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Indicates New Matter

COMMITTEE REPORT

April 25, 2012

**H. 3934**

Introduced by Reps. Bingham, Lowe, Atwater, Huggins, Bales, Pinson, Toole, Barfield, Clemmons, Norman, Owens, Lucas, Delleney, Loftis, Corbin, Simrill, Hixon, Taylor, D.C. Moss, J.R. Smith, Limehouse, Sottile, Bikas, Hiott, Parker, Allison, Long, Erickson, Patrick, Herbkersman, Merrill, Cole, Sellers, Ott, Hardwick, Hearn, Tallon, Stringer, Ryan, White, Pope, Henderson, Nanney, Sandifer, V.S. Moss, Horne, Neilson, Edge, Crawford, Viers, Quinn, Tribble, Willis, Parks, King, Ballentine, Bannister, Butler Garrick, J.E. Smith, Brannon, Bowen and Mitchell

S. Printed 4/25/12--S.

Read the first time May 11, 2011.

**THE COMMITTEE ON FINANCE**

To whom was referred a Bill (H. 3934) to amend Section 12‑43‑224, Code of Laws of South Carolina, 1976, relating to the assessment of undeveloped acreage subdivided into lots, so as to provide, 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. A. Section 12‑43‑225 of the 1976 Code, as last amended by Act 89 of 2001, is further amended to read:

“Section 12‑43‑225. (A) For subdivision lots in a plat recorded on or after January 1, 2001, ~~and notwithstanding the provisions of Section 12‑43‑224,~~ a subdivision lot discount is allowed in the valuation of the platted lots only as provided in subsection (B) of this section, and this discounted value applies for five property tax years or until the lot is sold or a certificate of occupancy is issued for the improvement on the lot, or the improvement is occupied, whichever of them elapses or occurs first. When the discount allowed by this section no longer applies, the lots must be individually valued as provided by law.

(B) To be eligible for a subdivision lot discount, the recorded plat must contain at least ten building lots. The owner shall apply for the discount by means of a written application to the assessor on or before May first of the year for which the discount is initially claimed. After initially qualifying for the discount provided in this section, no further application is required, unless ownership of the property changes. A property owner may make a late application for the discount provided in this section until the thirtieth day following the mailing of the property tax bill for the year in which his discount is claimed provided the application is in writing and accompanied by a one hundred dollar late application penalty, payable to the county treasurer for deposit to the county general fund. The value of each platted building lot is calculated~~:~~

~~(1)~~ by dividing the total number of platted building lots into the value of the entire parcel as undeveloped real property~~; and~~

~~(2)~~ ~~as provided in Section 12‑43‑224 and the difference between the two calculations determined.~~

~~The value of a lot as determined under Section 12‑43‑224 is reduced as follows:~~

~~For lots in plats recorded in 2001, the value is reduced by thirty percent of the difference.~~

~~For lots in plats recorded in 2002, the value is reduced by sixty percent.~~

~~For lots in plats recorded after 2002, the value is reduced by one hundred percent of the difference~~.

(C) If a lot allowed the discount provided by this section is sold to the holder of a residential homebuilder’s license or general contractor’s license, the licensee shall receive the discount ~~continues~~ through the first tax year which ends twelve months from the date of sale if the purchaser files a written application for the discount with the county assessor ~~by May first of the year for which the applicant is claiming the discount~~ within sixty days of the date of sale.

(D)(1) For lots which received the discount provided in subsection (B) on December 31, 2011, there is granted an additional three years of eligibility for that discount in property tax years 2012, 2013 and 2014, in addition to any remaining period provided in subsection (B). If ten or more lots receiving the discount under this section are sold to a new owner primarily in the business of real estate development, the new owner may make written application within sixty days of the date of sale to the assessor for the remaining eligibility period under this section.

(2) For lots which received the discount provided in subsection (C) after December 31, 2008, and before January 1, 2012, upon written application to the assessor no later than thirty days after mailing of the property tax bill, there is granted an additional three years of eligibility for that discount in property tax years 2012, 2013 and 2014. If a lot receiving the additional eligibility under this item is transferred to a new owner primarily in the business of residential development or residential construction during its eligibility period, the new owner may apply to the county assessor for the discount allowed by this item for the remaining period of eligibility, which must be allowed if the new owner applied for the discount within thirty days of the mailing of the tax bill and meets the other requirements of this section.”

B. No refund is allowed due to the amendments to Section 12-43-225 of the 1976 Code, as contained in this SECTION.

SECTION 2. Section 12‑43‑224 of the 1976 Code is amended by adding an undesignated paragraph at the end to read:

“No lots platted and recorded not receiving the discount provided in this section on December 31, 2011, may receive the discount provided in this section.”

SECTION 3. A. Section 12‑43‑220(c)(2)(ii) of the 1976 Code, as last amended by Act 76 of 2009, is further amended to read:

“(ii) This item does not apply unless the owner of the property or the owner’s agent applies for the four percent assessment ratio before the first penalty date for the payment of taxes for the tax year for which the owner first claims eligibility for this assessment ratio. In the application the owner or his agent ~~must~~ shall provide all information required in the application, and shall certify to the following statement:

‘Under penalty of perjury I certify that:

(A) the residence which is the subject of this application is my legal residence and where I am domiciled at the time of this application and that neither I, nor any member of my household, ~~do not~~ claim to be a legal resident of a jurisdiction other than South Carolina for any purpose; and

(B) that neither I, nor ~~any other~~ a member of my household, ~~is residing in or occupying any other residence which I or any member of my immediate family has qualified for~~ claim the special assessment ratio allowed by this section on another residence.’”

B. Section 12‑43‑220(c) of the 1976 Code, as last amended by Act 76 of 2009, is further amended by adding a subitem at the end to read:

“(8) For ownership interests in residential property created by deed if the interest in the property has not already transferred by operation of law, when the individual claiming the special four percent assessment ratio allowed by this item has an ownership interest in the residence that is less than fifty percent ownership in fee simple, then the value of the residence allowed the special four percent assessment ratio is a percentage of that value equal to the individual’s ownership interest in the residence, but not less than the amount provided pursuant to subitem (4) of this item. This subitem (8) does not apply in the case of a residence otherwise eligible for the special four percent assessment ratio when occupied jointly by a married couple or which remains occupied by a spouse legally separated from a spouse who has abandoned the residence. If the special four percent assessment ratio allowed by this item applies to only a fraction of the value of residence, then the exemption allowed pursuant to Section 12‑37‑220(B)(47) applies only to value attributable to the taxpayer’s ownership interest.”

SECTION 4. Section 12‑37‑3150(B) of the 1976 Code, as last amended by Act 275 of 2010, is further amended by adding an appropriately numbered item at the end to read:

“( ) a transfer of a fractional interest between family members for zero monetary consideration, or a de minimis monetary consideration, whereby both the grantor and the grantee owned an interest in the property prior to the transfer. For purposes of this item, a family member includes, a spouse, parent, brother, sister, child, grandparent, or grandchild.”

SECTION 5. This act takes effect upon approval by the Governor and applies to property tax years beginning after 2011./

Renumber sections to conform.

Amend title to conform.

HUGH K. LEATHERMAN, SR. for Committee.

**A** **BILL**

TO AMEND SECTION 12‑43‑224, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE ASSESSMENT OF UNDEVELOPED ACREAGE SUBDIVIDED INTO LOTS, SO AS TO PROVIDE THAT THE DISCOUNT APPLIES TO A DEVELOPER THAT HAS FIVE LOTS INSTEAD OF TEN LOTS, AND TO PROVIDE THAT IF APPLICATION FOR THE DISCOUNTED RATE COMES AFTER MAY FIRST BUT BEFORE JUNE FIRST, THE OWNER SHALL RECEIVE THE DISCOUNTED RATE BUT THE DISCOUNT SHALL BE REDUCED; AND TO AMEND SECTION 12‑43‑225, AS AMENDED, RELATING TO MULTIPLE LOT DISCOUNTS, SO AS TO PROVIDE THAT THE DISCOUNT APPLIES TO A DEVELOPER THAT HAS FIVE LOTS INSTEAD OF TEN LOTS, TO PROVIDE THAT IF APPLICATION FOR THE DISCOUNTED RATES COMES AT A CERTAIN TIME AFTER MAY FIRST, THE ASSESSOR STILL SHALL GRANT THE DISCOUNT IF ALL OTHER REQUIREMENTS ARE MET, TO PROVIDE THAT APPLICATION FOR THE DISCOUNTED RATE ONLY MUST BE MADE IN THE FIRST YEAR, AND TO TOLL TIME LIMITATIONS FOR CERTAIN PROPERTY.

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

SECTION 1. Section 12‑43‑225 of the 1976 Code, as last amended by Act 89 of 2001, is further amended to read:

“Section 12‑43‑225. (A) For subdivision lots in a plat recorded on or after January 1, 2001, and notwithstanding the provisions of Section 12‑43‑224, a subdivision lot discount is allowed in the valuation of the platted lots only as provided in subsection (B) of this section, and this discounted value applies for five property tax years or until the lot is sold to an entity whose business is not primarily residential development or residential construction, or a certificate of occupancy is issued for the improvement on the lot, or the improvement is occupied, whichever of them elapses or occurs first. If the discount is allowed, the discount vests with the real property and runs with the property, not the real property owner, until the discount is terminated by a provision of this section. When the discount allowed by this section no longer applies, the lots must be individually valued as provided by law.

(B) To be eligible for a subdivision lot discount, the recorded plat must contain at least ~~ten~~ five building lots. The owner shall apply for the discount by means of a written application to the assessor on or before May first of the year for which the discount is initially claimed. In the following four years of eligibility no annual application is required. The value of each platted building lot is calculated:

(1) by dividing the total number of platted building lots into the value of the entire parcel as undeveloped real property; and

(2) as provided in Section 12‑43‑224 and the difference between the two calculations determined.

The value of a lot as determined under Section 12‑43‑224 is reduced as follows:

For lots in plats recorded in 2001, the value is reduced by thirty percent of the difference.

For lots in plats recorded in 2002, the value is reduced by sixty percent.

For lots in plats recorded after 2002, the value is reduced by one hundred percent of the difference.

(C) If a lot located in a subdivision with five or more platted lots ~~allowed the discount provided by this section~~ is sold to the holder of a residential homebuilder’s license or general contractor’s license, the licensee shall receive the discount ~~continues~~ through the first tax year which ends twelve months from the date of sale if the purchaser files a written application for the discount with the county assessor by May first of the year for which the applicant is initially claiming the discount.

(D) Notwithstanding subsections (B) and (C), if at any time after the property has been platted into five or more lots and after the initial tax bill is received, but before the property tax payment is due with penalty, the developer may appeal the tax bill to the county assessor and request the discount allowed by this section. The assessor must grant the discount so long as the developer meets the other requirements of this section.

(E) Notwithstanding the time limitations provided in subsections (A) and (C), any qualified residential subdivision property that becomes eligible for the discount allowed by this section after December 31, 2005, and before January 1, 2014, and remains a qualified property, shall receive the discounted value until January 1, 2014, and the time limitations are tolled and time shall not begin to accrue until January 1, 2014.”

SECTION 2. This act takes effect upon approval by the Governor and applies to property tax years beginning after 2010.

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