

REPORT OF THE PROPERTY TAX SUBCOMMITTEE

(Hewitt, Clyburn, Crawford, Murphy, Collins - Marc Truesdale, staff)

HOUSE BILL 3072

H. 3072 -- General Bill, By Hewitt, McCravy, Burns, Pace, Pope and J. Moore
A BILL TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 12-43-220, RELATING TO ASSESSMENT RATIOS, SO AS TO PROVIDE THAT UNDER CERTAIN CIRCUMSTANCES, PROPERTY RECEIVING THE FOUR PERCENT ASSESSMENT RATIO SHALL CONTINUE AT FOUR PERCENT WHEN THE OWNER DIES.

Received by Ways and Means: 12/8/2023

Summary of Bill: Currently some counties rescind the special 4% assessment ratio on owner-occupied property while a deceased owner's estate is in probate. This bill maintains that qualifying properties under Section 12-43-220 (c) continue to receive the 4% assessment ratio after the death of the owner until the decedent's estate is closed, upon the recording of a deed or deed of distribution out of the estate, or after December thirty-first of the year following the date of death, whichever occurs first. This does not apply if the property is rented for more than 72 days in or following the calendar year of the decedent's death or if a change of use occurs.

Estimated Revenue Impact: \$0

Other Notes/Comments: RFA Fiscal Impact state there is an undetermined total revenue impact on local governments due to lack of information on the number of instances in which this occurs but estimates a cost of \$2,843 per incident.



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
(803)734-3780 • RFA.SC.GOV/IMPACTS

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.

Bill Number: H. 3072 Introduced on January 10, 2023
Author: Hewitt
Subject: Assessment Ratios
Requestor: House Ways and Means
RFA Analyst(s): Miller
Impact Date: April 24, 2023

Fiscal Impact Summary

This bill adds a new subitem to Section 12-43-220(c) stating that when a property owner dies, property receiving the owner-occupied special assessment ratio shall continue to receive the assessment ratio until the deceased's estate is closed, upon recording of a deed or deed of distribution from the estate, or after December 31, of the year following the date of death, whichever occurs first. This provision only applies for property that is not rented and applies to property tax years beginning after 2022. The estimated average reduction of local property taxes per incident would total \$2,843 annually. However, the number of properties that will maintain the special assessment ratio because of this exemption is unknown. Therefore, the total reduction of local property tax revenue is undetermined.

Explanation of Fiscal Impact

Introduced on April 18, 2023

State Expenditure

N/A

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

This bill adds a new subitem to Section 12-43-220(c) stating that when a property owner dies, property receiving the owner-occupied special assessment ratio shall continue to receive the assessment ratio until the deceased's estate is closed, upon recording of a deed or deed of distribution from the estate, or after December 31, of the year following the date of death, whichever occurs first. This provision only applies for property that is not rented and applies to property tax years beginning after 2022. Based upon an estimated average owner-occupied property value of \$203,721 and a statewide millage rate of 352.5 for tax year 2023, this provision would on average reduce local property tax by approximately \$1,436 per incidence for the

reduced assessment ratio and \$1,407 for property tax exemptions for school operations on owner-occupied property, or a total of \$2,843 annually per incidence.

We do not anticipate that most probate cases will extend long enough to prompt a county to change the assessment ratio on a deceased person's property from four percent to six percent, but data are not available to determine the number of incidences in which this occurs. Additionally, we are also unsure as to how a county would determine that the property owner is deceased and remove the special assessment ratio until the property ownership is transferred by recording of a deed. Due to the limited information available and difficulty in determining the prevalence of this situation occurring, the impact on local property taxes statewide is undetermined.



Frank A. Rainwater, Executive Director

1
2
3
4
5
6
7
8
9
10

A BILL

11 TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 12-43-220,
12 RELATING TO ASSESSMENT RATIOS, SO AS TO PROVIDE THAT UNDER CERTAIN
13 CIRCUMSTANCES, PROPERTY RECEIVING THE FOUR PERCENT ASSESSMENT RATIO
14 SHALL CONTINUE AT FOUR PERCENT WHEN THE OWNER DIES.
15

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

17

18 SECTION 1. Section 12-43-220(c) of the S.C. Code is amended by adding a subitem to read:

19

20 (9) Notwithstanding any other provision of law, when an owner receiving the special assessment rate
21 pursuant to this item (c) dies, the property shall continue to receive the special assessment rate until the
22 decedent's estate is closed, upon the recording of a deed or deed of distribution out of the estate, or
23 after December thirty-first of the year following the date of death, whichever occurs first. This subitem
24 does not apply if the property is rented for more than seventy-two days in or following the calendar
25 year of the decedent's death or if a change of use occurs.

26

27 SECTION 2. This act takes effect upon approval by the Governor and applies to property tax years
28 beginning after 2022.

29

----XX----