

HOUSE
AMENDMENT

THIS AMENDMENT
ADOPTED

GOOD/PAIR
MAY 8, 2014

CLERK OF THE HOUSE

PROPOSES THE FOLLOWING AMENDMENT No. TO
S. 437 (COUNCIL\DKA\437C002.DKA.DG14):

REFERENCE IS TO PRINTER'S DATE 6/4/13--S.

**AMEND THE BILL, AS AND IF AMENDED, BY
ADDING AN APPROPRIATELY NUMBERED
SECTION TO READ:**

**/SECTION __. SECTION 12-36-920(A) OF THE
1976 CODE, AS LAST AMENDED BY ACT 56 OF
2005, IS FURTHER AMENDED TO READ:**

**“(A) A SALES TAX EQUAL TO SEVEN PERCENT
IS IMPOSED ON THE GROSS PROCEEDS DERIVED
FROM THE RENTAL OR CHARGES FOR ANY
ROOMS, CAMPGROUND SPACES, LODGINGS, OR**

SLEEPING ACCOMMODATIONS FURNISHED TO TRANSIENTS BY ANY HOTEL, INN, TOURIST COURT, TOURIST CAMP, MOTEL, CAMPGROUND, RESIDENCE, OR ANY PLACE IN WHICH ROOMS, LODGINGS, OR SLEEPING ACCOMMODATIONS ARE FURNISHED TO TRANSIENTS FOR A CONSIDERATION. THIS TAX DOES NOT APPLY:

(1) WHERE THE FACILITIES CONSIST OF LESS THAN SIX SLEEPING ROOMS, CONTAINED ON THE SAME PREMISES, WHICH IS USED AS THE INDIVIDUAL'S PLACE OF ABODE; OR

(2) TO GROSS PROCEEDS FROM RENTAL INCOME WHOLLY EXCLUDED FROM THE GROSS INCOME OF THE TAXPAYER PURSUANT TO INTERNAL REVENUE CODE SECTION 280A(G) AS THAT CODE IS DEFINED IN SECTION 12-6-40(A).

THE GROSS PROCEEDS DERIVED FROM THE LEASE OR RENTAL OF SLEEPING ACCOMMODATIONS SUPPLIED TO THE SAME PERSON FOR A PERIOD OF NINETY CONTINUOUS DAYS ARE NOT CONSIDERED PROCEEDS FROM TRANSIENTS. THE TAX IMPOSED BY THIS

**SUBSECTION (A) DOES NOT APPLY TO
ADDITIONAL GUEST CHARGES AS DEFINED IN
SUBSECTION (B).” /**

**AMEND THE BILL FURTHER, PAGE 2, BEGINNING
ON LINE 18, BY STRIKING SUBSECTION C. AND
INSERTING:**

**/ C. THIS SECTION TAKES EFFECT UPON
APPROVAL BY THE GOVERNOR AND APPLIES TO
PROPERTY TAX YEARS BEGINNING AFTER
PROPERTY TAX YEAR 2014. /**

**RENUMBER SECTIONS TO CONFORM.
AMEND TITLE TO CONFORM.**

REPORT OF THE PROPERTY TAX SUBCOMMITTEE

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

SENATE BILL 437

S. 437 -- Senators Cleary, Reese, Rankin, Campsen, Hembree, Davis, McGill, Thurmond, Campbell, Cromer and Ford: A BILL TO AMEND SECTION 12-43-220, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO VALUATION AND CLASSIFICATION OF PROPERTY FOR PURPOSES OF THE PROPERTY TAX, SO AS TO PROVIDE THAT THE OWNER-OCCUPANT OF RESIDENTIAL PROPERTY QUALIFIES FOR THE FOUR PERCENT ASSESSMENT RATIO ALLOWED OWNER-OCCUPIED RESIDENTIAL PROPERTY, IF THE OWNER IS OTHERWISE QUALIFIED AND THE RESIDENCE IS NOT RENTED FOR MORE THAN ONE HUNDRED DAYS A YEAR, AND TO DELETE OTHER REFERENCES TO RENTAL OF THESE RESIDENCES; AND TO AMEND SECTION 12-54-240, RELATING TO DISCLOSURE OF RECORDS, REPORTS, AND RETURNS WITH THE DEPARTMENT OF REVENUE, SO AS TO PROVIDE VERIFICATION THAT THE FEDERAL SCHEDULE E CONFORMS WITH THE SAME DOCUMENT REQUIRED BY A COUNTY ASSESSOR IS NOT PROHIBITED.

Summary of Bill:

Permits the 4% special tax rate on properties rented for not more than 72 days in a calendar year provided that the owner provides the proper documentation as required by the county assessor.

Introduced: 01/10/2013

Received by Ways and Means: 06/06/2013

Estimated Fiscal Impact:

Attached

Subcommittee Recommendation:

Favorable as Amended

Full Committee Recommendation:

Pending

Other Notes/Comments:

Statement of Estimated State and Local Revenue Impact

Date: March 6, 2013
Bill Number: S. 437
Authors: Cleary, Reese, Rankin, et al.
Committee Requesting Impact: Senate Finance

Bill Summary

A bill to amend Section 12-43-220, as amended, Code of Laws of South Carolina, 1976, relating to valuation and classification of property for purposes of the property tax, so as to provide that the owner-occupant of residential property qualifies for the four percent assessment ratio allowed owner-occupied residential property, if the owner is otherwise qualified and the residence is not rented for more than one hundred days a year, and to delete other references to rental of these residences; and to amend Section 12-54-240, relating to disclosure of records, reports, and returns with the Department of Revenue, so as to provide verification that the federal Schedule E conforms with the same document required by a county assessor is not prohibited.

REVENUE IMPACT ^{1/}

State: This bill will reduce General Fund Revenue by \$60,000 in FY 2013-14 for increased obligations to the Property Tax Relief Trust Fund for homestead exemption reimbursements. We expect this reduction to be partially offset by increased income tax revenue as taxpayers take advantage of this provision and rent their primary residence for more days.

Local: Local property tax revenue would be reduced by an estimated \$1,433,000. State reimbursements would increase by \$60,000 for a net local revenue loss of \$1,373,000 in FY 2013-14.

Explanation

Under current law, owner occupied homes are assessed at 4.0% for property tax purposes while all other homes are assessed at 6.0%. Currently, an owner-occupied home can be rented for up to fifteen days and still remain eligible for the 4.0% assessment ratio. This bill would allow the home to qualify for the 4.0% assessment ratio if it is not rented for more than one hundred days in a calendar year. Based on conversations with various county assessors' offices and other county offices, we estimate that approximately 650 properties would qualify for the owner occupied special assessment if the property may be rented for up to 100 days. Of these properties approximately 267 would further qualify for the over age 65 homestead exemption of \$50,000. We estimate that General Fund revenue will be reduced by \$60,000 in FY 2013-14 for increased Property Tax Relief Trust Fund reimbursements for homestead exemptions excluding school operations. All other owner occupied reimbursements are capped and will not be affected by the increase in homes qualifying for owner occupied status. The projected General Fund loss would be partially offset by additional income tax revenue as taxpayers elect to rent their home for additional days due to this provision.

Statement of Estimated State and Local Revenue Impact

However, we do not have a reasonable basis of determining the number of taxpayers affected or the resultant income tax increase.

For the 650 properties newly qualifying for the owner occupied assessment ratio, local property taxes will be reduced for the lower assessment ratio and for the full property tax exemption from school operations millage allowed for owner occupied properties since state reimbursements for school operations are capped. Additionally property tax revenue will be reduced for the over 65 homestead exemption newly qualifying properties. We estimate local property tax revenue will be reduced by \$1,433,000 in FY 2013-14 for the reduced assessment ratio, the school operations exemptions, and homestead exemptions. State homestead exemption reimbursements will increase \$60,000 for a net local revenue loss of \$1,373,000 in FY 2013-14.



Frank A. Rainwater

Chief Economist

Analyst: Jolliff

^{1/} 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
120th Session, 2013-2014

S. 437

STATUS INFORMATION

General Bill

Sponsors: Senators Cleary, Reese, Rankin, Campsen, Hembree, Davis, McGill, Thurmond, Campbell, Cromer and Ford

Document Path: I:\council\ills\nl\13162dg13.docx

Introduced in the Senate on February 27, 2013

Introduced in the House on June 6, 2013

Last Amended on June 4, 2013

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

Summary: Property tax

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
2/27/2013	Senate	Introduced and read first time (Senate Journal-page 8)
2/27/2013	Senate	Referred to Committee on Finance (Senate Journal-page 8)
3/21/2013	Senate	Committee report: Favorable with amendment Finance (Senate Journal-page 19)
6/4/2013	Senate	Committee Amendment Amended and Adopted (Senate Journal-page 45)
6/4/2013	Senate	Read second time (Senate Journal-page 45)
6/4/2013	Senate	Roll call Ayes-39 Nays-0 (Senate Journal-page 45)
6/5/2013	Senate	Read third time and sent to House (Senate Journal-page 32)
6/6/2013	House	Introduced and read first time (House Journal-page 12)
6/6/2013	House	Referred to Committee on Ways and Means (House Journal-page 12)

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VERSIONS OF THIS BILL

[2/27/2013](#)

[3/21/2013](#)

[6/4/2013](#)

1 COMMITTEE AMENDMENT AMENDED AND ADOPTED

2 June 4, 2013

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S. 437

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6 Introduced by Senators Cleary, Reese, Rankin, Campsen,
7 Hembree, Davis, McGill, Thurmond, Campbell, Cromer and Ford

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9 S. Printed 6/4/13--S.

10 Read the first time February 27, 2013.

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[437-1]

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A BILL

10

11 TO AMEND SECTION 12-43-220, AS AMENDED, CODE OF
12 LAWS OF SOUTH CAROLINA, 1976, RELATING TO
13 VALUATION AND CLASSIFICATION OF PROPERTY FOR
14 PURPOSES OF THE PROPERTY TAX, SO AS TO PROVIDE
15 THAT THE OWNER-OCCUPANT OF RESIDENTIAL
16 PROPERTY QUALIFIES FOR THE FOUR PERCENT
17 ASSESSMENT RATIO ALLOWED OWNER-OCCUPIED
18 RESIDENTIAL PROPERTY, IF THE OWNER IS OTHERWISE
19 QUALIFIED AND THE RESIDENCE IS NOT RENTED FOR
20 MORE THAN ONE HUNDRED DAYS A YEAR, AND TO
21 DELETE OTHER REFERENCES TO RENTAL OF THESE
22 RESIDENCES; AND TO AMEND SECTION 12-54-240,
23 RELATING TO DISCLOSURE OF RECORDS, REPORTS, AND
24 RETURNS WITH THE DEPARTMENT OF REVENUE, SO AS
25 TO PROVIDE VERIFICATION THAT THE FEDERAL
26 SCHEDULE E CONFORMS WITH THE SAME DOCUMENT
27 REQUIRED BY A COUNTY ASSESSOR IS NOT
28 PROHIBITED.

29 Amend Title To Conform

30

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

33

34 SECTION 1. A. Section 12-43-220(c)(2)(iv) of the 1976
35 Code is amended by adding a new paragraph before the last
36 undesignated paragraph to read:

37

38 "If the owner or the owner's agent has made a proper certificate
39 as required pursuant to this subitem and the owner is otherwise
40 eligible, the owner is deemed to have met the burden of proof and
41 is allowed the four percent assessment ratio allowed by this item, if
42 the residence that is the subject of the application is not rented for

1 more than seventy-two days in a calendar year. For purposes of
2 determining eligibility, rental income, and residency, the assessor
3 annually may require a copy of applicable portions of the owner's
4 federal and state tax returns, as well as the Schedule E from the
5 applicant's federal return for the applicable tax year."

6
7 B. Section 12-43-220(c) of the 1976 Code, as added by Act 145 of
8 2005, is amended by deleting subitem (7) which reads:

9
10 "(7) Notwithstanding any other provision of law, the
11 owner-occupant of a legal residence is not disqualified from
12 receiving the four percent assessment ratio allowed by this item, if
13 the taxpayer's residence meets the requirements of Internal
14 Revenue Code Section 280A(g) as defined in Section 12-6-40(A)
15 and the taxpayer otherwise is eligible to receive the four percent
16 assessment ratio."

17
18 C. This SECTION takes effect upon approval by the Governor and
19 applies to property tax years beginning after property tax year
20 2013.

21
22 SECTION 2. Section 12-54-240(B) of the 1976 Code, as last
23 amended by Act 110 of 2007, is further amended by adding an
24 appropriately numbered item at the end to read:

25
26 "() verification that the federal Schedule E filed with the
27 department is the same as the Schedule E required by the assessor
28 pursuant to Section 12-43-220(c)."

29
30 SECTION 3. Except where otherwise provided, this act takes
31 effect upon approval by the Governor.

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