

HOUSE
AMENDMENT

THIS AMENDMENT
ADOPTED

GOOD/DOWNEY
MARCH 20, 2019

CLERK OF THE HOUSE

Property Tax Subcomm. PROPOSES THE FOLLOWING AMENDMENT
No. TO H. 3457 (COUNCIL\DG\3457C001.NBD.DG19):

REFERENCE IS TO THE BILL AS INTRODUCED.

**AMEND THE BILL, AS AND IF AMENDED, BY
STRIKING ALL AFTER THE ENACTING WORDS AND
INSERTING:**

**/ SECTION 1. SECTION 6-1-320(A) OF THE
1976 CODE IS AMENDED BY ADDING AN
APPROPRIATELY NUMBERED ITEM AT THE END TO
READ:**

**“(3)(A) A MUNICIPALITY WITHOUT AN
OPERATING MILLAGE ON JANUARY 1, 2019, OR A
MUNICIPALITY THAT INCORPORATES AFTER**

JANUARY 1, 2019, MAY IMPOSE AN OPERATING MILLAGE SUFFICIENT TO GENERATE ONE-THIRD OF THE MUNICIPALITY'S GENERAL FUND EXPENSES IN THE PREVIOUS FISCAL YEAR.

(B) NOTWITHSTANDING SUBITEM (A), A MUNICIPALITY WITHOUT AN OPERATING MILLAGE ON JANUARY 1, 2019, THAT PREVIOUSLY IMPOSED AN OPERATING MILLAGE BUT REPEALED THE MILLAGE, MAY RE-IMPOSE AN OPERATING MILLAGE UP TO AN AMOUNT EQUAL TO ITS LAST MILLAGE PLUS THE CUMULATIVE AMOUNT OF THE INCREASES THAT WOULD HAVE BEEN ALLOWED PURSUANT TO ITEM (1) SINCE 2007 OR SINCE THE MILLAGE WAS REPEALED, WHICHEVER IS MORE RECENT. IN CALCULATING THE MILLAGE AMOUNT FOR REIMPOSITION, APPROPRIATE AMOUNTS MUST BE ADJUSTED TO ACCOUNT FOR ROLLBACK MILLAGE PURSUANT TO SECTION 12-37-251(E). FOR PURPOSES OF ITEM (2), A MUNICIPALITY THAT RE-IMPOSES MILLAGE PURSUANT TO THIS SUBITEM IS DEEMED TO HAVE

IMPOSED THE MAXIMUM MILLAGE FOR THE YEARS PRIOR TO THE REIMPOSITION.

(C) AFTER THE OPERATING MILLAGE IS IMPOSED PURSUANT TO THIS ITEM, THE MILLAGE IS SUBJECT TO THE LIMITATIONS ON INCREASES SET FORTH IN ITEM (1).”

SECTION 2. THIS ACT TAKES EFFECT UPON APPROVAL BY THE GOVERNOR./

**RENUMBER SECTIONS TO CONFORM.
AMEND TITLE TO CONFORM.**

"THE BELOW CONSTITUTED SUMMARY IS PREPARED BY THE STAFF OF THE SOUTH CAROLINA HOUSE OF REPRESENTATIVES AND IS NOT THE EXPRESSION OF THE LEGISLATION'S SPONSOR(S) OR THE HOUSE OF REPRESENTATIVES. IT IS STRICTLY FOR THE INTERNAL USE AND BENEFIT OF MEMBERS OF THE HOUSE OF REPRESENTATIVES AND IS NOT TO BE CONSTRUED BY A COURT OF LAW AS AN EXPRESSION OF LEGISLATIVE INTENT".

REPORT OF THE PROPERTY TAX SUBCOMMITTEE

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

HOUSE BILL 3457

H. 3457 -- Reps. Kirby, Wheeler and Jordan: A BILL TO AMEND SECTION 6-1-320, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO MILLAGE RATE INCREASE LIMITATIONS, SO AS TO ALLOW A MUNICIPALITY WITHOUT AN OPERATING MILLAGE ON JANUARY 1, 2019, OR A MUNICIPALITY THAT INCORPORATES AFTER JANUARY 1, 2019, TO IMPOSE AN OPERATING MILLAGE AND TO IMPOSE LIMITATIONS.

Received by Ways and Means: January 08, 2019

Summary of Bill: Allows municipalities with no operating millage on January 1, 2019, or those that incorporate after January 1, 2019, to impose them with the limitations that are already in Section 6-1-320 (A).

Estimated Revenue Impact: This bill may cause an undetermined increase in local property tax revenue because it is permissive in nature, and we do not have data available to determine the property value of these municipalities or the millage rate they may impose.

Subcommittee Recommendation: Favorable with Amendment

Full Committee Recommendation: Pending

Other Notes/Comments: Section 6-1-320 allows the millage rate to be increased to the extent of the increase in the average of the 12 monthly consumer price indexes or to the extent of the percentage increase in the population from the previous year. Similar bills include S. 113, S. 227, and H. 3168.



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
(803)734-0640 • RFA.SC.GOV/IMPACTS

Bill Number: H. 3457 Amended by Property Tax Legislative Subcommittee on March 19, 2019
Author: Kirby
Subject: Millage Rate Increase Limitations
Requestor: House Ways and Means
RFA Analyst(s): Miller
Impact Date: March 26, 2019

Fiscal Impact Summary

This bill may cause an undetermined increase in local property tax revenue because it is permissive in nature, and we do not have data available to determine the property value of these municipalities or the millage rate they may impose.

Explanation of Fiscal Impact

Amended by Property Tax Legislative Subcommittee on March 19, 2019

State Expenditure

N/A

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

This amended bill permits any municipality that is without an operating millage before January 1, 2019, or that is incorporated after January 1, 2019, to impose an operating millage sufficient to generate one-third of the municipalities general fund expenses in the previous fiscal year. Any municipality that previously imposed an operating millage may re-impose that millage plus all applicable millage rate increases and rollback millage. After the operating millage is imposed, it is subject to the millage rate increase limitations as defined in §6-1-320.

Currently, a municipality that does not have an operating millage is presumed to have a millage of zero and is unable to increase it due to the millage rate increase limitation. This bill would allow these municipalities to impose an initial millage thereby giving the municipalities the opportunity to impose property taxes. According to the Municipal Association of South Carolina, sixty municipalities do not collect property taxes. The Association believes only two municipalities, Edgefield and Pelzer, would immediately impose a millage rate. However, Revenue and Fiscal Affairs is unable to estimate the increase to local revenue for these two municipalities as we do not have data available to determine the property value of these municipalities or the millage rate they may impose. Therefore, this bill may cause an undetermined increase to local property taxes.

Introduced on January 8, 2019

State Expenditure

N/A

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

This bill would permit any municipality that is without an operating millage before January 1, 2019, or that is incorporated after January 1, 2019, to impose an operating millage. After the operating millage is imposed, it is subject to the millage rate increase limitations as defined in §6-1-320.

Currently, a municipality that does not have an operating millage is presumed to have a millage of zero and is unable to increase it due to the millage rate increase limitation. This bill would allow these municipalities to impose an initial millage thereby giving the municipalities the opportunity to bring in property tax revenue. According to the Municipal Association of South Carolina, sixty municipalities do not collect property taxes. The Association believes only two municipalities, Edgefield and Pelzer, would immediately impose a millage rate. However, Revenue and Fiscal Affairs is unable to estimate the increase to local revenue for these two municipalities as they may choose what millage rate to impose and there is no data available for their property tax base to determine the value of a mill. Therefore, this bill would cause an undetermined increase to local property taxes.



Frank A. Rainwater, Executive Director

South Carolina General Assembly
123rd Session, 2019-2020

H. 3457

STATUS INFORMATION

General Bill

Sponsors: Reps. Kirby, Wheeler and Jordan

Document Path: l:\council\ bills\nbd\11151dg19.docx

Companion/Similar bill(s): 113, 227, 3168

Introduced in the House on January 8, 2019

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

Summary: Millage rate increase limitations

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
1/8/2019	House	Introduced and read first time (House Journal-page 249)
1/8/2019	House	Referred to Committee on Ways and Means (House Journal-page 249)
1/10/2019	House	Member(s) request name added as sponsor: Wheeler, Jordan

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VERSIONS OF THIS BILL

1/8/2019

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A BILL

TO AMEND SECTION 6-1-320, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO MILLAGE RATE INCREASE LIMITATIONS, SO AS TO ALLOW A MUNICIPALITY WITHOUT AN OPERATING MILLAGE ON JANUARY 1, 2019, OR A MUNICIPALITY THAT INCORPORATES AFTER JANUARY 1, 2019, TO IMPOSE AN OPERATING MILLAGE AND TO IMPOSE LIMITATIONS.

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

SECTION 1. Section 6-1-320(A) of the 1976 Code is amended by adding an appropriately numbered item to read:

“() A municipality without an operating millage on January 1, 2019, or a municipality that incorporates after January 1, 2019, may impose an operating millage. After the operating millage is imposed, it is subject to the limitations on increases set forth in item (1).”

SECTION 2. This act takes effect upon approval by the Governor.

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