

REPORT OF THE PROPERTY TAX SUBCOMMITTEE

(Ballentine, Erickson, Rutherford & Weeks - Staff Contact: Devin Coleman)

HOUSE BILL 3411

H. 3411 -- Reps. G.R. Smith, W. Newton, Funderburk and Willis: A BILL TO AMEND SECTION 12-54-122, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO TAX LIENS, SO AS TO ALLOW THE DEPARTMENT OF REVENUE TO IMPLEMENT A SYSTEM OF FILING AND INDEXING LIENS WHICH IS ACCESSIBLE TO THE PUBLIC OVER THE INTERNET OR THROUGH OTHER MEANS.

Received by Ways and Means:

December 18, 2018

Summary of Bill:

This bill allows the Department of Revenue to use an online system of filing and indexing tax liens that is accessible to the public.

Estimated Revenue Impact:

The expenditure impact of this bill is undetermined, as the expenditures associated with the implementation of a new system for filing and indexing tax liens are unknown.

The bill will decrease local revenue by \$562,130 in FY 2019-20, as counties will no longer receive tax lien filing fees from the Department of Revenue.

Subcommittee Recommendation:

Favorable



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	H. 3411	Introduced on January 8, 2019
Author:	G.R. Smith	
Subject:	Tax Liens	
Requestor:	House Ways and Means	
RFA Analyst(s):	Mitchell	
Impact Date:	January 24, 2019	

Fiscal Impact Summary

The expenditure impact of this bill is undetermined, as the expenditures associated with the implementation of a new system for filing and indexing tax liens are unknown.

The bill will decrease local revenue by \$562,130 in FY 2019-20, as counties will no longer receive tax lien filing fees from the Department of Revenue.

Explanation of Fiscal Impact

Introduced on January 8, 2019

State Expenditure

This bill allows the Department of Revenue (DOR) to implement a system of filing and indexing tax liens for public access through the internet or other means as the department considers appropriate. This system would replace the practice of tax lien notices being filed with the county clerks of court. A lien, once filed, is effective statewide from the date and time it is recorded and encumbers all the taxpayer's property and rights to property regardless of the property's location.

Currently, DOR files tax lien notices with the county in which the warrant for distraint applies. Each time a lien notice is filed, DOR remits a \$10 filing fee to the county. DOR indicates that 56,213 lien notices were filed in FY 2017-18. This bill allows DOR to be the repository for liens, rather than the respective counties. As such, the bill could reduce DOR expenditures by \$562,130 in FY 2019-20.

Further, the bill allows DOR to implement a new system for filing and indexing tax liens for public access. The implementation of a new system would increase General Fund expenditures. DOR indicates that additional expenditures associated with a new system can be managed within existing appropriations, and would not exceed \$562,130 saved from not filing the liens with the county clerks of court. The amount of expenditures required to implement a new filing and indexing system is not known. As such, the expenditure impact of this bill on the General Fund, Other Funds, or Federal Funds is undetermined.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

This bill will result in a loss of revenue to counties in South Carolina. Currently, DOR remits a \$10 fee to the county clerk of court for each lien notice filed. The bill allows DOR to act as the repository for all tax liens. As such, counties would no longer receive revenue from filing fees. DOR paid counties a total of \$562,130 in FY 2017-18. Therefore, the bill could decrease local revenue by \$562,130 in FY 2019-20.



Frank A. Rainwater, Executive Director

South Carolina General Assembly
123rd Session, 2019-2020

H. 3411

STATUS INFORMATION

General Bill

Sponsors: Reps. G.R. Smith, W. Newton, Funderburk and Willis

Document Path: I:\council\bill\nbd\11050dg19.docx

Companion/Similar bill(s): 160

Introduced in the House on January 8, 2019

Currently residing in the House Committee on **Ways and Means**

Summary: Tax liens

HISTORY OF LEGISLATIVE ACTIONS

Date	Body	Action Description with journal page number
12/18/2018	House	Prefiled
12/18/2018	House	Referred to Committee on Ways and Means
1/8/2019	House	Introduced and read first time (House Journal-page 230)
1/8/2019	House	Referred to Committee on Ways and Means (House Journal-page 230)
1/22/2019	House	Member(s) request name added as sponsor: W.Newton, Funderburk
1/23/2019	House	Member(s) request name added as sponsor: Willis

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VERSIONS OF THIS BILL

12/18/2018

1
2
3
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5
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7
8
9 **A BILL**

10
11 TO AMEND SECTION 12-54-122, CODE OF LAWS OF SOUTH
12 CAROLINA, 1976, RELATING TO TAX LIENS, SO AS TO
13 ALLOW THE DEPARTMENT OF REVENUE TO IMPLEMENT
14 A SYSTEM OF FILING AND INDEXING LIENS WHICH IS
15 ACCESSIBLE TO THE PUBLIC OVER THE INTERNET OR
16 THROUGH OTHER MEANS.

17
18 Be it enacted by the General Assembly of the State of South
19 Carolina:

20
21 SECTION 1. Section 12-54-122(G) of the 1976 Code is amended
22 by adding an appropriately numbered item at the end to read:

23
24 “() Instead of filing a tax lien notice pursuant to item (1), the
25 department may implement a system of filing and indexing liens
26 which must be accessible to the public over the Internet or through
27 other means as the department considers appropriate. A lien filed
28 pursuant to this item is effective statewide from the date and time it
29 is recorded and encumbers all the taxpayer’s property and rights to
30 property as provided in Section 12-54-120, regardless of the
31 property’s location. A lien filed pursuant to item (1) remains
32 effective from the date and time it was recorded. Nothing in this
33 item may be construed so as to extend the effectiveness of a lien
34 beyond ten years from the date of filing, as provided in Section
35 12-54-120.”

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37 SECTION 2. This act takes effect July 1, 2019.

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