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# REPORT OF THE LEGISLATIVE SUBCOMMITTEE

(Whitmire, Hayes, Anthony, & Erickson- Staff Contact: Kenzie Riddle)

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## HOUSE 3684

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H. 3684 -- Reps. G.R. Smith, Loftis, Hamilton, Elliott, Burns and Bedingfield: A BILL TO AMEND SECTION 12-54-122, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO TAX LIENS, SO AS TO ALLOW THE DEPARTMENT OF REVENUE TO IMPLEMENT A SYSTEM OF FILING AND INDEXING LIENS WHICH IS ACCESSIBLE TO THE PUBLIC OVER THE INTERNET OR THROUGH OTHER MEANS.

***Summary of Bill:***

This bill allows the Department of Revenue to implement a system of filing and indexing tax liens that is accessible to the public over the internet or other means.

***Estimated Revenue Impact:***

The expenditure impact of this bill is undetermined, as the expenditures associated with the implementation of new system for filing and indexing tax liens are unknown.

The bill will decrease local revenue by \$916,840 in FY 2018-19, as counties will no longer receive tax lien filing fees from the Department of Revenue.

***Subcommittee Recommendation:***

Favorable



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** H. 3684 Introduced on February 8, 2017  
**Author:** G.R. Smith  
**Subject:** Tax Liens  
**Requestor:** House Ways and Means  
**RFA Analyst(s):** Mitchell  
**Impact Date:** March 15, 2018

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**Estimate of Fiscal Impact**

	FY 2018-19	FY 2019-20
<b>State Expenditure</b>		
General Fund	Undetermined	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
<b>State Revenue</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
<b>Local Expenditure</b>	\$0	\$0
<b>Local Revenue</b>	(\$916,840)	\$0

**Fiscal Impact Summary**

The expenditure impact of this bill is undetermined, as the expenditures associated with the implementation of a new system for filing and indexing tax liens are unknown.

The bill will decrease local revenue by \$916,840 in FY 2018-19, as counties will no longer receive tax lien filing fees from the Department of Revenue.

**Explanation of Fiscal Impact**

**Introduced on February 8, 2017**

**State Expenditure**

This bill allows the Department of Revenue (DOR) to implement a system of filing and indexing tax liens for public access through the internet or other means as the department considers appropriate. This system would replace the practice of tax lien notices being filed with the county clerks of court. A lien, once filed, is effective statewide from the date and time it is recorded and encumbers all the taxpayer's property and rights to property regardless of the property's location.

Currently, DOR files tax lien notices with the county in which the warrant for distraint applies. Each time a lien notice is filed, DOR remits a \$10 filing fee to the county. DOR indicates that 91,684 lien notices were filed in FY 2016-17. This bill allows DOR to be the repository for all liens, rather than the respective counties. As such, the bill could reduce DOR expenditures by \$916,840 in FY 2018-19.

Further, the bill allows DOR to implement a new system for filing and indexing liens for public access. The implementation of a new system would increase General Fund expenditures. DOR indicates that additional expenditures associated with a new system can be managed within existing appropriations, and would not exceed the \$916,840 saved from not filing the liens with the county clerks of court. The amount of expenditures required to implement a new filing and indexing system is not known. As such, the expenditure impact of the bill on the General Fund, Other Funds, or Federal Funds is undetermined.

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

This bill will result in a loss of revenue to counties in South Carolina. Currently, DOR remits a \$10 fee to the county clerk of court for each lien notice filed. The bill allows DOR to act as the repository for all tax liens. As such, counties would no longer receive revenue from filing fees. DOR paid counties a total of \$916,840 in FY 2016-17. Therefore, the bill could decrease local revenue by \$916,840 in FY 2018-19.



Frank A. Rainwater, Executive Director

**South Carolina General Assembly**  
122nd Session, 2017-2018

**H. 3684**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. G.R. Smith, Loftis, Hamilton, Elliott, Burns and Bedingfield

Document Path: I:\council\bill\bbm\9620dg17.docx

Introduced in the House on February 8, 2017

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

Summary: Tax liens

**HISTORY OF LEGISLATIVE ACTIONS**

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
2/8/2017	House	Introduced and read first time ( <u>House Journal-page 1</u> )
2/8/2017	House	Referred to Committee on <b>Ways and Means</b> ( <u>House Journal-page 1</u> )

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**VERSIONS OF THIS BILL**

2/8/2017

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**A BILL**

TO AMEND SECTION 12-54-122, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO TAX LIENS, SO AS TO ALLOW THE DEPARTMENT OF REVENUE TO IMPLEMENT A SYSTEM OF FILING AND INDEXING LIENS WHICH IS ACCESSIBLE TO THE PUBLIC OVER THE INTERNET OR THROUGH OTHER MEANS.

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

SECTION 1. Section 12-54-122(G) of the 1976 Code is amended by adding an appropriately numbered item at the end to read:

“( ) Instead of filing a tax lien notice pursuant to item (1), the department may implement a system of filing and indexing liens which must be accessible to the public over the Internet or through other means as the department considers appropriate. A lien filed pursuant to this item is effective statewide from the date and time it is recorded and encumbers all the taxpayer’s property and rights to property as provided in Section 12-54-120, regardless of the property’s location. A lien filed pursuant to item (1) remains effective from the date and time it was recorded. Nothing in this item may be construed so as to extend the effectiveness of a lien beyond ten years from the date of filing, as provided in Section 12-54-120.”

SECTION 2. This act takes effect July 1, 2017.

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