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## **REPORT OF THE PROPERTY TAX SUBCOMMITTEE**

(Hewitt, Clyburn, Collins, Murphy & Crawford - Staff Contact: Stephanie Meetze)

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### **HOUSE BILL 4912**

H. 4912 -- Rep. Murphy: A BILL TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 12-43-220, RELATING TO ASSESSMENT RATIOS FOR AD VALOREM TAXATION, SO AS TO ALLOW CERTAIN CIVILIAN EMPLOYEES OF THE DEPARTMENT OF DEFENSE TO CONTINUE TO CLAIM THE SPECIAL FOUR PERCENT ASSESSMENT RATIO WHEN THE CIVILIAN RECEIVES CERTAIN ORDERS FOR A CHANGE OF STATION.

***Received by Ways and Means:*** 1/23/2024

***Summary of Bill:*** This bill provides that a civilian homeowner within the state that is employed by the Department of Defense and receives orders for a change of station for at least one year retains his eligibility for a 4 percent assessment and applicable exemptions while the owner remains on such orders.

***Estimated Revenue Impact:*** No state revenue impact

***Other Notes/Comments:***

***Subcommittee Action / Explanation:*** Received Favorable Report on March 19, 2024



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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*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.*

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<b>Bill Number:</b>	H. 4912	Introduced on January 23, 2024
<b>Author:</b>	Murphy	
<b>Subject:</b>	Assessment Ratios	
<b>Requestor:</b>	House Ways and Means	
<b>RFA Analyst(s):</b>	Miller	
<b>Impact Date:</b>	March 5, 2024	

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### **Fiscal Impact Summary**

This bill provides that a civilian homeowner within the state that is employed by the Department of Defense (DoD) and receives orders for a change of station for at least one year retains his eligibility for a 4 percent assessment and applicable exemptions while the owner remains on such orders. This also applies even if the property is rented. Currently, if a civilian employed by DoD is transferred out of state for more than a year and retains ownership of his owner-occupied property within the state, the property is reassessed as a commercial property, which is assessed at 6.0 percent and subject to all millage. This bill applies to tax years beginning after 2023 and any open period less than three years.

As the total estimated number of owner-occupied properties within the state that are owned by a civilian employed with DoD is less than 1.0 percent and this exemption applies only to those who are transferred by DoD for more than one year and choose to retain their property ownership within the state, RFA anticipates this bill may result in only a minimal decrease in property tax revenue annually beginning in FY 2024-25. Additionally, this bill allows for refunds for property taxes within three years. Therefore, this bill also will result in a one-time revenue decrease in FY 2024-25 for refunds. RFA also anticipates that local governments will increase millage, within the millage rate increase limitations, to offset any decrease in property tax revenue due to this bill.

For reference, based on an estimated average owner-occupied property value of \$219,611 and a statewide millage rate of 352.6, of which 49 percent is school operating millage, as of tax year 2024, the average increase in property taxes collected per property that is reassessed as commercial property at 6.0 percent from an owner-occupied property at 4.0 percent totals \$3,066. This includes an additional \$2,276 related to school operating millage and \$790 for all other millage.

### **Explanation of Fiscal Impact**

**Introduced on January 23, 2024**

**State Expenditure**

N/A

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

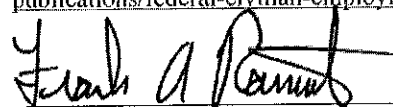
This bill provides that a civilian homeowner within the state that is employed by DoD and receives orders for a change of station for at least one year retains his eligibility for a 4.0 percent assessment and applicable exemptions while the owner remains on such orders. This also applies even if the property is rented. All owner-occupied property is assessed at 4.0 percent and is exempt from school operating millage. For purposes of this analysis, RFA assumes that an employee for DoD would not qualify for a homestead exemption. This bill applies to tax years beginning after 2023 and any open period less than three years.

Currently, if a civilian employed by DoD is transferred out of state for more than a year and retains ownership of his owner-occupied property within the state, the property is reassessed as a commercial property, which is assessed at 6.0 percent and subject to all millage. Further, renting the property would also trigger the change in assessment.

According to the U.S. Office of Personnel Management, as of September 2017, there were 9,335 civilians within the state employed by DoD<sup>1</sup>. According to the Census Bureau, the owner-occupied rate within South Carolina was 70.9 percent from 2018 to 2022. Therefore, approximately 6,600 of the state’s homeowners may be civilians employed by DoD. This represents less than 1.0 percent of the 1,497,734 legal residences within the state as of 2022, according to the Department of Revenue. As the total estimated number of owner-occupied properties within the state that are owned by a civilian employed with DoD is less than 1.0 percent and this exemption applies only to those who are transferred by DoD for more than one year and choose to retain their property ownership within the state, RFA anticipates this bill may result in only a minimal decrease in property tax revenue annually beginning in FY 2024-25. Additionally, this bill allows for refunds for property taxes within three years. Therefore, this bill also will result in a one-time revenue decrease in FY 2024-25 for refunds. RFA also anticipates that local governments will increase millage, within the millage rate increase limitations, to offset any decrease in property tax revenue due to this bill.

For reference, based on an estimated average owner-occupied property value of \$219,611 and a statewide millage rate of 352.6, of which 49 percent is school operating millage, as of tax year 2024, the average increase in property taxes collected per property that is reassessed as commercial property at 6.0 percent from an owner-occupied property at 4.0 percent totals \$3,066. This includes an additional \$2,276 related to school operating millage and \$790 for all other millage.

<sup>1</sup> <https://www.opm.gov/policy-data-oversight/data-analysis-documentation/federal-employment-reports/reports-publications/federal-civilian-employment/>, retrieved March 1, 2024

  
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Frank A. Rainwater, Executive Director

**South Carolina General Assembly**  
125th Session, 2023-2024

**H. 4912**

**STATUS INFORMATION**

General Bill  
Sponsors: Rep. Murphy  
Document Path: LC-0335DG24.docx

Introduced in the House on January 23, 2024  
Currently residing in the House Committee on **Ways and Means**

Summary: Assessment ratios

**HISTORY OF LEGISLATIVE ACTIONS**

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
1/23/2024	House	Introduced and read first time (House Journal-page 10)
1/23/2024	House	Referred to Committee on <b>Ways and Means</b> (House Journal-page 10)

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**VERSIONS OF THIS BILL**

01/23/2024

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**A BILL**

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 12-43-220, RELATING TO ASSESSMENT RATIOS FOR AD VALOREM TAXATION, SO AS TO ALLOW CERTAIN CIVILIAN EMPLOYEES OF THE DEPARTMENT OF DEFENSE TO CONTINUE TO CLAIM THE SPECIAL FOUR PERCENT ASSESSMENT RATIO WHEN THE CIVILIAN RECEIVES CERTAIN ORDERS FOR A CHANGE OF STATION.

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

SECTION 1. Section 12-43-220(c)(2)(v)(B) of the S.C. Code is amended to read:

(B)(1) An active duty member of the Armed Forces of the United States eligible for and receiving the special assessment ratio for owner-occupied residential property allowed pursuant to this subsection (c), who receives orders for a permanent change of station or a temporary duty assignment for at least one year, retains that four percent assessment ratio and applicable exemptions for so long as the owner remains on active duty, regardless of the owner's subsequent relocation and regardless of any rental income attributable to the property.

(2) A civilian employed by the Department of Defense (DoD) that is eligible for and receiving the special assessment ratio for owner-occupied residential property allowed pursuant to this subsection (c), who receives orders for a DoD civilian permanent duty or temporary change of station for at least one year, retains that four percent assessment ratio and applicable exemptions for so long as the owner remains on such orders, regardless of the owner's subsequent relocation and regardless of any rental income attributable to the property.

(3) Subject to subsubitem (C), as applicable, the provisions of this subsubitem (B) do not apply if the owner or a member of the owner's household, as defined in item (2)(iii) of this subsection (c), claims the special four percent assessment ratio allowed pursuant to this subsection for any other residential property located in this State.

SECTION 2. This act takes effect upon approval by the Governor and applies to tax years beginning after 2023 and any open period less than three years.

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