

REPORT OF THE PROPERTY TAX SUBCOMMITTEE

(G.R. Smith, Erickson, Rutherford & Weeks - Staff Contact: Devin Coleman)

SENATE BILL 227

S. 227 -- Senator Gambrell: 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: 1/29/19

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

Full Committee Recommendation: Pending

Other Notes/Comments: Section 6-1-320 allows the millage rate to be increased only to the extent of the increase in the average of the 12-month consumer price index or to the extent of the percentage increase in the population. In addition, H. 3457 was the House equivalent of this bill. The subcommittee and the full Ways & Means Committee have already passed it. However, it was recommitted to Ways & Means.



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

Bill Number:	S. 0227	Amended by the Senate on January 23, 2019
Author:	Gambrell	
Subject:	Millage Rate Increase Limitations	
Requestor:	House Ways and Means	
RFA Analyst(s):	Miller	
Impact Date:	April 22, 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 Senate on January 23, 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

S. 227

STATUS INFORMATION

General Bill

Sponsors: Senator Gambrell

Document Path: I:\council\bill\ncd\11062dg19.docx

Companion/Similar bill(s): 113, 3168, 3457

Introduced in the Senate on January 8, 2019

Introduced in the House on January 29, 2019

Last Amended on January 23, 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>
12/12/2018	Senate	Prefiled
12/12/2018	Senate	Referred to Committee on Finance
1/8/2019	Senate	Introduced and read first time (Senate Journal-page 141)
1/8/2019	Senate	Referred to Committee on Finance (Senate Journal-page 141)
1/22/2019	Senate	Committee report: Favorable with amendment Finance (Senate Journal-page 14)
1/23/2019		Scrivener's error corrected
1/23/2019	Senate	Committee Amendment Adopted (Senate Journal-page 15)
1/23/2019	Senate	Read second time (Senate Journal-page 15)
1/23/2019	Senate	Roll call Ayes-37 Nays-3 (Senate Journal-page 15)
1/24/2019	Senate	Read third time and sent to House
1/29/2019	House	Introduced and read first time (House Journal-page 21)
1/29/2019	House	Referred to Committee on Ways and Means (House Journal-page 21)

View the latest [legislative information](#) at the website

VERSIONS OF THIS BILL

[12/12/2018](#)

[1/22/2019](#)

[1/23/2019](#)

[1/23/2019-A](#)

1 COMMITTEE AMENDMENT ADOPTED
2 January 23, 2019
3

S. 227

4
5
6 Introduced by Senator Gambrell
7

8 S. Printed 1/23/19--S.
9 Read the first time January 8, 2019.

10
11

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

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.

Amend Title To Conform

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 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.

1 (c) After the operating millage is imposed pursuant to this
2 item, the millage is subject to the limitations on increases set forth
3 in item (1).”

4
5 SECTION 2. This act takes effect upon approval by the Governor.

6 ----XX----

7