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Indicates New Matter

COMMITTEE REPORT

March 31, 2009

**H. 3272**

Introduced by Reps. Cooper, Merrill, Erickson, Herbkersman, Chalk, Duncan, Long, Sottile, Daning, Lowe, Bowen, Harrison, Horne, A.D. Young, Limehouse and R.L. Brown

S. Printed 3/31/09--H.

Read the first time January 14, 2009.

**THE COMMITTEE ON WAYS AND MEANS**

To whom was referred a Bill (H. 3272) to amend Section 12‑37‑3140, as amended, Code of Laws of South Carolina, 1976, relating to determining the fair market value of real property for purposes, etc., respectfully

**REPORT:**

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

Amend the bill, as and if amended, by striking all after the enacting words and inserting:

SECTION 1. Article 25, Chapter 37, Title 12 of the 1976 Code is amended by adding:

“Section 12‑37‑3135. (A)(1) When a parcel of real property and improvements thereon previously subject to property tax undergoes an assessable transfer of interest and the value of the parcel as determined at the time of the assessable transfer of interest is greater than the value of the parcel used in the property tax assessment on the parcel for the most recent completed property tax year, there is allowed an exemption of an amount of the fair market value of the parcel sufficient to eliminate any increase in the value of the parcel as determined in the appraisal at the time of the assessable transfer of interest over the value used in the property tax assessment on the parcel for the most recently completed property tax year. For purposes of this item, property tax assessment has the meaning provided in Section 12‑60‑30(19).

(2) The value to which the cap on increases in fair market value imposed pursuant to Section 12‑37‑3140(B) applies is the value as it may be reduced by the exemption allowed pursuant to item (1) of this subsection.

(3) The exemption allowed by item (A) of this subsection does not apply to the fair market value of a parcel of real property when that separate parcel has not been previously taxed nor does it apply to the fair market value of additions or improvements made to a parcel of real property when those additions or improvements have not previously been taxed.

(B) When a parcel receiving the exemption allowed by subsection (A)(1) of this section thereafter undergoes assessable transfers of interest, that parcel is not subject to appraisal as required pursuant to Section 12‑37‑3130(4) unless the taxpayer notifies the property tax assessor in writing that the parcel has undergone an assessable transfer of interest in the current property tax year. Upon confirmation that an assessable transfer of interest has occurred, the property tax assessor shall determine the fair market value of parcel at the time of the assessable transfer of value and that value shall apply as provided in Section 12‑37‑3140(E).

(2) The owner of a parcel receiving the exemption allowed by subsection (A) of this section is not subject to the ownership reporting requirements of this article except at the time of the notice to the property tax assessor.”

SECTION 2. Section 12‑37‑3140(A)(1)(b) of the 1976 Code, as last amended by Act 57 of 2007, is further amended to read:

“(b) subject to any exemption allowed pursuant to Section 12‑37‑3135(A), December thirty‑first of the year in which an assessable transfer of interest has occurred;”

SECTION 3. Section 12‑60‑30(19) of the 1976 Code is amended to read:

“(19) ‘Property tax assessment’ means any valuation or determination of property value for annual property tax purposes arrived at by multiplying the fair market value, fair market value as limited pursuant to Section 12‑37‑3140(B), or special use value of the property by the appropriate assessment ratio for the taxable property’s classification.”

SECTION 4. This act takes effect upon approval by the Governor and applies for property tax years beginning after 2008. /

Renumber sections to conform.

Amend title to conform.

DANIEL T. COOPER for Committee.

**A** **BILL**

TO AMEND SECTION 12‑37‑3140, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO DETERMINING THE FAIR MARKET VALUE OF REAL PROPERTY FOR PURPOSES OF THE SOUTH CAROLINA REAL PROPERTY VALUATION REFORM ACT, SO AS TO POSTPONE THE IMPLEMENTATION OF THE TRANSFER VALUE OF A PARCEL OF REAL PROPERTY UNIMPROVED SINCE THE LAST COUNTYWIDE REASSESSMENT PROGRAM UNTIL THE TIME OF IMPLEMENTATION OF THE NEXT COUNTYWIDE REASSESSMENT PROGRAM AND TO REQUIRE THE FIFTEEN PERCENT LIMIT ON INCREASES IN VALUE TO BE CALCULATED SEPARATELY ON LAND AND IMPROVEMENTS; TO AMEND SECTION 12‑37‑3150, AS AMENDED, RELATING TO THE TIME AN ASSESSABLE TRANSFER OF INTEREST OCCURS, SO AS TO REVISE THE PENALTY FOR FAILURE TO PROVIDE NOTICE OR FAILURE TO PROVIDE ACCURATE NOTICE TO THE ASSESSING AUTHORITY OF BUSINESS ENTITY TRANSFERS; TO AMEND SECTION 12‑43‑220, AS AMENDED, RELATING TO THE CLASSIFICATION AND VALUATION OF PROPERTY FOR PURPOSES OF THE PROPERTY TAX, SO AS TO PROVIDE RESIDENTIAL REAL PROPERTY HELD IN TRUST DOES NOT QUALIFY AS A LEGAL RESIDENCE UNLESS A NAMED INDIVIDUAL BENEFICIARY UNDER THE TRUST OCCUPIES THE RESIDENCE AS THAT NAMED BENEFICIARY’S LEGAL RESIDENCE AND THAT INDIVIDUAL BENEFICIARY’S NAME APPEARS ON THE DEED TO THE RESIDENCE AND REQUIRE SOCIAL SECURITY NUMBERS OF APPLICANTS FOR THE LEGAL RESIDENCE ASSESSMENT RATIO; AND TO AMEND SECTION 40‑60‑35, RELATING TO CONTINUING EDUCATION REQUIREMENTS FOR ASSESSORS, SO AS TO REVISE THE REQUIREMENT.

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

SECTION 1. Section 12‑37‑3140 of the 1976 Code, as last amended by Act 57 of 2007, is further amended to read:

“Section 12‑37‑3140. (A)(1) For property tax years beginning after 2006, the fair market value of real property is its fair market value applicable for the later of:

(a) the base year, as defined in subsection (C) of this section;

(b) subject to the provisions of item (3) of this subsection, December thirty‑first of the year in which an assessable transfer of interest has occurred;

(c) as determined on appeal; or

(d) as it may be adjusted as determined in a countywide reassessment program conducted pursuant to Section 12‑43‑217, but limited to increases in such value as provided in subsection (B) of this section.

(2) To the fair market value of real property as determined at the time provided in item (1) of this subsection, there must be added the fair market value of subsequent improvements and additions to the property.

(3) If a parcel of real property which has had no further improvement since the most recent countywide reassessment program was implemented undergoes an assessable transfer of interest, the implementation of the transfer value as determined pursuant to item (1)(b) of this subsection is postponed until the property tax year of implementation of the next countywide assessment program and that transfer value is the value to which the limit on increases in fair market value provided pursuant to subsection (B) of this section applies.

(B) Any increase in the fair market value of real property attributable to the periodic countywide appraisal and equalization program implemented pursuant to Section 12‑43‑217 or as implemented pursuant to subsection (A)(3) of this section is limited to fifteen percent within a five‑year period to the otherwise applicable fair market value. This limit must be calculated separately on land and improvements. However, this limit does not apply to the fair market value of additions or improvements to real property in the year those additions or improvements are first subject to property tax, nor ~~do they~~ does the limit apply to the fair market value of real property when an assessable transfer of interest occurred in the year that the transfer value is first subject to tax.

(C) For purposes of determining a ‘base year’ fair market value pursuant to this section, the fair market value of real property is its appraised value applicable for property tax year 2007.

(D) Real property valued by the unit valuation concept is excluded from the limits provided pursuant to subsection (B) of this section.

(E) Value attributable to additions and improvements, and changes in value resulting from assessable transfers of interest occurring in a property tax year are first subject to property tax in the following tax year except as provided pursuant to subsection (A)(3) of this section and Section 12‑37‑670(B).”

SECTION 2. Section 12‑37‑3150(A)(8) of the 1976 Code, as added by Act 388 of 2006, is amended to read:

“(8) a transfer of an ownership interest in a single transaction or as a part of a series of related transactions within a twenty‑five year period in a corporation, partnership, sole proprietorship, limited liability company, limited liability partnership, or other legal entity if the ownership interest conveyed is more than fifty percent of the corporation, partnership, sole proprietorship, limited liability company, limited liability partnership, or other legal entity. The corporation, partnership, sole proprietorship, limited liability company, limited liability partnership, or other legal entity shall notify the applicable property tax assessor on a form provided by the Department of Revenue not more than forty‑five days after a conveyance of an ownership interest that constitutes an assessable transfer of interest or transfer of ownership under this item. Failure to provide this notice or failure to provide accurate information on this notice subjects the property to a civil penalty of not less than one hundred nor more than one thousand dollars as determined by the assessor. This penalty is enforceable and collectible as property tax and is in addition to any other penalties that may apply;”

SECTION 3. A. Section 12‑43‑220(c) of the 1976 Code, as last amended by Act 145 of 2005, is further amended by adding at the end to read:

“(8) Notwithstanding the provisions of subitem (1) of this item, residential real property held in trust does not qualify as a legal residence for purposes of this item unless a named individual beneficiary under the trust occupies the residence as that named beneficiary’s legal residence and that individual beneficiary’s name appears on the deed to the residential property.

(9) An application for the assessment ratio allowed by this item is not valid unless the application contains the social security number(s) of the owner‑occupant(s) making the application or on whose behalf the application is made.”

B. Subitems (8) and (9) of Section 12‑43‑220(c) of the 1976 Code, as added by subsection A of this section apply for first applications for the four percent assessment ratio for legal residence made for property tax years beginning after 2008.

SECTION 4. Section 40‑60‑35(A)(2) of the 1976 Code, as added by Act 257 of 2006, is amended to read:

“(2) For renewal of an active license or certification, assessors and other staff responsible for the assessment of property for ad valorem taxation purposes shall receive ~~nine~~ seven hours of instruction each year in the laws applicable to assessment for ad valorem taxation, methods of valuing property, administration of the assessor’s office and records of the assessor’s office, and other functions related to the assessor’s office. This instruction shall be received from the Department of Revenue or other providers or courses approved by the Department of ~~Revenue~~ Labor, Licensing and Regulation. This instruction shall satisfy ~~eighteen~~ fourteen of the twenty‑eight classroom hours required for renewal.”

SECTION 5. Except as otherwise stated, this act takes effect upon approval by the Governor.

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