



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
(803)734-3780 • RFA.SC.GOV/IMPACTS

This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number: S. 0620 Introduced on March 14, 2023
Author: Davis
Subject: Electronic Tax Sales
Requestor: Senate Finance
RFA Analyst(s): Bryant
Impact Date: January 22, 2024

Fiscal Impact Summary

This bill allows for the electronic sale of property by a county resulting from delinquent taxes and provides for the procedures of an electronic sale. The bill also specifies the distribution of proceeds derived from an electronic sale.

This bill will have no expenditure impact on the Department of Revenue (DOR). The department indicates that any additional costs required to provide electronic sales will be managed by the counties.

This bill may increase local government expenditures by an undetermined amount. Several counties indicate that they will manage the provisions of the bill with existing staff and resources. Additionally, the Municipal Association of South Carolina (MASC) anticipates that any expenses associated with the implementation and maintenance of electronic sale platforms may be funded through the provision of the bill allowing for the levying of additional charges for services related to conducting or contracting for the electronic sale. However, one county reports that its transition to hybrid (in-person and online) tax sales increased expenses in the first year after the transition due to the cost of purchasing a tax sale auction package to manage the online sales.

The overall impact of this bill on local government revenues is undetermined and will vary. Based on discussions with a small number of responding counties, the option for electronic bidding may expand the bidder pool, potentially increasing collections. Higher deposits may also generate higher interest earnings for the counties. However, the exact amount of the increase in local revenues cannot be estimated and will vary depending upon the circumstances of each sale.

Explanation of Fiscal Impact

Introduced on March 14, 2023

State Expenditure

This bill allows for the electronic sale of property by a county resulting from delinquent taxes. If the person officially charged with the collection of delinquent taxes conducts the sale electronically, the sale must:

- allow for electronic proxy bidding, with bidders potentially required to advance sufficient funds as a deposit;
- allow for the levy of additional charges for services related to conducting or contracting for the electronic sale; and
- provide notice of the electronic sale and post a link of the sale on the county's website.

The proceeds from an electronic sale must be deposited into an auction vendor's account on behalf of the county within three business days of the electronic sale and deposited with the county treasurer within five business days of the electronic sale.

Department of Revenue. This bill will have no expenditure impact on DOR. The department indicates that any additional costs required to provide for electronic sales will be managed by the county.

State Revenue

N/A

Local Expenditure

This bill allows for the electronic sale of property resulting from delinquent taxes by a county and provides for the procedures of an electronic sale. The bill also specifies the distribution of proceeds derived from an electronic sale.

This bill may increase local government expenditures by an undetermined amount. Several counties indicate that they can manage the provisions of the bill with existing staff and resources, and MASC anticipates that any expenses associated with the implementation and maintenance of electronic sale platforms may be funded through the provision of the bill allowing for the levying of additional charges for services related to conducting or contracting for the electronic sale. However, one county reports that its transition to hybrid (in-person and online) tax sales increased expenses in the first year after the transition due to the cost of purchasing a tax sale auction package to manage the online sales.

Local Revenue

This bill allows for the electronic sale of property resulting from delinquent taxes by a county and provides for the procedures of an electronic sale. The bill also specifies the distribution of proceeds derived from an electronic sale.

The overall impact of this bill on local government revenues is undetermined and will vary. Based on discussions with a small number of responding counties, the option for electronic bidding may expand the bidder pool, potentially increasing collections. Higher deposits may also generate higher interest earnings for the counties. However, the exact amount of the increase in local revenues cannot be estimated and will vary depending upon the circumstances of each sale.

Frank A. Rainwater, Executive Director