

SC Taxation Re-Alignment Commission (TRAC)

MINUTES

Tuesday, September 21, 2010

Room 308 Gressette

Meeting was called to order at 10:05 AM.

I. Welcome

In attendance:

- Burnie Maybank
- Kenneth Cosgrove
- Ray Stevens
- Brian Moody
- Jimmy Addison
- Charlie Way
- Don Weaver

Not in attendance:

- Jack Shuler
- Bob Steelman
- Ken Wingate
- Ben Kochenower

II. Adoption of Proposed Agenda

Commissioner Way moved to adopt the proposed agenda, Commissioner Moody seconded the motion. The agenda was adopted via voice vote

III. Adoption of Minutes from Previous Meeting

Commissioner Way moved to adopt the proposed agenda, Commissioner Weaver seconded the motion. The minutes were adopted via voice vote.

IV. Public Testimony on Property Tax

a. Jane Paige Thompson: Real estate agent in Aiken, SC.

Ms. Thompson explains that Aiken suffers uniquely because of the 'Golden Triangle.' Aiken is not a part of the 'Golden Triangle' and she believes that legislation moves and serves in this area. Aiken = no money or votes. She believes the Business/Personal Property Tax are burdensome and should be eliminated.

b. Pete Oliver

Mr. Oliver states there is no uniformity in Lexington County when assessing value of land. Mr. Oliver's suggestion is to put laws in place to insure that the Department of Revenue present software or models to be used by counties for assessing property. These must be approved by DOR and DOR must have someone responsible for administration in each county to approve the appraisal and its correctness. He also believes the equalization boards need to be comprised of qualified individuals. He believes that appeals should not go to Administrative Law Court but to a qualified Equalization Board. Lexington County last assessed property in 2005 and has begun the process for 2010. Mr. Oliver also believes SC should be assessing property value every 8 – 10 years.

c. Elijah T. Jones

Mr. Jones is here to Speak on Act 388. He is the property manager for 400 rental units in Florence County. The strain from property tax burdens has become more notable on investment owner's bottom line over the past 8 years. It now requires 2.5 months of rent to pay the property tax on a single property (1.5 mos on larger properties). He believes you cannot raise rent in order to cover these costs as it is unfair to the renter.

d. Ron Harrelson: Realtor/ Property Manager/ Investor in Florence

The school district(s) in Florence has autonomy to raise millage and Mr. Harrelson believes it has gotten out of control. As an investor he cannot afford to buy more properties because taxes are too high. He believes equalization among the 4-6% disparity will help with some of the inequities.

e. David Whetsell

Mr. Whetsell is here to speak in support of Act 388. He believes it has saved all property owners from runaway tax increases and believes legislators saved the homeowners from being taxed out of their homes.

f. Robert Croom, representing The Association of Counties, Forestry Association, and the SC farm Bureau

Mr. Croom shares with TRAC that meetings have taken place on proposed changes regarding the agricultural use valuation and believes they will soon finalize those mutually agreed upon points for changes. He stresses that improvement upon abuse is key.

Mr. Croom will provide the Commission with the statute on 1% legal residency.

Commissioner Weave inquires if the SCAS has tried to make assessors a more cohesive from one county to the next. Per Mr. Croom: They are required to be certified appraisers and most appraisal board information is based upon fee appraisal.

Commissioner Weaver asks if SCAS publishes a type of guideline for county assessors. DOR regulates standards and approvals. Commissioner Stevens clarifies that uniformity has been an issue before. There was a recent amendment to current law requiring nine hours of training for assessors and that training should be handled by DOR. He also clarifies that the Department of Revenue has oversight over assessors and meets with them regularly. Mr. Stevens does understand that uniformity can be an issue in some areas of the state.

g. Jay Rhinehart, SC Association of Realtors:

Mr. Rhinehart believes equalizing the property tax system would eliminate some of the unfair property tax burdens. He also states that the variety of assessment ratios is unnecessary. These ratios unequally burden a business person, a manufacturing facility, etc. Taxing everyone at the same assessment ratio would be more beneficial to citizens and business owners. He also states that fees need to be limited as these fees will do nothing but burden the businesses and individuals. Setting standards for assessors to follow would also be helpful. He does not think that nine hours sounds like adequate training for assessors. Large property buyers have been staying out of tax system. One way this is done is by buying bank notes on the properties.

Chairman Maybank references an article in the Sun News regarding time shares and how they will be doubly taxed if property tax is placed on these. The Chairman expresses confusion at what argument the article is using to make this claim. Mr. Rhinehart is not sure what the article is referencing either.

Chairman Maybank inquires if there are any 50 state comparisons on property tax that TRAC has not looked at. Mr. Rhinehart is not aware of any.

h. Ben Brantley

People are not coming to South Carolina because of the discrepancy and disparity between the different levels of property taxes. He tells national clients that this is the best time, prices are lower and values are down. He is also not aware of the double taxing for time shares as referenced in the above mentioned article.

i. Ryley Harvell

Mr. Harvell would like to remind TRAC of their primary obligations as they continue to restructure the tax system in this state. He believes their primary obligation should lie with the taxpayers of SC.

j. Mark Powell, Anderson County

Mr. Powell owns rental property in Greenville and Anderson counties. He believes he should not have to pay rent in the form of property taxes which is how he equates what he currently pays.

k. David Cannon, Edisto Beach, member of 'No Home Tax Group'

Property tax is the only tax that does not adjust based on income. If a citizen does not pay their property tax the county will take your home/land/etc.

Chairman Maybank asks when the last time Colleton County had reassessment. The last time was 2005 with 2010 as a current reassessment year.

l. Dan Harvell, Anderson County

Mr. Harvell would like to see a bill introduced and passed that would make assessors elected officials in every county. He believes Act 388 has been beneficial to the citizens of SC and a compromise regarding the point of sale would add to that.

Commissioner Weaver asks had act 388 not been passed, would the foreclosure problem be worse in SC. Yes, Mr. Harvell agrees with that statement.

Commissioner Cosgrove inquires what Mr. Harvell would respond to school districts with that do not have the same feelings regarding Act 388. Mr. Harvell believes the school districts overemphasize the importance to Act 388 and school funding. Mr. Harvell clarifies that schools do not just depend on property tax for their funding as there is a hold harmless clause in Act 388. Mr. Harvell believes a consumption tax could solve the problem.

m. Lowell Ingridson, Rental Property Owner

Mr. Ingridson explains that it takes almost 3 months' rent to pay taxes on rental property. The worst cases of his are in Lexington County. Richland County last reassessed last year and all Mr. Ingridson's properties increased with not one decreasing.

Chairman Maybank inquires if Mr. Ingridson pays business personal property tax on furniture inside his rental properties. No, those items are not taxed.

V. Receipt of "Other Funds" Draft Proposal

Proposal was passed out to Commissioners and the vote will take place at the next meeting.

VI. Adjournment

Meeting adjourned at 11:55.