

REPORT OF THE PROPERTY TAX SUBCOMMITTEE

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

HOUSE BILL 3596

H. 3596 -- Reps. Long, Erickson, Clemmons, Bales, Fry, Loftis, Burns, Hewitt, Bannister, Forrester, Herbkersman, Huggins, Lowe, D.C. Moss, B. Newton, W. Newton, Pope, Robinson, Sandifer, Simrill, G.M. Smith, G.R. Smith, Tallon, Toole and Trantham: A BILL TO AMEND SECTION 12-43-220, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO CLASSIFICATION OF PROPERTY AND ASSESSMENT RATIOS FOR PURPOSES OF AD VALOREM TAXATION, SO AS TO LIMIT ROLLBACK TAXES TO ONE YEAR WHEN LAND CLASSIFIED AS AGRICULTURAL REAL PROPERTY IS APPLIED TO ANOTHER USE.

Received by Ways and Means: January 15, 2019

Summary of Bill: This bill states that when real property, that is in agricultural use, is applied to another use, the rollback taxes on that property are reduced to include only the last tax year immediately preceding rather than the last five tax years.

Estimated Revenue Impact: This bill will reduce local property tax revenue by approximately \$12,530,205 statewide, beginning in FY 2019-20 for tax year 2019 because counties will be collecting rollback taxes for only one year.

Subcommittee Recommendation: Favorable

Full Committee Recommendation: Pending



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	H. 3596	Introduced on January 15, 2019
Author:	Long	
Subject:	Ad Valorem Tax	
Requestor:	House Ways and Means	
RFA Analyst(s):	Miller	
Impact Date:	March 25, 2019	

Fiscal Impact Summary

This bill will reduce local property tax revenue by approximately \$12,530,205 statewide, beginning in FY 2019-20 for tax year 2019 because counties will be collecting roll-back taxes for only one year.

Explanation of Fiscal Impact

Introduced on January 15, 2019

State Expenditure

N/A

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

This bill modifies the calculation in §12-43-220 for the roll-back tax due on a parcel of real property changed from agricultural to commercial or residential use to allow for the collection of the difference between the taxes paid or payable on the basis of the valuation and the assessment property as an agricultural property and the taxes payable on the property as a commercial or residential property over the last tax year. This bill will apply for agricultural property changed to another use after 2018. Current law allows for the collection of this difference for the previous five years.

Roll-back taxes vary greatly from county-to-county and year over year. However, we estimate that roll-back taxes statewide total approximately \$15,662,757 per year. This approximation is based upon the information provided by county assessors and calculated using county roll-back tax data from 2014 to 2018 from various counties across the state. This bill will cut the roll-back tax by 80 percent, as the roll-back will be changed from five tax years to one tax year, resulting in a loss of local tax revenue of \$12,530,205 annually statewide beginning with tax year 2019. The reduction in local property tax revenue by county will depend on the amount of roll-back taxes collected in that particular county.

A handwritten signature in blue ink, reading "Frank A. Rainwater", is positioned above a horizontal line.

Frank A. Rainwater, Executive Director

South Carolina General Assembly
123rd Session, 2019-2020

H. 3596

STATUS INFORMATION

General Bill

Sponsors: Reps. Long, Erickson, Clemmons, Bales, Fry, Loftis, Burns, Hewitt, Bannister, Forrester, Herbkersman, Huggins, Lowe, D.C. Moss, B. Newton, W. Newton, Pope, Robinson, Sandifer, Simrill, G.M. Smith, G.R. Smith, Tallon, Toole, Trantham, Johnson, V.S. Moss, Stringer, Willis, Bailey, Elliott, B. Cox, Magnuson, Clary, Hixon, Martin, Davis, Mace, Kimmons, Bennett, Bradley, Jordan, Finlay, Gagnon, McDaniel, Daning, Allison, Collins, McCoy, Atkinson, Hayes, Kirby, Wooten, Ballentine, Caskey, McCravy, Gilliam, Hill, Chellis, Crawford, Taylor and Young

Document Path: l:\council\bill\nbd\11176dg19.docx

Introduced in the House on January 15, 2019

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

Summary: Ad valorem taxes

HISTORY OF LEGISLATIVE ACTIONS

Date	Body	Action Description with journal page number
1/15/2019	House	Introduced and read first time (House Journal-page 79)
1/15/2019	House	Referred to Committee on Ways and Means (House Journal-page 79)
3/6/2019	House	Member(s) request name added as sponsor: Johnson, V.S.Moss, Stringer, Willis, Bailey, Elliott, B.Cox, Magnuson, Clary, Hixon, Martin, Davis, Mace, Kimmons, Bennett, Bradley, Jordan, Finlay, Gagnon, McDaniel
3/11/2019	House	Member(s) request name added as sponsor: Daning, Allison, Collins, McCoy, Atkinson, Hayes, Kirby, Wooten, Ballentine, Caskey, McCravy, Gilliam, Hill, Chellis, Crawford, Taylor, Young

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VERSIONS OF THIS BILL

[1/15/2019](#)

1
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4
5
6
7
8
9 **A BILL**

10
11 TO AMEND SECTION 12-43-220, CODE OF LAWS OF SOUTH
12 CAROLINA, 1976, RELATING TO CLASSIFICATION OF
13 PROPERTY AND ASSESSMENT RATIOS FOR PURPOSES OF
14 AD VALOREM TAXATION, SO AS TO LIMIT ROLLBACK
15 TAXES TO ONE YEAR WHEN LAND CLASSIFIED AS
16 AGRICULTURAL REAL PROPERTY IS APPLIED TO
17 ANOTHER USE.

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

21
22 SECTION 1. Section 12-43-220(d)(4) of the 1976 Code is
23 amended to read:

24
25 “(4) Except as provided pursuant to Section 12-43-222, when
26 real property which is in agricultural use and is being valued,
27 assessed, and taxed under the provisions of this article, is applied to
28 a use other than agricultural, it is subject to additional taxes,
29 ~~hereinafter~~ referred to as ~~roll-back~~ rollback taxes, in an amount
30 equal to the difference, if any, between the taxes paid or payable on
31 the basis of the valuation and the assessment authorized ~~hereunder~~
32 pursuant to this item and the taxes that would have been paid or
33 payable had the real property been valued, assessed, and taxed as
34 other real property in the taxing district, in the current tax year (the
35 year of change in use) and ~~each of the five tax years~~ the last tax year
36 immediately preceding in which the real property was valued,
37 assessed, and taxed as ~~herein~~ provided in this item. If in the tax year
38 in which a change in use of the real property occurs the real property
39 was not valued, assessed, and taxed under this article, then the real
40 property is subject to ~~roll-back~~ rollback taxes for ~~each of the five~~ the
41 last tax years year immediately preceding in which the real property
42 was valued, assessed, and taxed ~~hereunder~~ pursuant to this item. In

1 determining the amounts of the ~~roll-back~~ rollback taxes chargeable
2 on real property which has undergone a change in use, the assessor
3 shall for each of the ~~roll-back~~ rollback tax years year involved shall
4 ascertain:

5 (A) the fair market value without consideration of the
6 standing timber of such real property under the valuation standard
7 applicable to other real property in the same classification;

8 (B) the amount of the real property assessment for the
9 particular tax year by multiplying such fair market value by the
10 appropriate assessment ratio provided in this article;

11 (C) the amount of the additional assessment on the real
12 property for the particular tax year by deducting the amount of the
13 actual assessment on the real property for that year from the amount
14 of the real property assessment determined under (B) of this section;

15 (D) the amount of the ~~roll-back~~ rollback for that tax year by
16 multiplying the amount of the additional assessment determined
17 under (C) of this section by the property tax rate of the taxing district
18 applicable for that tax year.”

19
20 SECTION 2. This act takes effect upon approval by the Governor
21 and applies for agricultural real property changed to another use
22 after 2018.

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