

REPORT OF THE ECONOMIC DEVELOPMENT, CAPITAL IMPROVEMENT & OTHER TAXES SUBCOMMITTEE

(Loftis, Cobb-Hunter, J.R. Smith, Edge & Ott - Staff Contact: Daniel Boan)

HOUSE BILL 4993

H. 4993 -- Reps. Stringer, Bingham, Harrell, White, Clemmons, Taylor, Allison, Brannon, Spires, Ballentine, McCoy, Norman, Thayer, Parker, Bedingfield, Patrick, Bowen, G.R. Smith, Nanney, Sottile, Ryan, Loftis, Quinn, J.R. Smith, Murphy, Hearn, Atwater, Bannister, Brady, Delleney, Erickson, Hamilton, Hardwick, Henderson, Herbkersman, Hiott, Hixon, Horne, Limehouse, Long, Lowe, Merrill, D.C. Moss, V.S. Moss, Owens, Pinson, Pope, Sandifer, Simrill, Skelton, G.M. Smith, Tallon, Willis, Young and Forrester: A BILL TO AMEND SECTION 12-37-220, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO PROPERTY TAX EXEMPTIONS, SO AS TO EXEMPT FROM PROPERTY TAX FORTY-TWO AND SEVENTY-FIVE ONE HUNDREDTHS PERCENT OF THE FAIR MARKET VALUE OF MANUFACTURING PROPERTY, TO EXEMPT FROM PROPERTY TAX FORTY-TWO AND SEVENTY-FIVE ONE HUNDREDTHS PERCENT OF THE FAIR MARKET VALUE OF BUSINESS PERSONAL PROPERTY REQUIRED TO BE REPORTED AND RETURNED ANNUALLY TO THE DEPARTMENT OF REVENUE OR COUNTY AUDITORS, AND TO PHASE IN THESE EXEMPTIONS OVER FOUR YEARS.

Summary of Bill:

This bill exempts, over four years, 42.75% of manufacturing property and business personal property from property taxation.

Introduced: 3/13/2012

Received by Ways and Means: 3/13/2012

Estimated Fiscal Impact:

The bill would have no impact on state revenue but would reduce local tax revenue by \$56 million in FY13-14 and reach a total of \$227,673,000 by FY16-17, when the phase-in is complete.

Subcommittee Recommendation: Favorable

Full Committee Recommendation: Pending

Other Notes/Comments:

This result of this exemption is to create an effective property tax rate reduction from 10.5% to 6% over four years at a reduction of 1.125% per year.

Statement of Estimated Local Revenue Impact

Date: March 19, 2012

Bill Number: H. 4993

Authors: Stringer, Bingham, Harrell, et al

Committee Requesting Impact: House Ways and Means

Bill Summary

A bill to amend Section 12-37-220, as amended, Code of Laws of South Carolina, 1976, relating to property tax exemptions, so as to exempt from property tax forty-two and seventy-five one hundredths percent of the fair market value of manufacturing property, to exempt from property tax forty-two and seventy-five one hundredths percent of the fair market value of business personal property required to be reported and returned annually to the Department of Revenue or county auditors, and to phase in these exemptions over four years.

REVENUE IMPACT ¹¹

This bill is not expected to impact State revenues. Local property tax revenues would be reduced by \$56,000,000 in FY 2013-14, and by an additional \$56,490,000 in FY 2014-15, \$57,162,000 in FY 2015-16, and \$58,021,000 in FY 2016-17 for a total reduction of \$227,673,000 in FY 2016-17 when the phase in is complete.

Explanation

This bill would exempt 42.75% of the fair market value of manufacturing property and business personal property from local property taxes. Currently manufacturing property and business personal property are assessed at 10.5% of the value of the property. The bill provides a phase in over 4 years and incrementally increases the exemption from 10.875% in tax year 2013 to 42.75% in tax year 2016. We estimate that exempting 10.875% of the fair market value of manufacturing property and business personal property would reduce local property tax revenue by \$56,000,000 in FY 2013-14. Over the phase in period, local property tax revenue would be reduced by an additional \$56,490,000 in FY 2014-15, \$57,162,000 in FY 2015-16, and \$58,021,000 in FY 2016-17 for a total reduction of \$227,673,000 in FY 2016-17 when the phase in is complete. To the extent possible given the millage rate cap limitations, we anticipate that local jurisdictions would likely raise millage rates across all categories of property to offset the lost revenue from manufacturing and business personal property.



Frank A. Rainwater
Chief Economist

Analyst: Jolliff

¹¹ 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.

South Carolina General Assembly
119th Session, 2011-2012

H. 4993

STATUS INFORMATION

General Bill

Sponsors: Reps. Stringer, Bingham, Harrell, White, Clemmons, Taylor, Allison, Brannon, Spires, Ballentine, McCoy, Norman, Thayer, Parker, Bedingfield, Patrick, Bowen, G.R. Smith, Nanney, Sottile, Ryan, Loftis, Quinn, J.R. Smith, Murphy, Hearn, Atwater, Bannister, Brady, Delleney, Erickson, Hamilton, Hardwick, Henderson, Herbkersman, Hiott, Hixon, Horne, Limehouse, Long, Lowe, Merrill, D.C. Moss, V.S. Moss, Owens, Pinson, Pope, Sandifer, Simrill, Skelton, G.M. Smith, Tallon, Willis, Young, Forrester and Funderburk

Document Path: I:\council\bill\sdka\3998sd12.docx

Introduced in the House on March 13, 2012

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

Summary: Property tax exemptions

HISTORY OF LEGISLATIVE ACTIONS

Date	Body	Action Description with journal page number
3/13/2012	House	Introduced and read first time (House Journal-page 8)
3/13/2012	House	Referred to Committee on Ways and Means (House Journal-page 8)
3/13/2012	House	Member(s) request name added as sponsor: Forrester
3/15/2012	House	Member(s) request name added as sponsor: Funderburk

View the latest [legislative information](#) at the LPITS web site

VERSIONS OF THIS BILL

3/13/2012

1
2
3
4
5
6
7
8
9 **A BILL**

10
11 TO AMEND SECTION 12-37-220, AS AMENDED, CODE OF
12 LAWS OF SOUTH CAROLINA, 1976, RELATING TO
13 PROPERTY TAX EXEMPTIONS, SO AS TO EXEMPT FROM
14 PROPERTY TAX FORTY-TWO AND SEVENTY-FIVE ONE
15 HUNDREDTHS PERCENT OF THE FAIR MARKET VALUE
16 OF MANUFACTURING PROPERTY, TO EXEMPT FROM
17 PROPERTY TAX FORTY-TWO AND SEVENTY-FIVE ONE
18 HUNDREDTHS PERCENT OF THE FAIR MARKET VALUE
19 OF BUSINESS PERSONAL PROPERTY REQUIRED TO BE
20 REPORTED AND RETURNED ANNUALLY TO THE
21 DEPARTMENT OF REVENUE OR COUNTY AUDITORS,
22 AND TO PHASE IN THESE EXEMPTIONS OVER FOUR
23 YEARS.

24
25 Be it enacted by the General Assembly of the State of South
26 Carolina:

27
28 SECTION 1. A. Section 12-37-220(B) of the 1976 Code, as last
29 amended by Act 279 of 2010, is further amended by adding a new
30 item at the end to read:

31
32 “() Forty-two and seventy-five one hundredths percent of the
33 property tax value, as defined pursuant to Section
34 12-37-3135(A)(5) of manufacturing property assessed for property
35 tax purposes pursuant to Section 12-43-220(a)(1).”

36
37 B. Notwithstanding the exemption amount allowed pursuant to the
38 unnumbered item added pursuant to subsection A. of this section,
39 the percentage exemption amount is phased in in four equal and
40 cumulative percentage installment amounts of 10.6875 percent
41 applicable for property tax years beginning after 2012.
42

1 SECTION 2. A. Section 12-37-220(B) of the 1976 Code, as last
2 amended by Act 279 of 2010, is further amended by adding a new
3 item at the end to read:

4
5 “() Forty-two and seventy-five one hundredths percent of the
6 property tax value of business personal property required to be
7 reported and returned annually to the Department of Revenue or
8 county auditors assessed for property tax purposes pursuant to
9 Section 12-43-220(f).”

10
11 B. Notwithstanding the exemption amount allowed pursuant to the
12 unnumbered item added pursuant to subsection A. of this section,
13 the percentage exemption amount is phased in in four equal and
14 cumulative percentage installment amounts of 10.6875 percent
15 applicable for property tax years beginning after 2012.

16
17 SECTION 3. This act takes effect upon approval by the Governor
18 and applies for property tax years beginning after 2012.

19 ----XX----

20