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Indicates New Matter

AS PASSED BY THE SENATE

June 1, 2011

**H. 3713**

Introduced by Reps. Merrill, J.R. Smith, Ryan, Hamilton, G.R. Smith, Bedingfield, Barfield, Sandifer, McCoy, Horne, Stavrinakis, Clemmons, Loftis, Lucas, Herbkersman, Patrick, Erickson, G.M. Smith, Hixon, Pinson, Viers and Henderson

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Read the first time May 19, 2011.

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 12‑37‑3135 SO AS TO PROVIDE THAT 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 RECENTLY 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; TO AMEND SECTION 12‑37‑3140, AS AMENDED, RELATING TO DETERMINING FAIR MARKET VALUE, SO AS TO MAKE A CONFORMING CHANGE; AND TO AMEND SECTION 12‑60‑30, AS AMENDED, RELATING TO DEFINITIONS IN THE REVENUE PROCEDURES ACT, SO AS TO CLARIFY THE DEFINITION OF PROPERTY TAX ASSESSMENT.

Amend Title To Conform

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

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

“Section 12‑37‑3135. (A) As used in this section:

(1) ‘ATI fair market value’ means the fair market value of a parcel of real property and any improvements thereon as determined by appraisal at the time the parcel last underwent an assessable transfer of interest.

(2) ‘Current fair market value’ means the fair market value of a parcel of real property as reflected on the books of the property tax assessor for the current property tax year.

(3) ‘Exemption value’ means the ATI fair market value when reduced by the exemption allowed by this section.

(4) ‘Fair market value’ means the fair market value of a parcel of real property and any improvements thereon as determined by the property tax assessor by an initial appraisal, by an appraisal at the time the parcel undergoes an assessable transfer of interest, and as periodically reappraised pursuant to Section 12‑43‑217.

(5) ‘Property tax value’ means fair market value as it may be adjusted downward to reflect the limit imposed pursuant to Section 12‑37‑3140(B).

(B)(1) When a parcel of real property and any improvements thereon subject to the six percent assessment ratio provided pursuant to Section 12‑43‑220(e) and which is currently subject to property tax undergoes an assessable transfer of interest after 2010, there is allowed an exemption from property tax of an amount of the ATI fair market value of the parcel as determined in the manner provided in item (2) of this subsection. Calculation of property tax value for such parcels is based on exemption value. The exemption allowed by this section applies at the time the ATI fair market value first applies.

(2)(a) The exemption allowed by this section is an amount equal to twenty-five percent of ATI fair market value of the parcel. However, no exemption value calculated pursuant to this section may be less than current fair market value of the parcel.

(b) If the ATI fair market value of the parcel is less than the current fair market value, the exemption otherwise allowed pursuant to this section does not apply and the ATI fair market value applies as provided pursuant to Section 12‑37‑3140(A)(1)(b).

(C) The exemption allowed in this section does not apply unless the owner of the property, or the owner’s agent, notifies the county assessor that the property will be subject to the six percent assessment ratio provided pursuant to Section 12‑43‑220(e) before January thirty‑first for the tax year for which the owner first claims eligibility for the exemption. No further notifications are necessary from the current owner while the property remains subject to the six percent assessment ratio.”

SECTION 2. A. Section 6‑1‑320(A), as last amended by Act 116 of 2007 of the 1976 Code, is further amended to read:

“(A)(1) Notwithstanding Section 12‑37‑251(E), a local governing body may increase the millage rate imposed for general operating purposes above the rate imposed for such purposes for the preceding tax year only to the extent of the increase in the average of the twelve monthly consumer price indices for the most recent twelve‑month period consisting of January through December of the preceding calendar year, plus, beginning in 2007, the percentage increase in the previous year in the population of the entity as determined by the Office of Research and Statistics of the State Budget and Control Board. If the average of the twelve monthly consumer price indices experiences a negative percentage, the average is deemed to be zero. If an entity experiences a reduction in population, the percentage change in population is deemed to be zero. However, in the year in which a reassessment program is implemented, the rollback millage, as calculated pursuant to Section 12‑37‑251(E), must be used in lieu of the previous year’s millage rate.

(2) There may be added to the operating millage increase allowed pursuant to item (1) of this subsection any such increase, allowed but not previously imposed, for the three property tax years preceding the year to which the current limit applies.”

B. Section 6‑1‑320 of the 1976 Code, as last amended by Act 410 of 2008, is further amended by adding at the end:

“(F) The restriction contained in this section does not affect millage imposed to pay bonded indebtedness or operating expenses of a special tax district established pursuant to Section 4-9-30(5), but the special tax district is subject to the millage rate limitations in Section 4-9-30(5).”

SECTION 3. A. Section 12‑37‑251(E) of the 1976 Code is amended to read:

“(E) Rollback millage is calculated by dividing the prior year property ~~tax revenues~~ taxes levied as adjusted by abatements and additions by the adjusted total assessed value applicable in the year the values derived from a countywide equalization and reassessment program are implemented. This amount of assessed value must be adjusted by deducting assessments added for property or improvements not previously taxed, for new construction, ~~and~~ for renovation of existing structures, and assessments attributable to increases in value due to an assessable transfer of interest.”

B. Section 12‑37‑251 of the 1976 Code, as last amended by Act 388 of 2006, is further amended by adding at the end:

“(G) If the boundaries of a municipality extend into more than one county and those counties implement the countywide appraisal and equalization programs required pursuant to Section 12‑43‑217 on different schedules, then the governing body of the municipality shall set an equivalent millage to be used to compute municipal ad valorem property taxes. The equivalent millage to be set by the municipal governing body must be determined by methodology established by the respective county auditors which must be consistent with the methodology for calculating equivalent millage to be established by the Department of Revenue for use in these situations for the purpose of equalizing the municipal property tax on real property situated in different counties.”

C. This section takes effect for rollback millage calculated for property tax years beginning after 2010.

SECTION 4. Except where otherwise provided, this act takes effect upon approval by the Governor.

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