

REPORT OF THE PROPERTY TAX SUBCOMMITTEE

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

SENATE BILL 964

S. 964 -- Senator L. Martin: A BILL TO AMEND SECTION 6-1-320 OF THE 1976 CODE, RELATING TO THE LIMIT ON ANNUAL PROPERTY TAX MILLAGE INCREASES IMPOSED BY POLITICAL SUBDIVISIONS, TO ADD AN EXEMPTION FOR MILLAGE IMPOSED BY THE GOVERNING BODY FOR OPERATING REVENUE NECESSARY TO RETAIN A FIRE DEPARTMENT'S ISO RATING.

Summary of Bill:

Allows the governing body of a fire district to adopt an ordinance or resolution requesting a general election referendum to suspend the millage rate limitation for general operating purposes of the fire district. Only applies to fire districts existing on/before January 1, 2014 and serving less than seven hundred homes. Provides for a similar general election referendum that would allow for the suspension of the millage rate limitation and the imposition of up to six-tenths of a mill for mental health.

Introduced: 01/21/2014

Received by Ways and Means: 05/06/2014

Estimated Fiscal Impact:

Attached

Subcommittee Recommendation:

Favorable

Full Committee Recommendation:

Pending

Other Notes/Comments:

Statement of Estimated Local Revenue Impact

Date: March 28, 2014 (as amended March 26, 2014 by the Senate Finance Committee)
Bill Number: S.B. 964
Author: L. Martin

Committee Requesting Impact: Senate

Bill Summary

A bill to amend Section 6-1-320 of the 1976 Code relating to the limit on annual property tax millage increases imposed by political subdivisions, to add an exemption for millage imposed by the governing body for operating revenue necessary to retain a fire department's ISO rating.

REVENUE IMPACT ^{1/}

This bill is expected to increase local property tax revenue as a result of a fire district's governing body increasing its millage above the annual millage increase limitation subject to a referendum approved by the voters of the district. Given the size limitation on the fire districts that qualify, we expect the statewide impact to be minimal. The impact on local districts will vary depending on voter approvals.

Explanation of Amendment (March 26, 2014) – Senate Finance Committee


This amendment replaces Section 1 of the bill and provides that a fire district's governing body may increase the millage rate of the district for general operating purposes above the annual millage rate increase limitation through the adoption of an ordinance or resolution, subject to a referendum. The referendum must be held at the time of the general election and be approved by a majority of the qualified voters within the fire district. Additionally, the provision only applies to fire districts that existed on January 1, 2014 and serve less than seven hundred homes. This bill is expected to increase local property tax revenue as a result of a fire district's governing body increasing its millage above the annual millage increase limitation. The increase will be dependent upon the determination of the operating needs of the local fire district and a majority vote of the electorate, and given the size limitation on the fire districts that qualify, we expect the impact statewide to be minimal. The impact on local districts will vary depending upon voter approvals.

Explanation of Bill as Filed

This bill would amend the Section 6-1-320 relating to the exemptions for the annual millage increase limitations to allow local political subdivisions to exceed their annual millage cap in order to provide sufficient operating revenue for a fire department to retain its ISO rating. The Public Protection Classification rating by the ISO evaluates a fire department's fire protection capability. The ratings range from a high score of one to a low score of ten. Based upon information provided by ISO, the rating may be reevaluated as often as every 2 years or as infrequently as 10 years depending upon the level of the rating and the changes in the community served by the fire department. Currently, a political subdivision may only increase its millage by the annual increase in the consumer price index and the entity's population. This new exemption to the millage increase limit would allow a local governing body to increase the millage for a fire department's operating revenue in order to retain the fire department's ISO rating. If a local governing body elects to use this exemption to increase millage for fire department operations, local property tax revenue would increase above the

Statement of Estimated Local Revenue Impact

currently allowable annual limit. The amount of the increase would depend upon the determination of the local governing body as to the operating revenue necessary to retain the ISO rating.



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

1 ~~Indicates Matter Stricken~~

2 Indicates New Matter

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4 COMMITTEE AMENDMENT AMENDED, ADOPTED AND
5 AMENDED

6 April 30, 2014

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S. 964

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10 Introduced by Senator L. Martin

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12 S. Printed 4/30/14--S.

13 Read the first time January 21, 2014.

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A BILL

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11 TO AMEND SECTION 6-1-320 OF THE 1976 CODE,
12 RELATING TO THE LIMIT ON ANNUAL PROPERTY TAX
13 MILLAGE INCREASES IMPOSED BY POLITICAL
14 SUBDIVISIONS, TO ADD AN EXEMPTION FOR MILLAGE
15 IMPOSED BY THE GOVERNING BODY FOR OPERATING
16 REVENUE NECESSARY TO RETAIN A FIRE
17 DEPARTMENT'S ISO RATING.

18 Amend Title To Conform

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

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23 SECTION 1. Section 6-1-320 of the 1976 Code, as last amended
24 by Act 57 of 2011, is amended further by adding an appropriately
25 lettered subsection at the end to read:

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27 “() (1) Notwithstanding the limitation upon millage rate
28 increases contained in subsection (A), a fire district's governing
29 body may adopt an ordinance or resolution requesting the
30 governing body of the county to conduct a referendum to suspend
31 the millage rate limitation for general operating purposes of the
32 fire district. If the governing body of the county agrees to hold the
33 referendum and subject to the results of the referendum, the
34 millage rate limitation may be suspended and the millage rate may
35 be increased for general operating purposes of the fire district. The
36 referendum must be held at the time of the general election, and
37 upon a majority of the qualified voters within the fire district
38 voting favorably in the referendum, the millage rate may be
39 increased in the next fiscal year. The referendum must include the
40 amount of the millage increase. The actual millage levy may not
41 exceed the millage increase specified in the referendum.

1 (2) This subsection only applies to a fire district that existed
2 on January 1, 2014, and serves less than seven hundred homes.

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4 SECTION 2. Section 6-1-320 of the 1976 Code, as last amended
5 by Act 57 of 2011, is amended further by adding an appropriately
6 lettered subsection at the end to read:

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8 “() Notwithstanding the limitation upon millage rate increases
9 contained in subsection (A), the governing body of a county may
10 adopt an ordinance, subject to a referendum, to suspend the
11 millage rate limitation for the purpose of imposing up to six-tenths
12 of a mill for mental health. The referendum must be held at the
13 time of the general election, and upon a majority of the qualified
14 voters within the county voting favorably in the referendum, this
15 special millage may be imposed in the next fiscal year. The state
16 election laws apply to the referendum mutatis mutandis. This
17 special millage may be removed only upon a two-thirds vote of the
18 local governing body. The amounts collected from the increased
19 millage:

20 (1) must be deposited into a mental health services fund
21 separate and distinct from the county general fund and all other
22 county funds;

23 (2) must be dedicated only to expenditures for mental health
24 services in the county; and

25 (3) must not be used to supplant existing funds for mental
26 health programs in the county.”

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28 SECTION 3. This act takes effect upon approval by the Governor.

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