

REPORT OF THE PROPERTY TAX SUBCOMMITTEE

(G.R. Smith, Clyburn, Merrill, Huggins & Skelton - Staff Contact: Emily Heatwole)

HOUSE BILL 4944

H. 4944 -- Rep. Skelton: A BILL TO AMEND SECTION 12-43-225, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE MULTIPLE LOT DISCOUNT, SO AS TO DELETE THE PROVISION THAT REMOVES THE DISCOUNTED VALUE AFTER FIVE YEARS FOR A DEVELOPER, TO DELETE THE PROVISION THAT REMOVES THE DISCOUNTED VALUE AFTER ONE YEAR FOR A HOMEBUILDER, AND TO MAKE CONFORMING CHANGES.

Summary of Bill:

This bill would extend the time period for homebuilders and contractors to apply and receive the multi lot property tax rate discount.

Introduced: 03/20/2014

Received by Ways and Means: 03/20/2014

Estimated Fiscal Impact:

Attached

Subcommittee Recommendation:

Favorable

Full Committee Recommendation:

Pending

Other Notes/Comments:

Statement of Estimated Local Revenue Impact

Date: March 27, 2014

Bill Number: H.B. 4944

Author: Skelton

Committee Requesting Impact: House Ways and Means

Bill Summary

A bill to amend Section 12-43-225, Code of Laws of South Carolina, 1976, relating to the multiple lot discount, so as to delete the provision that removes the discounted value after five years for a developer, to delete the provision that removes the discounted value after one year for a homebuilder, and to make conforming changes.

REVENUE IMPACT ¹¹

This bill is not expected to impact State revenues. We estimate that the bill will lower property tax revenues by \$5,200,000 in FY 2015-16.

Explanation

This bill would amend Section 12-43-225 relating to the expiration of multiple lot discounts for property owners and builders. Currently an owner of a subdivision for development may continue to receive a multiple lot discount until the lot is sold or a certificate of occupancy is issued for up to eight years through tax year 2014 if the discount was first received December 31, 2008. A builder may continue to receive the discount for three years if the discount was received on December 31, 2011. These extended discounts are both set to expire after tax year 2014. This bill would delete the expiration date of the discounts and allow a property owner or builder to continue to receive the discount until the lot is deemed sold or a certificate of occupancy is issued. Based upon information provided by county assessors, we estimate that extending the exemptions would reduce property taxes by an estimated \$5,200,000 for FY 2015-16 when the exemptions would have expired.



Frank A. Rainwater
Chief Economist

Analyst: Jolliff

¹¹ This statement meets the requirement of 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.

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A BILL

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TO AMEND SECTION 12-43-225, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE MULTIPLE LOT DISCOUNT, SO AS TO DELETE THE PROVISION THAT REMOVES THE DISCOUNTED VALUE AFTER FIVE YEARS FOR A DEVELOPER, TO DELETE THE PROVISION THAT REMOVES THE DISCOUNTED VALUE AFTER ONE YEAR FOR A HOMEBUILDER, AND TO MAKE CONFORMING CHANGES.

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

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SECTION 1. Section 12-43-225 of the 1976 Code is amended to read:

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“Section 12-43-225. (A) For subdivision lots in a plat recorded on or after January 1, 2001, a subdivision lot discount is allowed in the valuation of the platted lots only as provided in subsection (B) of this section, and this discounted value applies ~~for five property tax years or~~ until the lot is sold or a certificate of occupancy is issued for the improvement on the lot, or the improvement is occupied, whichever of them elapses or occurs first. When the discount allowed by this section no longer applies, the lots must be individually valued as provided by law.

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(B) To be eligible for a subdivision lot discount, the recorded plat must contain at least ten building lots. The owner shall apply for the discount by means of a written application to the assessor on or before May first of the year for which the discount is initially claimed. After initially qualifying for the discount provided in this section, no further application is required, unless ownership of the property changes. A property owner may make a late application for the discount provided in this section until the thirtieth day

1 following the mailing of the property tax bill for the year in which
2 his discount is claimed provided the application is in writing and
3 accompanied by a one hundred dollar late application penalty,
4 payable to the county treasurer for deposit to the county general
5 fund. The value of each platted building lot is calculated by
6 dividing the total number of platted building lots into the value of
7 the entire parcel as undeveloped real property.

8 (C) If a lot allowed the discount provided by this section is sold
9 to the holder of a residential homebuilder's license or general
10 contractor's license, ~~the licensee shall receive the discount through~~
11 ~~the first tax year which ends twelve months from the date of sale~~
12 and if the purchaser files a written application for the discount with
13 the county assessor within sixty days of the date of sale, then for
14 purposes of subsection (A), the lot is deemed not to have been
15 sold.

16 ~~(D)(1) For lots which received the discount provided in~~
17 ~~subsection (B) on December 31, 2011, there is granted an~~
18 ~~additional three years of eligibility for that discount in property tax~~
19 ~~years 2012, 2013, and 2014, in addition to any remaining period~~
20 ~~provided for in subsection (B). If ten or more lots receiving the~~
21 ~~discount under this item are sold to a new owner primarily in the~~
22 ~~business of real estate development, the new owner may make~~
23 ~~written application within sixty days of the date of sale to the~~
24 ~~assessor for the remaining eligibility period under this item.~~

25 ~~(2) For lots which received the discount provided in~~
26 ~~subsection (C) after December 31, 2008, and before January 1,~~
27 ~~2012, upon written application to the assessor no later than thirty~~
28 ~~days after mailing of the property tax bill, there is granted an~~
29 ~~additional three years of eligibility for that discount in property tax~~
30 ~~years 2012, 2013, and 2014. If a lot receiving the additional~~
31 ~~eligibility under this item is transferred to a new owner primarily~~
32 ~~in the business of residential development or residential~~
33 ~~construction during its eligibility period, the new owner may apply~~
34 ~~to the county assessor for the discount allowed by this item for the~~
35 ~~remaining period of eligibility, which must be allowed if the new~~
36 ~~owner applied for the discount within thirty days of the mailing of~~
37 ~~the tax bill and meets the other requirements of this section."~~

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39 SECTION 2. This act takes effect upon approval by the Governor
40 and applies to property tax years beginning after 2013. Any lot
41 receiving the discount on December 31, 2013, may continue to
42 receive the discount.

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