

# REPORT OF THE PROPERTY TAX SUBCOMMITTEE

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

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## SENATE BILL 825

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S. 825 -- Senators Alexander and Davis: A BILL TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 3-1-40 SO AS TO EXEMPT FROM AD VALOREM TAXATION ANY REAL PROPERTY LOCATED WITHIN A MILITARY BASE OR INSTALLATION THAT IS USED OR OWNED BY THE UNITED STATES ARMED FORCES AND IS USED AS MILITARY HOUSING FOR MILITARY AFFILIATED PERSONNEL AND THEIR FAMILIES EVEN IF THE REAL PROPERTY IS IMPROVED, MAINTAINED, OR LEASED TO A PARTY THAT WOULD OTHERWISE SUBJECT THE REAL PROPERTY TO TAX, SO LONG AS THERE IS A CONTRACTUAL AGREEMENT REQUIRING THE LESSEE TO USE THE PROPERTY FOR MILITARY HOUSING.

***Summary of Bill:***

Provides a property tax exemption for housing properties that are located on a military installation or base and is used for military housing.

***Introduced:*** 01/14/2014

***Received by Ways and Means:*** 02/26/2014

***Estimated Fiscal Impact:***

None

***Subcommittee Recommendation:***

Favorable

***Full Committee Recommendation:***

Pending

***Other Notes/Comments:***

# Statement of Estimated Local Revenue Impact

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**Date:** January 14, 2014

**Bill Number:** S.B. 825

**Author:** Alexander

**Committee Requesting Impact:** Senate Finance Committee

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## Bill Summary


A bill to amend the Code of Laws of South Carolina, 1976, by adding Section 3-1-40 so as to exempt from ad valorem taxation any real property located within a military base or installation that is used or owned by the United States Armed Forces and is used as military housing for military affiliated personnel and their families even if the real property is improved, maintained, or leased to a party that would otherwise subject the real property to tax, so long as there is a contractual agreement requiring the lessee to use the property for military housing.

## REVENUE IMPACT <sup>1/</sup>

This bill is not expected to impact local revenue.

## Explanation

This bill exempts from local property tax any military housing property located within a military base or installation that is improved, maintained or leased to a private party so long as the property is contractually used for military housing. Based upon discussions with county assessors, we do not anticipate that the bill will have an impact upon local property tax revenues. Under multiple situations and examples provided by the assessors, assessors have determined that property that is owned by the US military and used for military purposes is not taxable regardless of any lease to a private entity so long as the property is still owned and used by the US military. Additionally, assessors referenced an opinion by the Attorney General of Virginia on July 21, 2004 regarding local taxation of US military housing property that affirmed that local jurisdictions do not have taxing authority over any property under jurisdiction of the US military despite a lease agreement with a taxable entity so long as the property is still owned by the US military and used for military housing. Based upon this information, we do not anticipate that the bill will impact local property taxes since property in this situation is already treated as tax exempt.



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Frank A. Rainwater  
Chief Economist

**Analyst:** Jolliff

<sup>1/</sup> 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 of Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

1 COMMITTEE REPORT

2 February 19, 2014

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**S. 825**

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Introduced by Senator Alexander

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8 S. Printed 2/19/14--S.

9 Read the first time January 14, 2014.

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**THE COMMITTEE ON FINANCE**

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To whom was referred a Bill (S. 825) to amend the Code of  
Laws of South Carolina, 1976, by adding Section 3-1-40 so as to  
exempt from ad valorem taxation any real property located within,  
etc., respectfully

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**REPORT:**

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That they have duly and carefully considered the same and  
recommend that the same do pass:

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HUGH K. LEATHERMAN, SR. for Committee.

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**A BILL**

11 TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA,  
12 1976, BY ADDING SECTION 3-1-40 SO AS TO EXEMPT  
13 FROM AD VALOREM TAXATION ANY REAL PROPERTY  
14 LOCATED WITHIN A MILITARY BASE OR INSTALLATION  
15 THAT IS USED OR OWNED BY THE UNITED STATES  
16 ARMED FORCES AND IS USED AS MILITARY HOUSING  
17 FOR MILITARY AFFILIATED PERSONNEL AND THEIR  
18 FAMILIES EVEN IF THE REAL PROPERTY IS IMPROVED,  
19 MAINTAINED, OR LEASED TO A PARTY THAT WOULD  
20 OTHERWISE SUBJECT THE REAL PROPERTY TO TAX, SO  
21 LONG AS THERE IS A CONTRACTUAL AGREEMENT  
22 REQUIRING THE LESSEE TO USE THE PROPERTY FOR  
23 MILITARY HOUSING.

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

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28 SECTION 1. Article 1, Chapter 1, Title 3 of the 1976 Code is  
29 amended by adding:

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31 “Section 3-1-40. There is exempt from ad valorem taxation any  
32 real property, and improvements thereon, located within a military  
33 base or installation that is used or owned by the United States  
34 Armed Forces and is used as military housing for military  
35 affiliated personnel and their families. Military housing includes  
36 ancillary facilities that support the military housing. This  
37 exemption continues to apply if the real property is improved,  
38 maintained, or leased to a party that would otherwise subject the  
39 real property to tax, so long as there is a contractual agreement by  
40 and between a branch of the United States Armed Forces and the  
41 lessee which requires the lessee to use the property for military  
42 housing.”

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2 SECTION 2. This act takes effect upon approval by the Governor  
3 and applies for property tax years beginning after 2013.  
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