court, tourist camp, motel, campground, residence, or any place in which rooms, lodgings, or sleeping accommodations are furnished to transients for a consideration. This tax does not apply:

(1) where an individual furnishes sleeping accommodations to transients ~~the facilities consist of less than six sleeping rooms, contained~~ on the same premises~~, which is used~~ as the individual's place of abode when the accommodations furnished to transients contain less than six sleeping rooms; or

“(2) to gross proceeds from rental income wholly excluded from the gross income of the taxpayer pursuant to Internal Revenue Code Section 280A(g) as that code is defined in Section 12‑6‑40(A).

The gross proceeds derived from the lease or rental of sleeping accommodations supplied to the same person for a period of ~~ninety~~ less than thirty continuous days are not considered proceeds from transients. The tax imposed by this subsection (A) does not apply to additional guest charges as defined in subsection (B) or separately stated optional charges on a bill to a customer for amenities, entertainment, special items in promotional tourist packages, and other guest services.”

SECTION 4. Section 12-43-220(c)(2)(iv) of the 1976 Code is amended to read:

“(iv) In addition to the certification, the burden of proof for eligibility for the four percent assessment ratio is on the owner‑occupant and the applicant must provide proof the assessor requires including, but not limited to:

(A) a copy of the owner‑occupant’s most recently filed South Carolina individual income tax return;

(B) copies of South Carolina motor vehicle registrations for all motor vehicles registered in the name of the owner‑occupant and registered at the same address of the four percent domicile;

(C) if the property owner furnishes accommodations to transients for a period of less than thirty days on a separate portion of the property on which the legal residence is located, then he must also provide the assessor with a sworn affidavit that he is in compliance with a short term rental ordinance in the jurisdiction where the property is located, if such an ordinance exists in the jurisdiction;

~~(C)~~(D) other proof required by the assessor necessary to determine eligibility for the assessment ratio allowed by this item.

~~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 seventy‑two days in a calendar year. For purposes of determining eligibility, rental income, and residency, the assessor annually may require a copy of applicable portions of the owner’s federal and state tax returns, as well as the Schedule E from the applicant’s federal return for the applicable tax year.~~

If the assessor determines the owner‑occupant ineligible, the six percent property tax assessment ratio applies and the owner‑occupant may appeal the classification as provided in Chapter 60 of this title.”

SECTION 5. This act takes effect upon approval by the Governor.

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