

South Carolina Association of Counties

Presentation for  
SC Tax Realignment Commission  
June 8, 2010

TRAC  
(4)

**I. Legal Residence / 4% Assessment Ratio – Section 12-43-220(c)**

**SECTION 12-43-220**

(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. 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.

(2)(i) To qualify for the special property tax assessment ratio allowed by this item, the owner-occupant must have actually owned and occupied the residence as his legal residence and been domiciled at that address for some period during the applicable tax year. A residence which has been qualified as a legal residence for any part of the year is entitled to the four percent assessment ratio provided in this item for the entire year, for the exemption from property taxes levied for school operations pursuant to Section 12-37-251 for the entire year, and for the homestead exemption under Section 12-37-250, if otherwise eligible, for the entire year.

(ii) This item does not apply unless the owner of the property or the owner's agent applies for the four percent assessment ratio before the first penalty date for the payment of taxes for the tax year for which the owner first claims eligibility for this assessment ratio. In the application the owner or his agent must certify to the following statement:

"Under penalty of perjury I certify that:

(A) the residence which is the subject of this application is my legal residence and where I am domiciled at the time of this application and that I do not claim to be a legal resident of a jurisdiction other than South Carolina for any purpose; and

(B) that neither I nor any other member of my household is residing in or occupying any other residence which I or any member of my immediate family has qualified for the special assessment ratio allowed by this section."

(iii) For purposes of subitem (ii)(B) of this item, "a member of my household" means:

(A) the owner-occupant's spouse, except when that spouse is legally separated from the owner-occupant; and

(B) any child under the age of eighteen years of the owner-occupant claimed or eligible to be claimed as a dependent on the owner-occupant's federal income tax return.

(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;

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

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.

(v) A member of the armed forces of the United States on active duty who is a legal resident of and domiciled in another state is nevertheless deemed a legal resident and domiciled in this State for purposes of this item if the members permanent duty station is in this State. A copy of the member's orders filed with the assessor is considered proof sufficient of the member's permanent duty station.

(vi) No further applications are necessary from the current owner while the property for which the initial application was made continues to meet the eligibility requirements. If a change in ownership or use occurs, the owner who had qualified for the special assessment ratio allowed by this section shall notify the assessor of the change in classification within six months of the change. Another application is required by the new owner to qualify the residence for future years for the four percent assessment ratio allowed by this section.

(vii) If a person signs the certification, obtains the four percent assessment ratio, and is thereafter found not eligible, or thereafter loses eligibility and fails to notify the assessor within six months, a penalty is imposed equal to one hundred percent of the tax paid, plus interest on that amount at the rate of one-half of one percent a month, but in no case less than thirty dollars nor more than the current year's taxes. This penalty and any interest are considered ad valorem taxes due on the property for purposes of collection and enforcement.

(viii) Failure to file within the prescribed time constitutes abandonment of the owner's right for this classification for the current tax year, but the local taxing authority may extend the time for filing upon a showing satisfactory to it that the person had reasonable cause for not filing before the first penalty date.

## **II. Agricultural Use Valuation**

### **A. Definition of Agricultural Property - Section 12-43-230(a)**

**SECTION 12-43-230.** Treatment of agricultural real property, mobile home and lessee improvements to real property; department shall prescribe regulations.

(a) For the purposes of this article, unless otherwise required by the context, the words “agricultural real property” shall mean any tract of real property which is used to raise, harvest or store crops, feed, breed or manage livestock, or to produce plants, trees, fowl or animals useful to man, including the preparation of the products raised thereon for man’s use and disposed of by marketing or other means. It includes but is not limited to such real property used for agriculture, grazing, horticulture, forestry, dairying and mariculture. In the event at least fifty percent of a real property tract shall qualify as “agricultural real property”, the entire tract shall be so classified, provided no other business for profit is being operated thereon. The term “agricultural real property” shall include real property used to provide free housing for farm laborers provided such housing is located on the tract of land that qualifies as agricultural real property.

The department shall provide by regulation for a more detailed definition of “agricultural real property” consistent with the general definition set forth in this section, to be used by county assessors in determining entitlement to special assessment under this article. Such regulations shall be designed to exclude from the special assessment that real property which is not bona fide agricultural real property for which the tax relief is intended.

#### **B. Timberland Section 12-43-232(1)(A)**

##### **SECTION 12-43-232. Requirements for agricultural use.**

In addition to all other requirements for real property to be classified as agricultural real property, the property must meet the following requirements:

(1)(a) If the tract is used to grow timber, the tract must be five acres or more. Tracts of timberland of less than five acres which are contiguous to or are under the same management system as a tract of timberland which meets the minimum acreage requirement are treated as part of the qualifying tract. Tracts of timberland of less than five acres are eligible to be agricultural real property when they are owned in combination with other tracts of nontimberland agricultural real property that qualify as agricultural real property. For the purposes of this item, tracts of timberland must be devoted actively to growing trees for commercial use.

(b) A tract which meets the acreage requirement of subitem (a) of this item devoted to growing Christmas trees is considered timberland. A Christmas tree tract not meeting the acreage requirement qualifies as agricultural property if the landowner reports gross income from Christmas trees that meets the income test provided in item (3) of this section, *mutatis mutandis*.

#### **C. Non-timberland / Row Crops - Section 12-43-232(2) & (3)**

(2) For tracts not used to grow timber as provided in item (1) of this section, the tract must be ten acres or more. Nontimberland tracts of less than ten acres which are contiguous to other such tracts which, when added together, meet the minimum acreage requirement, are treated as a qualifying tract. For purposes of this item (2) only, contiguous tracts include tracts with identical owners of record separated by a dedicated highway, street, or road or separated by any other public way.

(3)(a) Nontimberland tracts not meeting the acreage requirement of item (2) qualify as agricultural real property if the person making the application required pursuant to Section 12-43-220(d)(3) earned at least one thousand dollars of gross farm income for at

least three of the five taxable years preceding the year of the application. The assessor may require the applicant (i) to give written authorization consistent with privacy laws allowing the assessor to verify farm income from the Department of Revenue or the Internal Revenue Service and (ii) to provide the Agriculture Stabilization and Conservation Service (ASCS) farm identification number of the tract and allow verification with the ASCS office.

(b) An owner making an initial application required pursuant to Section 12-43-220(d)(3) for a nontimberland tract of less than ten acres may claim the property as agricultural real property for each year for the first five years of operation if he earned at least one thousand dollars of gross farm income in at least three of the first five years. The assessor may require the new owner (i) to give written authorization consistent with privacy laws allowing the assessor to verify farm income from the Department of Revenue or the Internal Revenue Service and (ii) to provide the Agriculture Stabilization and Conservation Service (ASCS) farm identification number of the tract and allow verification with the ASCS office.

If the new owner fails to meet the income requirements in the five-year period, the tract is not considered agricultural real property and is subject to the rollback tax.

(c) Real property idle under a federal or state land retirement program or property idle pursuant to accepted agricultural practices is agricultural real property if the property otherwise would have qualified as agricultural real property subject to satisfactory proof to the assessor.

(d) Unimproved real property subject to a perpetual conservation easement as provided in Chapter 8 of Title 27 is agricultural real property if the property otherwise would have qualified as agricultural real property subject to satisfactory proof to the assessor.

(e) A nontimberland tract that does not meet the acreage or income requirements of this section to be classified as agricultural real property must nevertheless be classified as agricultural real property if the current owner or an immediate family member of the current owner has owned the property for at least the ten years ending January 1, 1994, and the property is classified as agricultural real property for property tax year 1994.

The property must continue to be classified as agricultural real property until the property is applied to some other use or until the property is transferred to other than an immediate family member, whichever occurs first. For purposes of this subitem, "immediate family" is a person related to the current owner within the third degree of consanguinity or affinity and a trust all of whose noncontingent beneficiaries are related to the grantor of the trust within the third degree of consanguinity or affinity.

(4) In the case of rented or leased agricultural real property, either the lessor or the lessee shall meet the requirements of this section.

(5)(a) On the application required pursuant to Section 12-43-220(d)(3), the owner or his agent shall certify substantially as follows: Subject to the penalty provided in Section 12-43-340, either:

(i) "I certify that the property which is the subject of this application meets the requirements to qualify as agricultural real property as of January first of the current tax year"; or

(ii) "I certify that the property which is the subject of this application meets the requirements to qualify as agricultural real property and for the special assessment ratio for certain agricultural real property as of January first of the current tax year".

(b) If it is determined that the property for which the certification was made did not meet the requirements to qualify for agricultural use classification at the time the certification

was made, the property which is the subject of the certification is denied agricultural use value for the property tax year or years in question and in lieu of the rollback tax, the tax on the property for each tax year in question must be recalculated using fair market value, the appropriate assessment ratio, and the appropriate millage. There must be deducted from the recalculated tax liability any taxes paid for the year and the penalties provided pursuant to Section 12-45-180 must be added to the balance due. Interest at the rate of one percent a month must be added to the unpaid taxes calculated from the last penalty date. Additional property tax revenues derived from the operation of this section changing agricultural use property to some other use must be used only for the purpose of rolling back property tax millage.

### **III. Bank Personal Property – Section 12-11-30**

**SECTION 12-11-30.** Income tax to be instead of other taxes; exceptions.

The income tax provided for in this chapter is instead of all other taxes on banks, except the use tax, the deed recording fee, and taxes on real property. The real property of a bank is taxed in the place where it is located.

### **IV. Dealer Tags – Section 56-3-2320**

**SECTION 56-3-2320.** Dealer and wholesaler license plates; restrictions on use.

(A) Upon application being made and the required fee being paid to the Department of Motor Vehicles, the department may issue dealer license plates to a licensed motor vehicle dealer. The license plates, notwithstanding other provisions of this chapter to the contrary, may be used exclusively on motor vehicles owned by, assigned, or loaned for test driving purposes to the dealer when operated on the highways of this State by the dealer, its corporate officers, its employees, or a prospective purchaser of the motor vehicle. The use by a prospective purchaser is limited to seven days, and the dealer shall provide the prospective purchaser with a dated demonstration certificate. The certificate must be approved by the department. Dealer plates must not be used to operate wreckers or service vehicles in use by the dealer nor to operate vehicles owned by the dealer that are leased or rented by the public. No dealer plates may be issued by the department unless the dealer furnishes proof in a form acceptable to the department that he has a retail business license as required by Chapter 36 of Title 12 and has made at least twenty sales of motor vehicles in the twelve months preceding his application for a dealer plate. The sales requirement may be waived by the department if the dealer has been licensed for less than one year. For purposes of this section, the transfer of ownership of a motor vehicle between the same individual or corporation more than one time is considered as only one sale. Multiple transfer of motor vehicles between licensed dealers for the purpose of meeting eligibility requirements for motor vehicle dealer plates is prohibited.

A dealer may be issued two plates for the first twenty vehicles sold during the preceding year and one additional plate for each fifteen vehicles sold beyond the initial twenty during the preceding year. For good cause shown, the department in its discretion may issue extra plates. If the dealer has been licensed less than one year, the department shall

issue a number of license plates based on an estimated number of sales for the coming year. The department may increase or decrease the number of plates issued based on actual sales made.

The cost of each dealer plate issued is twenty dollars.

Upon application to the department, a public or private school, college, or university, or an economic development entity created or sanctioned by the county where the entity is located, may be issued a license plate to be used on vehicles loaned or rented to the school, college, university, or economic development entity by a licensed motor vehicle dealer. The plate must be a personalized plate designed by the department. The cost of each plate issued is two hundred dollars, of which one hundred sixty dollars must be remitted by the department to the county in which the school, college, university, or economic development entity is located. Each plate is valid for two years, and there is no limit on the number of plates which may be issued, except in the case of an economic development entity where only one plate per entity is allowed.

A dealer license plate is allowed on a motor vehicle which the dealer lends to a public or private school for use in a driver education program. A plate used for this purpose may be obtained without fee and without regard to the limit on plates issued pursuant to this section. When the motor vehicle is no longer used for driver education, the dealer shall surrender the plate to the department.

Notwithstanding the provisions of this section, a dealer exclusively selling heavy duty trucks at retail is eligible to obtain license plates for exclusive use on the heavy duty trucks regardless of the number of trucks sold by him during the preceding required number of months. These license plates for trucks must be noted with a distinct and separate identification and used only on heavy duty trucks. For purposes of this section, heavy duty trucks include trucks having a gross vehicle weight of sixteen thousand pounds or greater.

(B) For purposes of this section, the testing or demonstration of a heavy duty truck with a GVW of 16,000 pounds or over as defined in Section 56-3-20(10) includes permitting a prospective buyer to use the truck for carrying merchandise or cargo for not more than three days upon the dealer providing the buyer with a special demonstration certificate for this purpose. The form and content of the demonstration certificate must be as prescribed by the department which also shall provide certificates to dealers upon their request. The original certificate must be kept by the buyer in the cab of the truck during the three-day demonstration period, and the dealer shall retain a copy of the certificate and mail a copy of the certificate to the department within twenty-four hours after it is issued to the buyer.

**SECTION 56-3-2325.** Fine and forfeiture for misuse of dealer plates.

A person who misuses a dealer license plate issued pursuant to this article must be fined three hundred dollars or forfeit the dealer license plate, or both.

**V. Other Exemptions and Special Valuation Provisions**

**A. General Property Tax Exemption List**

**SECTION 12-37-220.** General exemption from taxes.

(A) Pursuant to the provisions of Section 3 of Article X of the State Constitution and subject to the provisions of Section 12-4-720, there is exempt from ad valorem taxation:

(1) all property of the State, counties, municipalities, school districts, Water and Sewer Authorities and other political subdivisions, if the property is used exclusively for public purposes, and it shall be the duty of the Department of Revenue and county assessor to determine whether such property is used exclusively for public purposes;

(2) all property of all schools, colleges, and other institutions of learning and all charitable institutions in the nature of hospitals and institutions caring for the infirmed, the handicapped, the aged, children and indigent persons, except where the profits of such institutions are applied to private use;

(3) all property of all public libraries, churches, parsonages, and burying grounds, but this exemption for real property does not extend beyond the buildings and premises actually occupied by the owners of the real property;

(4) all property of all charitable trusts and foundations used exclusively for charitable and public purposes, but this exemption for real property does not extend beyond the buildings and premises actually occupied by the owners of the real property;

(5) all household goods and furniture used in the home of the owner of such goods and furniture, such to include built-in equipment such as ranges, dishwashers and disposals, but this exemption shall not apply to household goods used in hotels, rooming houses, apartments, or other places of business;

(6) all inventories of manufacturers, except manufactured articles which have been offered for sale at retail or which have been available for sale at retail. Fuel, including but not limited to uranium, special nuclear material, nuclear fuel, fossil fuel, coal, cellulose, wood or solid, liquid or gaseous hydrocarbons, held by a public utility, an affiliated interest of such public utility as defined in Section 58-27-2090 or a subsidiary of such public utility, or held by a corporation, entity or trust for the use and benefit of such public utility under orders or regulations of the Public Service Commission, shall be deemed to be inventories of manufacturers;

(7) all new manufacturing establishments located in any of the counties of this State after July 1, 1977, for five years from the time of establishment and all additions to the existing manufacturing establishments located in any of the counties of this State for five years from the time each such addition is made if the cost of such addition is fifty thousand dollars or more. Such additions shall include additional machinery and equipment installed in the plant. Provided, however, that the exemptions authorized in this item for manufacturing establishments, and additions thereto, shall not include exemptions from school taxes or municipal taxes but shall include only county taxes. Provided, further, that all manufacturing establishments and all additions to existing manufacturing establishments exempt under statutes in effect February 28, 1978, shall be allowed their exemptions provided for by statute until such exemptions expire;

(8) all facilities or equipment of industrial plants which are designed for the elimination, mitigation, prevention, treatment, abatement, or control of water, air, or noise pollution, both internal and external, required by the state or federal government and used in the conduct of their business. At the request of the Department of Revenue, the Department of Health and Environmental Control shall investigate the property of any manufacturer or company, eligible for the exemption to determine the portion of the property that qualifies as pollution control property. Upon investigation of the property, the Department of Health and Environmental Control shall furnish the Department of

Revenue with a detailed listing of the property that qualifies as pollution control property. For equipment that serves a dual purpose of production and pollution control, the value eligible for the ad valorem exemption is the difference in cost between this equipment and equipment of similar production capacity or capability without the ability to control pollution. For the purposes of this item, twenty percent of the cost of any piece of machinery and equipment placed in service in a greige mill qualifies as internal air and noise pollution control property and is exempt from property taxes. "Greige mill" means all textile processes from opening through fabric formation before dyeing and finishing;

(9) a homestead exemption for persons sixty-five years of age and older, for persons permanently and totally disabled and for blind persons in an amount to be determined by the General Assembly of the fair market value of the homestead under conditions prescribed by the General Assembly by general law;

(10) intangible personal property.

(11) all property of public benefit corporations established by a county or municipality used exclusively for economic development purposes which serve a governmental purpose as defined in Section 115 of the U.S. Internal Revenue Code.

(B) In addition to the exemptions provided in subsection (A), the following classes of property are exempt from ad valorem taxation subject to the provisions of Section 12-4-720:

(1)(a) The house owned by an eligible owner in fee or jointly with a spouse.

(b) The house owned by a qualified surviving spouse acquired from the deceased spouse and a house subsequently acquired by an eligible surviving spouse. The qualified surviving spouse shall inform the Department of Revenue of the address of a subsequent house.

(c) When a trustee holds legal title to a dwelling for a beneficiary and the beneficiary is a person who qualifies otherwise for the exemptions provided in subitems (a) and (b) and the beneficiary uses the dwelling as the beneficiary's domicile, the dwelling is exempt from property taxation in the same amount and manner as dwellings are exempt pursuant to subitems (a) and (b).

(d) The Department of Revenue may require documentation it determines necessary to determine eligibility for the exemption allowed by this item.

(e) As used in this item:

(i) "eligible owner" means:

(A) a veteran of the armed forces of the United States who is permanently and totally disabled as a result of a service-connected disability and who files with the Department of Revenue a certificate signed by the county service officer certifying this disability;

(B) a former law enforcement officer as further defined in Section 23-23-10, who is permanently and totally disabled as a result of a law enforcement service-connected disability;

(C) a former firefighter, including a volunteer firefighter as further defined in Chapter 80 of Title 40, who is permanently and totally disabled as a result of a firefighting service-connected disability;

(ii) "permanently and totally disabled" means the inability to perform substantial gainful employment by reason of a medically determinable impairment, either physical or mental, that has lasted or is expected to last for a continuous period of twelve months or more or result in death;

(iii) "qualified surviving spouse" means the surviving spouse of an individual described in subsubitem (i) while remaining unmarried, who resides in the house, and who owns the



house in fee or for life. Qualified surviving spouse also means the surviving spouse of a member of the armed forces of the United States who was killed in action, or the surviving spouse of a law enforcement officer or firefighter who died in the line of duty as a law enforcement officer or firefighter, as these terms are further defined in Section 23-23-10 and Chapter 80 of Title 40 who at the time of death owned the house in fee or jointly with the now surviving spouse, if the surviving spouse remains unmarried, resides in the house, and has acquired ownership of the house in fee or for life;

(iv) "house" means a dwelling and the lot on which it is situated classified in the hands of the current owner for property tax purposes pursuant to Section 12-43-220(c).

(2)(a) The dwelling house in which he resides and a lot not to exceed one acre of land owned in fee or for life, or jointly with a spouse, by a paraplegic or hemiplegic person, is exempt from all property taxation provided the person furnishes satisfactory proof of his disability to the Department of Revenue. The exemption is allowed to the surviving spouse of the person so long as the spouse does not remarry, resides in the dwelling, and obtains the fee or a life estate in the dwelling. To qualify for the exemption, the dwelling house must be the domicile of the person who qualifies for the exemption. For purposes of this item, a hemiplegic person is a person who has paralysis of one lateral half of the body resulting from injury to the motor centers of the brain. For the purposes of this exemption, "paraplegic" or "hemiplegic" includes a person with Parkinson's Disease, Multiple Sclerosis, or Amyotrophic Lateral Sclerosis, which has caused the same ambulatory difficulties as a person with paraparesis or hemiparesis. A doctor's statement is required stating that the person's disease has caused these same ambulatory difficulties. A surviving spouse of a person receiving the exemption under this subsection is not allowed the exemption.

(b) When a trustee holds legal title to a dwelling for a beneficiary and the beneficiary is a person who qualifies otherwise for the exemption provided in subitem (a) and the beneficiary uses the dwelling as his domicile, the dwelling is exempt from property taxation in the amount and manner as dwellings are exempt pursuant to subitem (a).

(3) Two private passenger vehicles owned or leased by any disabled veteran designated by the veteran for which special license tags have been issued by the Department of Motor Vehicles under the provisions of Sections 56-3-1110 to 56-3-1130 or, in lieu of the license, if the veteran has a certificate signed by the county service officer or the Veterans Administration of the total and permanent disability which must be filed with the Department of Motor Vehicles.

(4) All property of any kind of a nonprofit corporation created for the purpose of providing water supply or sewage disposal, or a combination of such services, organized pursuant to Chapter 36 of Title 33.

(5) All property of the American Legion, the Veterans of Foreign Wars, the Disabled American Veterans, Fleet Reserve Association, and the Marine Corps League or any similar Veterans Organization chartered by the Congress of the United States, whether belonging to the department or to any of the posts in this State when used exclusively for the purpose of such organization and not used for any purpose other than club rooms, offices, meeting places, or other activities directly in keeping with the policy stated in the National Constitution of such organization, and such property is devoted entirely to its own uses and not held for "pecuniary profit". For the purposes of this item "pecuniary profit" refers to income received from the sale of alcoholic beverages to persons other than bona fide members and their bona fide guests, or any income, any part of which inures to the benefit of any private individual. Where any structure or parcel of land is

- used partly for the purposes of such organization and partly for such pecuniary profits, the area for pecuniary profits shall be assessed separately and that portion shall be taxed.
- (6) All property owned and used or occupied by any Young Women's Christian Association, Young Men's Christian Association or the Salvation Army in this State and used for the purpose of or in support of such organizations but the exemption herein provided shall not apply to such portions of any such property rented for purposes not related to the functions of the organization.
- (7) All property owned and used or occupied by The Boy Scouts of America or The Girl Scouts of America and used exclusively for the purposes of these organizations. The exemption allowed by this item also extends to property not owned by these organizations but which is used exclusively by them for scouting purposes.
- (8) Properties of whatever nature or kind owned within the State and used or occupied by the South Carolina Association of Future Farmers of America so long as such properties are used exclusively to promote vocational education or agriculture, better business methods and more effective organization for farming or to encourage thrift or provide recreation for persons studying agriculture or home economics in the public schools.
- (9) All wearing apparel of the person required to make a return and of the family of such person.
- (10) Notwithstanding any other provisions of law, the property of telephone companies and rural telephone cooperatives operating in this State used in providing rural telephone service, which was exempt from property taxation as of December 31, 1973, shall be exempt from such property taxation; provided, however, that the amount of property subject to ad valorem taxation of any such company or cooperative in any tax district shall not be less than the net amount to which the tax millage was applied for the year ending December 31, 1973. Any property in any tax district added after December 31, 1973, shall likewise be exempt from property taxation in the proportion that the exempt property of such company or cooperative as of December 31, 1973, in that tax district was to the total property of such company or cooperative as of December 31, 1973, in that tax district.
- (11)(a) All property of nonprofit housing corporations devoted exclusively to providing below-cost housing for the aged or for handicapped persons or for both aged and handicapped persons as authorized by Section 202 of the Housing Act of 1959 and regulated in part by 24 CFR Part 885.
- (b) All property of nonprofit housing corporations devoted exclusively to providing below-cost supportive housing for elderly persons or households as authorized by Section 202 of the Housing Act of 1959 as amended under Section 801 of the National Affordable Housing Act of 1990 and regulated in part by 24 CFR Part 889.
- (c) All property of nonprofit housing corporations devoted exclusively to providing below-cost supportive housing for persons with disabilities as authorized by Section 811 of the National Affordable Housing Act of 1990 and regulated in part by 24 CFR Part 890.
- (d) all property of nonprofit housing corporations devoted exclusively to providing rental or cooperative housing and related facilities for elderly or handicapped persons or families of low or moderate income as authorized by Section 515 of Title V of the Housing Act of 1949.
- (e) All property of nonprofit housing corporations or solely-owned instrumentalities of these corporations which is devoted to providing housing to low or very low income residents. A nonprofit housing corporation must satisfy the safe harbor provisions of

Revenue Procedure 96-32 issued by the Internal Revenue Service to qualify for this exemption.

(12) The property of any fraternal society, corporation or association, when the property is used primarily for the holding of its meetings and the conduct of its business and no profit or benefit therefrom shall inure to the benefit of any private stockholders or individuals.

(13) All agricultural products owned by the producer in this State.

(14) All farm machinery and equipment including self-propelled farm machinery and equipment except for motor vehicles licensed for use on the highways. For the purpose of this section "self-propelled farm machinery and equipment" means farm machinery or equipment which contains within itself the means for its own locomotion. For purposes of this item, farm equipment includes greenhouses.

(15) All livestock and live poultry.

(16)(a) The property of any religious, charitable, eleemosynary, educational, or literary society, corporation, or other association, when the property is used by it primarily for the holding of its meetings and the conduct of the business of the society, corporation, or association and no profit or benefit therefrom inures to the benefit of any private stockholder or individual.

(b) The property of any religious, charitable, or eleemosynary society, corporation, or other association when the property is acquired for the purpose of building or renovating residential structures on it for not-for-profit sale to economically disadvantaged persons. The total properties for which the religious, charitable, or eleemosynary society, corporation, or other association may claim this exemption in accordance with this paragraph may not exceed fifty acres per county within the State.

(c) The exemption allowed pursuant to subitem (a) of this item extends to real property owned by an organization described in subitem (a) and which qualifies as a tax exempt organization pursuant to Internal Revenue Code Section 501(c)(3), when the real property is held for a future use by the organization that would qualify for the exemption allowed pursuant to subitem (a) of this item or held for investment by the organization in sole pursuit of the organization's exempt purposes and while held this real property is not rented or leased for a purpose unrelated to the exempt purposes of the organization and the use of the real property does not inure to the benefit of any private stockholder or individual. Real property donated to the organization which receives the exemption allowed pursuant to this subitem is allowed the exemption for no more than three consecutive property tax years. If real property acquired by the organization by purchase receives the exemption allowed pursuant to this subitem and is subsequently sold without ever having been put to the exempt use, the exemption allowed pursuant to this subitem is deemed terminated as of December thirty-first preceding the year of sale and the property is subject to property tax for the year of sale to which must be added a recapture amount equal to the property tax that would have been due on the real property for not more than the four preceding years in which the real property received the exemption allowed pursuant to this subitem. The recapture amount is deemed property tax for all purposes for payment and collection.

(17) Personal property in transit with "no situs" status as defined in Article 7 of Chapter 37 of Title 12 and subject to the record keeping requirements and penalties prescribed in that article shall not be subject to ad valorem taxation.

- (18) Real property leased on a nonprofit basis, to a state agency, county, municipality or other political subdivision so long as it is used for a general public purpose; provided, however, this exemption shall not apply to property used for office space or warehousing.
- (19) All property owned by volunteer fire departments and rescue squads used exclusively for the purposes of these departments and squads. Property leased to a department or squad by an entity itself exempt from property tax is exempt in the same manner that property owned by these departments and squads is exempt.
- (20) All property of nonprofit museums which is used exclusively for such purpose.
- (21) All property leased to and operated by the South Carolina Public Service Authority for the generation or transmission of electric power shall be deemed for all tax purposes to be property of the Authority and exempt from ad valorem taxes.
- (22) All community owned recreation facilities opened to the general public and operated on a nonprofit basis.
- (23) Notwithstanding any other provision of law, property heretofore exempt from ad valorem taxation by reason of the imposition upon such property or the owner of such property of a tax other than an ad valorem tax pursuant to the provisions of Section 12-11-30, Section 12-13-50 or Section 12-21-1080 shall continue to be entitled to such exemption.
- (24) All property of nonprofit or eleemosynary community theater companies, symphony orchestras, county and community arts councils and commissions and other such companies, which is used exclusively for the promotion of the arts.
- (25) All personal property loaned or leased on a nonprofit basis to a state agency, county, municipality, or other political subdivision, or to an organization exempt from federal income tax under Internal Revenue Code Section 501 through 514 as defined in item (11) of Section 12-6-40(A), for at least thirty days during the tax year, so long as such personal property is used solely for the purpose of public display and not for the use of such state agency, county, municipality, or other political subdivision, or exempt organization.
- (26) Two private passenger vehicles owned or leased by recipients of the Medal of Honor.
- (27) Two personal motor vehicles, owned or leased either solely or jointly by persons required to use wheelchairs, who qualify for special license tags under the provisions of Section 56-3-1910.
- (28) All carnival equipment owned, leased, or used by a foreign corporation or other nonresident of this State, not physically present within State for an aggregate of more than six months of the tax year, and having paid an ad valorem or like tax in at least one other state.
- (29) Two private passenger vehicles or trucks, not exceeding three-quarter ton, owned or leased by and licensed and registered in the name of any member or former member of the armed forces who was a prisoner of war (POW) in World War I, World War II, the Korean Conflict, or the Vietnam Conflict and who is a legal resident of this State. This exemption also extends to the surviving spouse of a qualified former POW for the lifetime or until the remarriage of the surviving spouse.
- (30) All inventories.
- (31) All real property of churches which extends beyond the buildings and premises actually occupied by the churches which own the real property if no profit or benefit from any operation on the churches' real property inures to the benefit of any private stockholder or individual and no income producing ventures are located on the churches'

real property. This exemption does not change any exemption provided for churches or other entities in item (3) of subsection A of this section and item (c), Section 3 of Article X of the Constitution of this State but is an additional exemption for churches as provided in this item.

(32) All new corporate headquarters, corporate office facilities, distribution facilities, and all additions to existing corporate headquarters, corporate office facilities, or distribution facilities located in South Carolina, established or constructed, or placed in service, after June 27, 1988, are exempt from nonschool county ad valorem taxes for a period of five years from the time of establishment, construction, or being placed in service if the cost of the new construction or additions is fifty thousand dollars or more and seventy-five or more new jobs which are full-time or one hundred fifty or more substantially equivalent jobs are created in South Carolina. For the purpose of this exemption, the term:

(1) "new job" means any job created by an employer in South Carolina at the time a new facility or an expansion is initially staffed, but does not include a job created when an employee is shifted from an existing South Carolina location to work in a new or expanded facility;

(2)(a) "full-time" means a job requiring a minimum of thirty-five hours of an employee's time a week for the entire normal year of company operations or a job requiring a minimum of thirty-five hours of an employee's time for a week for a year in which the employee was initially hired for or transferred to the South Carolina corporate headquarters, corporate office facility, or distribution facility and worked at a rented facility pending construction of a corporate headquarters, corporate office facility, or distribution facility;

(b) "substantially equivalent" means a job requiring a minimum of twenty hours of an employee's time a week for the entire normal year of company's operations or a job requiring a minimum of twenty hours of an employee's time for a week for a year in which the employee was initially hired for or transferred to the South Carolina corporate headquarters, corporate office facility, or distribution facility and worked at a rented facility pending construction of a corporate headquarters, corporate office facility, or distribution facility;

(3) "corporate headquarters" means the location where corporate staff members or employees are domiciled and employed, and where the majority of the company's financial, personnel, legal, planning, or other business functions are handled either on a regional or national basis and must be the sole such corporate headquarters within the region or nation;

(4) "staff employee" or "staff member" means executive, administrative, or professional worker. At least eighty percent of an executive employee's business functions must involve the management of the enterprise and directing the work of at least two employees. An executive employee has the authority to hire and fire or has the authority to make recommendations related to hiring, firing, advancement, and promotion decisions, and an executive employee must customarily exercise discretionary powers. An administrative employee is an employee who is not involved in manual work and whose work is directly related to management policies or general business operations. An administrative employee must customarily exercise discretion and independent judgment. A professional employee is an employee whose primary duty is work requiring knowledge of an advanced type in a field of science or learning. This knowledge is characterized by a prolonged course of specialized study. The work must

be original and creative in nature, and the work cannot be standardized over a specific period of time. The work must require consistent exercise of discretion;

(5) "region" or "regional" means a geographic area comprised of either:

(a) at least five states, including South Carolina, or

(b) two or more states, including South Carolina, if the entire business operations of the corporation are performed within fewer than five states;

(6) "corporate office facility" means the location where corporate managerial, professional, technical, and administrative personnel are domiciled and employed, and where corporate financial, personnel, legal, technical, support services, and other business functions are handled. Support services include, but are not limited to, claims processing, data entry, word processing, sales order processing, and telemarketing;

(7) "distribution facility" has the meaning provided pursuant to Section 12-6-3360(M)(8). Certification of the required investment and the number of new jobs which are full-time or substantially equivalent and which are created must be provided by the South Carolina Department of Revenue to the appropriate local tax officials.

(33) All personal property including aircraft of an air carrier which operates an air carrier hub terminal facility in this State for a period of ten consecutive years from the date of qualification, if its qualifications are maintained. An air carrier hub terminal facility is defined in Section 55-11-500.

(a) All personal property including aircraft of an air carrier which operates an air carrier hub terminal facility in this State for a period of ten consecutive years from the date of qualification, if its qualifications are maintained. An air carrier hub terminal facility is defined in Section 55-11-500.

(b) All aircraft, including associated personal property, owned by a company owning aircraft meeting the requirements of Section 55-11-500(a)(3)(i) without regard to the other requirements of Section 55-11-500. An aircraft qualifying for the exemption allowed by this subitem may not be used by the operator of the aircraft as the basis for an exemption pursuant to subitem (a) of this item.

(34) The facilities of all new enterprises engaged in research and development activities located in any of the counties of this State, and all additions valued at fifty thousand dollars or more to existing facilities of enterprises engaged in research and development are exempt from ad valorem taxation in the same manner and to the same extent as the exemption allowed pursuant to item (7) of subsection (A) of Section 12-37-220. These additions include machinery and equipment installed in an existing manufacturing or research and development facility. For purposes of this section, facilities of enterprises engaged in research and development activities are facilities devoted directly and primarily to research and development, in the experimental or laboratory sense, of new products, new uses for existing products, or improvement of existing products. To be eligible for the exemption allowed by this section, the facility or its addition must be devoted primarily to research and development as defined in this section. The exemption does not include facilities used in connection with efficiency surveys, management studies, consumer surveys, economic surveys, advertising, promotion, or research in connection with literary, historical, or similar projects.

(35) Property exempt under subsection A(5) of this section when located in a time-share unit.

(36) After the easement is granted, land subject to a perpetual easement donated to this State under the South Carolina Scenic Rivers Act of Chapter 29 of Title 49.

- (37) one personal motor vehicle owned or leased by a legal guardian of a minor who is blind or required to use a wheelchair when the vehicle is used to transport the minor.
- (38)(a) Watercraft and motors which have an assessment of not more than fifty dollars.
- (b) By ordinance, a governing body of a county may exempt from the property tax, forty-two and  $75/100$  percent of the fair market value of a watercraft and its motor. This exemption for a watercraft motor applies whether the motor is located in, attached to, or detached from the watercraft.
- (39) the governing body of a municipality may by ordinance exempt from municipal ad valorem taxes for not more than five years property located in the municipality receiving the exemptions from county ad valorem taxes allowed pursuant to items (32) and (34) of this subsection.
- (40) watercraft trailers.
- (41) Economic development property during the exemption period as provided in Chapter 44 of Title 12.
- (42) Property held in trust under the provisions of Chapter 18 of Title 51 and all real property of charitable trusts and foundations held for historic preservation of forts and battlegrounds which extends beyond the buildings and premises actually occupied by the charitable trusts and foundations which own the real property if no profit or benefit from any operation on the charitable trusts' and foundations' real property inures to the benefit of any private stockholder or individual and no income producing ventures are located on the charitable trusts' and foundations' real property. This exemption does not change any exemption provided for charitable trusts and foundations in item (4) of subsection (A) of this section and item (d), Section 3, Article X of the Constitution of this State but is an additional exemption for charitable trusts and foundations for historic preservation, as provided in this item.
- (43) The dwelling home and a lot not to exceed one acre of land owned in fee or for life or jointly with a spouse by a resident of this State who is a recipient of the Medal of Honor or who was a prisoner of war in World War I, World War II, the Korean Conflict, or the Vietnam Conflict. The exemption is allowed to the surviving spouse under the same terms and conditions governing the exemption for surviving spouses pursuant to item (1) of this subsection. A person applying for this exemption must provide the evidence of eligibility the department requires.
- (44) Subject to the approval by resolution of the county governing body, property and improvements subject to a nonresponsible party voluntary cleanup contract for which a certificate of completion has been issued by the Department of Health and Environmental Control pursuant to Article 7, Chapter 56 of Title 44, the Brownfields Voluntary Cleanup Program, is exempt from ad valorem taxation in the same manner and to the same extent as the exemption allowed pursuant to subsection (A)(7) of this section. This exemption applies beginning with the taxable year in which the certificate of completion is issued.
- (45) a private passenger motor vehicle leased by a member of the armed forces of the United States stationed in this State when that service member's home of record is in another state and the leased vehicle is registered in South Carolina.
- (46) a private passenger motor vehicle leased to a governmental entity that would be exempt pursuant to subsection (A)(1) of this section if the governmental entity owned the vehicle.
- (47)(a) Effective for property tax years beginning after 2006 and to the extent not already exempt pursuant to Section 12-37-250, one hundred percent of the fair market value of owner-occupied residential property eligible for and receiving the special assessment

ratio allowed owner-occupied residential property pursuant to Section 12-43-220(c) is exempt from all property taxes imposed for school operating purposes but not including millage imposed for the repayment of general obligation debt.

(b) Notwithstanding any other provision of law, property exempted from property tax in the manner provided in this item is considered taxable property for purposes of bonded indebtedness pursuant to Section 15 of Article X of the Constitution of this State.

(c) The exemptions allowed by this item may not be deleted or reduced except by a legislative enactment receiving a recorded rollcall vote of at least a two-thirds majority of the membership of each house of the General Assembly.

(48) a motor vehicle licensed and registered as an antique motor vehicle pursuant to Article 23, Chapter 3 of Title 56.

(49) Real property not subject to property tax, leased by a state agency, county, municipality, other political subdivision, or other state entity to an entity that would not be subject to property tax if the entity owned the property.

(50) All fire sprinkler system equipment and the value attached thereto that is installed on a commercial or residential structure when the installation is not required by law, regulation, or code until there is an assessable transfer of interest as determined by Section 12-37-3150.

(51) one hundred percent of the value of an improvement to real property consisting of a newly constructed detached single family home offered for sale by a residential builder or developer through the earlier of:

(a) the property tax year in which the home is sold or otherwise occupied; or

(b) the property tax year ending the sixth December thirty-first after the home is completed and a certificate of occupancy, if required, is issued thereon.

In lieu of other exemption application requirements, the owner of property eligible for the exemption allowed by this item shall obtain the exemption by notifying the county assessor and county auditor by written affidavit no later than thirty days after the certificate of occupancy is issued and no later than January thirty-first in subsequent exemption eligibility years that the property is of the type eligible for the exemption and unoccupied and if found in order, the exemption is allowed for the applicable property tax year. If the unsold residence is occupied at any time before eligibility for the exemption ends, the owner shall so notify the auditor and assessor and the exemption ends as provided in subitem (a) of this item.

(C) Upon approval by the governing body of the county, the five-year partial exemption allowed pursuant to subsections (A)(7), (B)(32), and (B)(34) is extended to an unrelated purchaser who acquires the facilities in an arms-length transaction and who preserves the existing facilities and existing number of jobs. The partial exemption applies for the purchaser for five years if the purchaser otherwise meets the exemption requirements.

(D) If a church acquires ownership of real property which will be exempt under this section when owned by the church, the transferor's liability for property taxes on the property ceases on the church acquiring the property, and any exemptions provided in this section then apply, subject to the requirements of Section 12-4-720. The property taxes accruing up to the date of the acquisition by the church, if any, must be paid to the county where the property is located within thirty days of the acquisition date. If the millage has not yet been set for the year when the acquisition occurs, the county auditor shall apply the previous year's millage in determining any taxes owed. If the millage has been determined, the auditor shall apply the current year's millage in determining any taxes owed. All taxes, assessments, penalties, and interest on the property acquired by a



church are a first lien on the property taxed, the lien attaching December thirty-first of the year immediately preceding the calendar year during which the tax is levied.

(E) If an entity owns property a portion of which qualifies for an exemption under subsections (A)(4) or (B)(16)(a) of this section and a portion of which is leased to one or more separate entities and that property would be exempt under subsections (A)(4) or (B)(16) of this section if the entity leasing the property owned the property, then any portion of the property that is leased to such entity is exempt from property taxes.

## **B. Undeveloped Subdivided Land Valuation**

### **SECTION 12-43-224. Assessment of undeveloped acreage subdivided into lots.**

Notwithstanding the requirement that real property is required by law to be appraised at fair market value for ad valorem tax purposes, when undeveloped acreage is surveyed into subdivision lots and the conditional or final plat is recorded with the appropriate county official, the county assessor shall appraise each lot as an individual property and then discount his gross actual market value estimate of the developer's lot holdings under the following conditions:

1. The discount rate shall include only:

(a) typical interest rate as charged by developers within the county to purchasers of lots when the purchase is financed by the developer or, in the absence of financing by the developer, the typical interest rate charged by local savings & loan institutions for mortgages on new homes.

(b) the effective tax rate for the tax district that the lots are located in.

2. The developer has ten or more unsold lots within the homogeneous area on the December 31 tax control date.

3. The assessor shall determine a reasonable number of years for the developer to sell the platted lots, however the estimate shall not exceed seven years.

Each of these components shall be based on identifiable factors in determining "The Present Worth of Future Benefits" based on the discounting process.

Platted lots shall not come within the provisions of this section unless the owners of such real property or their agents make written application therefore on or before May 1st of the tax year in which the multiple lot ownership discounted value is claimed.

The application for the discounted value shall be made to the assessor of the county in which the real property is located, upon forms provided by the county and approved by the department and a failure to so apply shall constitute a waiver of the discounted value for that year.

## **C. Multiple Lot Discount**

### **SECTION 12-43-225. Multiple lot discounts.**

(A) For subdivision lots in a plat recorded on or after January 1, 2001, and notwithstanding the provisions of Section 12-43-224, a subdivision lot discount is allowed in the valuation of the platted lots only as provided in subsection (B) of this section, and this discounted value applies for five property tax years or until the lot is sold, or a certificate of occupancy is issued for the improvement on the lot, or the improvement is occupied, whichever of them elapses or occurs first. When the discount

allowed by this section no longer applies, the lots must be individually valued as provided by law.

(B) To be eligible for a subdivision lot discount, the recorded plat must contain at least ten building lots. The owner shall apply for the discount by means of a written application to the assessor on or before May first of the year for which the discount is claimed. The value of each platted building lot is calculated:

- (1) by dividing the total number of platted building lots into the value of the entire parcel as undeveloped real property; and
- (2) as provided in Section 12-43-224 and the difference between the two calculations determined.

The value of a lot as determined under Section 12-43-224 is reduced as follows:

For lots in plats recorded in 2001, the value is reduced by thirty percent of the difference.

For lots in plats recorded in 2002, the value is reduced by sixty percent.

For lots in plats recorded after 2002, the value is reduced by one hundred percent of the difference.

(C) If a lot allowed the discount provided by this section is sold to the holder of a residential homebuilder's license or general contractor's license, the discount continues through the first tax year which ends twelve months from the date of sale if the purchaser files a written application for the discount with the county assessor by May first of the year for which the applicant is claiming the discount.

#### **D. HOA Valuation**

##### **SECTION 12-43-227. Valuation of homeowners' association property.**

The fair market value of homeowners' association property, as defined in Section 12-43-230, for ad valorem tax purposes is defined as the nonqualified earnings value to be determined by the capitalization of the property's nonqualified gross receipts. For purposes of this section, "nonqualified gross receipts", means the gross receipts from the use of the property other than:

(1) amounts received as membership dues, fees, or assessments from the members of the homeowners' association; and

(2) amounts received from the developer of the property owned by the homeowners' association as reported on the most recently filed application submitted pursuant to Section 12-43-230. If additional reporting is required pursuant to Section 12-43-230, nonqualified gross receipts shall be determined utilizing gross receipts from the most recent completed tax year. After a piece of property's nonqualified gross receipts have been established, they must be capitalized to determine nonqualified earnings value by utilizing a capitalization rate of twenty percent. Notwithstanding any other provision of this section, in the event of real property with zero or de minimus nonqualified gross receipts, the special valuation of homeowners' association property shall not result in any homeowners' association property being valued at a rate less than five hundred dollars an acre.

#### **E. Tractor Trailer Taxes**

##### **SECTION 12-37-2810. Definitions.**

As used in this article, unless the context requires otherwise:

(A) "Motor carrier" means a person who owns, controls, operates, manages, or leases a motor vehicle or bus for the transportation of property or persons in intrastate or interstate commerce except for scheduled intercity bus service and farm vehicles using FM tags as allowed by the Department of Motor Vehicles. A motor carrier is defined further as being a South Carolina-based International Registration Plan registrant or owning or leasing real property within this State used directly in the transportation of freight or persons.

(B) "Motor vehicle" means a motor propelled vehicle used for the transportation of property on a public highway with a gross vehicle weight of greater than twenty-six thousand pounds.

(C) "Highway" means all public roads, highways, streets, and ways in this State, whether within a municipality or outside of a municipality.

(D) "Person" means any individual, corporation, firm, partnership, company or association, and includes a guardian, trustee, executor, administrator, receiver, conservator, or a person acting in a fiduciary capacity.

(E) "Semitrailers" means every vehicle with or without motive power, other than a pole trailer, designed for carrying property and for being drawn by a motor vehicle and constructed so that a part of its weight and of its load rests upon or is carried by another vehicle.

(F) "Trailers" means every vehicle with or without motive power, other than a pole trailer, designed for carrying property and for being drawn by a motor vehicle and constructed so that no part of its weight rests upon the towing vehicle.

(G) "Bus" means every motor vehicle designed for carrying more than sixteen passengers and used for the transportation of persons, for compensation, other than a taxicab or intercity bus.

**SECTION 12-37-2820. Assessment of motor vehicles.**

(A) The Department of Revenue annually shall assess, equalize, and apportion the valuation of all motor vehicles of motor carriers. The valuation must be based on fair market value for the motor vehicles and an assessment ratio of nine and one-half percent as provided by Section 12-43-220(g). Fair market value is determined by depreciating the gross capitalized cost of each motor vehicle by an annual percentage depreciation allowance down to ten percent of the cost as follows:

(1) Year One	--	.90
(2) Year Two	--	.80
(3) Year Three	--	.65
(4) Year Four	--	.50
(5) Year Five	--	.35
(6) Year Six	--	.25
(7) Year Seven	--	.20
(8) Year Eight	--	.15
(9) Year Nine	--	.10

(B) "Gross capitalized cost", as used in this section, means the original cost upon acquisition for income tax purposes, not to include taxes, interest, or cab customizing.

**SECTION 12-37-2830. Determination of value based on ratio.**

The value of a motor carrier's vehicles subject to property taxes in this State must be determined based on the ratio of total mileage operated within this State during the preceding calendar year to the total mileage of its fleet operated within and without this State during the same preceding calendar year.

**SECTION 12-37-2840.** Annual property tax returns; failure to remit taxes or file returns; assessments; appeals; penalties.

(A) Motor carriers must file an annual property tax return with the Department of Revenue no later than June 30 for the preceding calendar year and remit one-half of the tax due or the entire tax due as stated on the return. If the motor carrier fails to pay either one-half of the tax due or the entire tax due as of June 30, the department must issue a proposed assessment for the entire tax to the motor carrier. The tax as shown in the proposed assessment must be paid in full by cashier's check, money order, or cash within thirty days of the issuance of the proposed assessment, or the taxpayer may appeal the proposed assessment within thirty days using the procedures provided in subarticle 1, Article 5, Chapter 60 of this title.

(B)(1) If one-half of the tax is remitted on or before June 30, the remaining one-half of the tax due must be paid to the Department of Revenue on or before December 31 of that year. If the motor carrier fails to remit the remaining tax due pursuant to this section, the department shall issue a proposed assessment to the motor carrier.

(2) The tax shown in the proposed assessment must be paid in full by cashier's check, money order, or cash or appealed within thirty days of the issuance of the proposed assessment. The taxpayer may appeal the proposed assessment using the procedures provided in subarticle 1, Article 5, Chapter 60 of this title.

(C) If a motor carrier fails to timely file the return as required by this section, the department shall issue a proposed assessment which assumes all mileage of the motor carrier's fleet was driven within this State. A taxpayer may appeal this proposed assessment using the procedures provided in subarticle 1, Article 5, Chapter 60 of this title.

(D) A twenty-five percent penalty must be added to the property tax due if the motor carrier fails to file a return or pay any tax due, including the one-half of the tax due on June 30, as required by this section. The penalty must be applied the day after the date that the return was due to be filed or the tax was due to be paid. This penalty is instead of all other penalties and interest required by law, except those provided in Section 12-54-44.

(E) If the motor carrier fails to remit the tax due within thirty days of receipt of the proposed assessment and the taxpayer fails to appeal the proposed assessment as provided in subsection (B), the department shall assess the tax. Tax due pursuant to this section is subject to the collection procedures provided in Chapter 54, of this title, except that the penalty provisions of Section 12-54-43 do not apply.

**SECTION 12-37-2850.** Assessment of taxes.

The Department of Revenue shall assess annually the taxes due based on the value determined in Section 12-37-2820 and an average millage for all purposes statewide for

the preceding calendar year and shall publish the average millage for the preceding year by June 1 of each year. The taxes assessed must be paid to the Department of Revenue no later than December 31 of each year and may be made in two equal installments. Distribution of the taxes paid must be made by the State Treasurer's Office based on the distribution formula contained in Section 12-37-2870.

**SECTION 12-37-2860. One-time fees.**

(A) Instead of the property taxes and registration requirements contained in Sections 56-3-110 and 56-3-700 on semitrailers and trailers of motor carriers as defined in Section 12-37-2810, a one-time fee payable to the Department of Motor Vehicles in the amount of eighty-seven dollars is due on all semitrailers and trailers currently registered and subsequently on each semitrailer and trailer before being placed in service.

(B) Twelve dollars of the one-time fee must be distributed to the Department of Revenue and may be retained by the Department of Revenue and expended in budgeted operations to record and administer the fee. The remaining seventy-five dollars of the fee must be distributed based on the distribution formula contained in Section 12-37-2870 and must occur by the fifteenth day of the month following the month in which the fees are collected.

(C) The fee required by this section is due on or before March 31, 1998, for the initial registration.

(D) The Department of Motor Vehicles shall design a permanent tag for display on the exterior of the rear of the trailer or semitrailer in a conspicuous place.