

REPORT OF THE PROPERTY TAX SUBCOMMITTEE

(G.R. Smith, Clyburn, Merrill, Bales & Clemmons - Staff Contact: Kenzie Riddle)

HOUSE BILL 3146

H. 3146 -- Rep. G.M. Smith: A BILL TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 12-39-370 SO AS TO REQUIRE EACH COUNTY AUDITOR TO MAIL REAL PROPERTY TAX NOTICES BY OCTOBER FIFTEENTH OF EACH YEAR, TO PROVIDE THAT THE NOTICE MUST BE MAILED EVEN IF IT IS INCOMPLETE AND A SUPPLEMENTAL NOTICE IS NECESSARY, AND TO PROVIDE THAT IF ANY TAXING JURISDICTION THAT HAS ITS PROPERTY TAXES COLLECTED BY A COUNTY CAUSES THE TAX NOTICE TO BE INCOMPLETE, IT MUST REIMBURSE THE COUNTY THE COST OF THE SUPPLEMENTAL NOTICE AND ITS MAILING.

Summary of Bill:

This bill requires each county auditor to mail real property tax notices by October fifteenth of each year, provide that the notice must be mailed even if it is incomplete and a supplemental notice is necessary. This bill provides that if any taxing jurisdiction that has its property taxes collected by a county causes the tax notice to be incomplete it must reimburse the county the cost of the supplemental notice and its mailing.

Estimated Revenue Impact:

This bill is expected to have an annual expenditure impact of up to \$1,400,000 on county governments beginning in FY 2016-17 for additional staff time and postage costs. Several of the counties indicate that the costs associated with this bill would be passed along with taxpayers in the form of increased millage. To the extent possible given the millage rate increase limitations, we anticipate that local governments will increase millage rates in the following fiscal year to fund the increase in expenditures as a results of additional mailings. The bill is expected to increase local tax revenue in FY 2017-2018 by up to \$1,400,000 to offset the expenditure increase.

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. 3146
 Author: G.M. Smith
 Requestor: House Ways and Means
 Date: April 21, 2015
 Subject: Real property tax notices
 RFA Analyst(s): Wren and Jolliff

Estimate of Fiscal Impact

	FY 2015-16	FY 2016-17	FY 2017-18
State Expenditure			
General Fund	N/A	N/A	N/A
Other and Federal	N/A	N/A	N/A
Full-Time Equivalent Position(s)	0.00	0.00	0.00
State Revenue			
General Fund	N/A	N/A	N/A
Other and Federal	N/A	N/A	N/A
Local Expenditure	N/A	Up to \$1,400,000	Up to \$1,400,000
Local Revenue	N/A	\$0	Up to \$1,400,000

Fiscal Impact Summary

This bill is expected have an annual expenditure impact of up to \$1,400,000 on county governments beginning in FY 2016-17 for additional staff time and postage costs. Several of the counties indicate that the costs associated with this bill would be passed along to taxpayers in the form of increased millage. To the extent possible given the millage rate increase limitations, we anticipate that local governments will increase millage rates in the following fiscal year to fund the increase in expenditures as a result of additional mailings. The bill is expected to increase local tax revenue in FY 2017-18 by up to \$1,400,000 to offset the expenditure increase.

Explanation of Fiscal Impact

State Expenditure and State Revenue

N/A

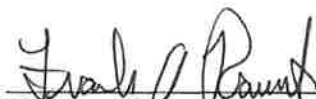
Local Expenditure

This bill requires county auditors to mail real property tax notices by October fifteenth of each year. Incomplete notices must be mailed, and a supplemental notice must be mailed when completed. Any taxing jurisdiction that has its property taxes collected by a county and causes the tax notice to be incomplete must reimburse the county the cost of the supplemental tax notice and its mailing.

The Revenue and Fiscal Affairs Office received responses from five county governments regarding the expenditure impact of this bill. Based on the responses received and prorating for a statewide total, we estimate this bill would have an expenditure impact of up to \$1,400,000 on county governments in FY 2016-17 for additional staff time and postage costs. Several of the counties indicated that the local jurisdictions cannot absorb the costs associated with this bill and the expense would be passed along to taxpayers in the form of increased millage.

Local Revenue

This bill would require a county to mail a real property tax notice by October fifteenth of each year even if the notice is incomplete and send an additional notice when the tax rates are final. The cost of mailing the second notice is the responsibility of the taxing entity responsible for the delay. We have received feedback from five counties indicating that the cost of mailing an additional notice is expected to be up to \$1,400,000 statewide beginning with tax year 2016. To the extent possible given the millage rate increase limitations, we anticipate that local governments will increase millage rates in the following tax year to fund the increase in expenditures as a result of additional mailings. The bill will impact FY 2016-17 expenditures and would likely increase local tax revenue in FY 2017-18 by up to \$1,400,000 to offset the expenditure increase.



Frank A. Rainwater, Executive Director

South Carolina General Assembly
121st Session, 2015-2016

H. 3146

STATUS INFORMATION

General Bill
Sponsors: Rep. G.M. Smith
Document Path: l:\council\bills\bh\26174dg15.docx

Introduced in the House on January 13, 2015
Currently residing in the House Committee on **Ways and Means**

Summary: Real property tax notices

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
12/11/2014	House	Prefiled
12/11/2014	House	Referred to Committee on Ways and Means
1/13/2015	House	Introduced and read first time (<u>House Journal-page 114</u>)
1/13/2015	House	Referred to Committee on Ways and Means (<u>House Journal-page 114</u>)

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VERSIONS OF THIS BILL

12/11/2014

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A BILL

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 12-39-370 SO AS TO REQUIRE EACH COUNTY AUDITOR TO MAIL REAL PROPERTY TAX NOTICES BY OCTOBER FIFTEENTH OF EACH YEAR, TO PROVIDE THAT THE NOTICE MUST BE MAILED EVEN IF IT IS INCOMPLETE AND A SUPPLEMENTAL NOTICE IS NECESSARY, AND TO PROVIDE THAT IF ANY TAXING JURISDICTION THAT HAS ITS PROPERTY TAXES COLLECTED BY A COUNTY CAUSES THE TAX NOTICE TO BE INCOMPLETE, IT MUST REIMBURSE THE COUNTY THE COST OF THE SUPPLEMENTAL NOTICE AND ITS MAILING.

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

SECTION 1. Chapter 39, Title 12 of the 1976 Code is amended by adding:

“Section 12-39-370. Notwithstanding any other provision of law, each county auditor must mail real property tax notices by October fifteenth of each year. If the tax notice is not complete by October fifteenth, the incomplete notice still must be mailed, and a supplemental tax notice must be mailed when completed. If any taxing jurisdiction that has its property taxes collected by a county causes the tax notice to be incomplete by not submitting its millage and other necessary information in time for the county to complete and mail the tax notice, it must reimburse the county the cost of the supplemental tax notice and its mailing. Further, in the case of a supplemental notice, the provisions of Section 12-45-180, relating to delayed penalties for payments made after January fifteenth, continue to apply.”

1 SECTION 2. This act takes effect upon approval by the Governor
2 and applies for tax years beginning after 2015.
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