**A** **BILL**

TO AMEND SECTION 12‑37‑3150 OF THE SOUTH CAROLINA CODE OF LAWS, 1976, AS AMENDED, RELATING TO WHAT AN ASSESSABLE TRANSFER OF INTEREST DOES NOT INCLUDE, SO AS TO PROVIDE THAT AN ASSESSABLE TRANSFER OF INTEREST DOES NOT INCLUDE A CONVEYANCE TO A LINEAL DESCENDANT BY DEED, DISTRIBUTION UNDER A WILL, BY INTESTATE SUCCESSION OF REAL PROPERTY, OR TO A TRUST OF REAL PROPERTY, IF THE CONVEYANCE IS SUBJECT TO THE SPECIAL FOUR PERCENT ASSESSMENT RATIO.

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

SECTION 1. Section 12‑37‑3150(B) is amended to read:

“(B) An assessable transfer of interest does not include:

(1) transfers not subject to federal income tax in the following circumstances:

(a) 1033 (Conversions‑Fire and Insurance Proceeds to Rebuild);

(b) 1041 (Transfers of Property Between Spouses or Incident to Divorce);

(c) 351 (Transfer to a Corporation Controlled by Transferor);

(d) 355 (Distribution by a Controlled Corporation);

(e) 368 (Corporate Reorganizations); or

(f) 721 (Nonrecognition of Gain or Loss on a Contribution to a Partnership).

Number references in the above subitems are to sections of the Internal Revenue Code of 1986, as defined in Section 12‑6‑40;

(2) a transfer of that portion of property subject to a life estate or life lease retained by the transferor, until expiration or termination of the life estate or life lease;

(3) a transfer through foreclosure or forfeiture of a recorded instrument or through deed or conveyance in lieu of a foreclosure or forfeiture, until the redemption period has expired;

(4) a transfer by redemption by the person to whom taxes are assessed of property previously sold for delinquent taxes;

(5) a conveyance to a trust if the settlor or the settlor’s spouse, or both, convey the property to the trust and the sole present beneficiary of the trust is the settlor or the settlor’s spouse, or both;

(6) a transfer for security or an assignment or discharge of a security interest;

(7) a transfer of real property or other ownership interests among members of an affiliated group. As used in this item, “affiliated group” is as defined in Section 1504 of the Internal Revenue Code as defined in Section 12‑6‑40. Upon request of the applicable property tax assessor, a corporation shall furnish proof within forty‑five days that a transfer meets the requirements of this item. A corporation that fails to comply with this request is subject to a civil penalty as provided in Section 12‑37‑3160(B);

(8) a transfer of real property or other ownership interests among corporations, partnerships, limited liability companies, limited liability partnerships, or other legal entities if the entities involved are commonly controlled. Upon request by the applicable property tax assessor, a corporation, partnership, limited liability company, limited liability partnership, or other legal entity shall furnish proof within forty‑five days that a transfer meets the requirements of this item. A corporation, partnership, limited liability company, limited liability partnership, or other legal entity that fails to comply with this request is subject to a civil penalty as provided in Section 12‑37‑3160(B); ~~or~~

(9) a transfer of an interest in a timeshare unit by deed or lease; or

(10)(a) a conveyance by deed, distribution under a will, or by intestate succession of real property, subject to the special four percent assessment ratio pursuant to Section 12‑43‑220(c), to a lineal descendent of the grantor or decedent;

(b) a conveyance to a trust of real property, subject to the special four percent assessment ratio pursuant to Section 12‑43‑220(c), and the sole present beneficiary or beneficiaries of the trust is a lineal descendent of the settlor.”

SECTION 2. This act takes effect upon approval by the Governor.

‑‑‑‑XX‑‑‑‑