

REPORT OF THE PROPERTY TAX SUBCOMMITTEE

(Barfield, Clyburn, Merrill, Huggins & Skelton - Staff Contact: Emily Heatwole)

HOUSE BILL 4484

H. 4484-- Rep. Ballentine: A BILL TO AMEND SECTION 12-43-220, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO CLASSIFICATIONS FOR ASSESSMENT RATIOS, SO AS TO PROVIDE THAT, UNDER CERTAIN CIRCUMSTANCES, A TAXPAYER MAY CLAIM THE FOUR PERCENT ASSESSMENT RATIO FOR TWO RESIDENTIAL PROPERTIES LOCATED IN THE STATE SO LONG AS THE TAXPAYER IS ATTEMPTING TO SELL THE FIRST ACQUIRED RESIDENCE.

Summary of Bill:

Permits a property owner to temporarily claim the four percent assessment ratio on two properties provided the owner attempts to sell the first acquired within thirty days of acquisition of the second.

Introduced: Prefiled

Received by Ways and Means: 11/29/2011

Estimated Fiscal Impact:

Attached; Pending on Amendment

Subcommittee Recommendation:

Adopted as Amended

Full Committee Recommendation:

Pending

Other Notes/Comments:

Statement of Estimated State and Local Revenue Impact

Date: March 6, 2012

Bill Number: H.B. 4484

Authors: Ballentine, Clyburn, and Atwater

Committee Requesting Impact: House Ways and Means

Bill Summary

A bill to amend Section 12-43-220, as amended, Code of Laws of South Carolina, 1976, relating to classifications for assessment ratios, so as to provide that, under certain circumstances, a taxpayer may claim the four percent assessment ratio for two residential properties located in the state so long as the taxpayer is attempting to sell the first acquired residence.

REVENUE IMPACT ¹¹

State: This bill will reduce General Fund Revenue by \$2,340,000 for FY 2012-13 for increased obligations to the Property Tax Relief Trust Fund for tax years 2010, 2011 and 2012 including refunds for prior tax years.

Local: Local property tax revenue would be reduced by an estimated \$13,767,000 in FY 12-13 for qualifying properties in 2012 and refunds for tax years 2010 and 2011.

Explanation

This bill would amend Section 12-43-220 to allow a taxpayer to claim the four percent assessment ratio on a second residence for up to two tax years so long as the owner attempts to sell the first owner occupied property within 30 days of acquiring the second residence and the first residence remains unused. Currently, a taxpayer may claim only one owner occupied residence and the second residence would be taxed at the six percent assessment ratio. In order to determine the number of properties that may qualify, we factored in home sales and time on the market for properties in SC and accounted for the percentage of homes without a mortgage, allowing the owner to purchase a second home while attempting to sell the first. The bill would be effective for tax years 2010 and beyond. We estimate that approximately 2,555 properties may qualify for the lower assessment ratio in tax year 2010, 2,741 in 2011 and 2,940 in 2012. The reduction in local property tax revenue in FY 12-13 for the lower assessment ratio is estimated to be \$2,078,000 for tax year 2010, \$2,362,000 for 2011 and \$2,684,000 for 2012 including prior year refunds. Additionally, owner occupied property is exempt from all school operations millage. Local revenue would be reduced an additional \$1,938,000 for 2010, \$2,202,000 for 2011, and \$2,503,000 for 2012 school operations millage which would be refunded to the taxpayer in FY 12-13. The total reduction in local revenue for FY 12-13 for the lower assessment ratio and the school operations exemption is estimated to be \$13,767,000.

State General Fund obligations to the Property Tax Relief Trust Fund would be increased by \$2,340,000 in FY 2012-13 for owner-occupied properties that would qualify for the

Statement of Estimated State and Local Revenue Impact

homestead exemption in tax years 2010, 2011 and 2012.



Frank A. Rainwater
Chief Economist

Analyst: Jolliff

" This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

HOUSE
AMENDMENT

THIS AMENDMENT
ADOPTED

GOOD/DOWNEY
APRIL 12, 2012

CLERK OF THE HOUSE

THE PROPERTY TAX SUBCOMMITTEE PROPOSED THE
FOLLOWING AMENDMENT NO. TO H. 4484
(COUNCIL\NBD\12342DG12):

REFERENCE IS TO THE BILL AS INTRODUCED.

**AMEND THE BILL, AS AND IF AMENDED,
SECTION 1, PAGE 1, BY STRIKING SECTION 12-
43-220(C)()(II) AND INSERTING:**

**/ (II) THE FOUR PERCENT
ASSESSMENT RATIO MAY NOT BE CLAIMED ON
BOTH RESIDENCES FOR MORE THAN ONE
PROPERTY TAX YEAR. /**

RENUMBER SECTIONS TO CONFORM.

AMEND TITLE TO CONFORM.

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9 **A BILL**

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11 TO AMEND SECTION 12-43-220, AS AMENDED, CODE OF
12 LAWS OF SOUTH CAROLINA, 1976, RELATING TO
13 CLASSIFICATIONS FOR ASSESSMENT RATIOS, SO AS TO
14 PROVIDE THAT, UNDER CERTAIN CIRCUMSTANCES, A
15 TAXPAYER MAY CLAIM THE FOUR PERCENT
16 ASSESSMENT RATIO FOR TWO RESIDENTIAL
17 PROPERTIES LOCATED IN THE STATE SO LONG AS THE
18 TAXPAYER IS ATTEMPTING TO SELL THE FIRST
19 ACQUIRED RESIDENCE.

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

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24 SECTION 1. Section 12-43-220(c) of the 1976 Code, as last
25 amended by Act 76 of 2009, is further amended by adding an
26 appropriately numbered subitem at the end to read:

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28 “() (i) Notwithstanding any other provision of law, a taxpayer
29 meeting all the other requirements of this subsection, may claim
30 the four percent assessment ratio for two residential properties
31 located in the State so long as the taxpayer attempts to sell the first
32 acquired residence within thirty days of acquiring the second
33 residence. The taxpayer must continue to attempt to sell the first
34 acquired residence in any year in which four percent assessment
35 ratio is claimed. Also, the first acquired residence must remain
36 vacant and unused.

37 (ii) The four percent assessment ratio may not be claimed
38 on the first acquired residence for more than two property tax years
39 after the second residence is acquired.

40 (iii) This subitem does not apply unless the owner of the
41 properties or the owner’s agent applies for the four percent
42 assessment ratio on both residences before the first penalty date for

1 the payment of taxes for the tax year for which the owner first
2 claims eligibility for this assessment ratio. The burden of proof for
3 eligibility for the four percent assessment ratio on both residences
4 is on the taxpayer. The taxpayer must provide the proof the
5 assessor requires, including, but not limited to, a copy of the
6 owner's most recently filed South Carolina individual income tax
7 return, copies of South Carolina motor vehicle registrations for all
8 motor vehicles registered in the name of the owner, and other
9 proof required by the assessor necessary to determine eligibility for
10 the assessment ratio allowed by this subitem.

11 (iv) The special four percent assessment ratio allowed by
12 this subitem must be construed as a property tax exemption for an
13 amount of the fair market value of the residence sufficient to equal
14 a four percent assessment ratio and other exemptions allowed
15 applicable to property qualifying for the special assessment ratio.”
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17 SECTION 2. This act takes effect upon approval by the Governor
18 and applies for property tax years beginning after 2009.

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