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Indicates New Matter

COMMITTEE REPORT

February 23, 2011

**S. 428**

Introduced by Senators Hayes, Hutto, Grooms, Land and O’Dell

S. Printed 2/23/11--S.

Read the first time January 25, 2011.

**THE COMMITTEE ON FINANCE**

To whom was referred a Bill (S. 428) to amend Section 12‑37‑251, as amended, Code of Laws of South Carolina, 1976, relating to the calculation of rollback millage used in the year, etc., respectfully

**REPORT:**

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

HUGH K. LEATHERMAN, SR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**REVENUE IMPACT 1/**

This bill is not expected to impact state revenues. This bill is not expected to negatively impact local revenues.

**Explanation**

***Section (E)*** This section defines how to calculate rollback millage. Under current law, the law states rollback millage is calculated by dividing the prior year property tax revenues 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. Under current law, there is no set standard for exactly what to include when calculating rollback millage. This section provides more detailed language for what to use when calculating rollback millage.

***Section (F)*** Under current law, when a county implements a reassessment and equalization program all the properties in the county are reassessed up to the 15% cap. This section would require a municipality that is in more than one county to calculate an equivalent millage to be used when the different counties that the municipality is located in do not implement reassessment in the same year. This codifies and standardizes what is already common practice across most of the State. The purpose of this equivalent millage would be to equalize the tax burdens within the municipality. We have identified 19 municipalities that are in more than one county. Since the purpose of this language is to equalize the tax burden in municipalities that cross county lines and do not implement reassessment programs in the same year, municipalities are expected to set an equivalent millage that maintains their revenue stream. Therefore, this section is not expected to negatively impact local revenues.

*Approved By:*

William C. Gillespie

Board of Economic Advisors

1/ This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

**A** **BILL**

TO AMEND SECTION 12‑37‑251, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE CALCULATION OF ROLLBACK MILLAGE USED IN THE YEAR OF IMPLEMENTATION OF A COUNTYWIDE REASSESSMENT PROGRAM, SO AS TO REVISE THE METHOD OF CALCULATING ROLLBACK MILLAGE AND TO PROVIDE FOR THE IMPOSITION OF AN “EQUIVALENT MILLAGE” FOR MUNICIPAL PROPERTY TAX WHEN MUNICIPAL BOUNDARIES EXTEND INTO MULTIPLE COUNTIES ON DIFFERENT REASSESSMENT SCHEDULES.

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

SECTION 1. Subsections (E) and (F) of Section 12‑37‑251 of the 1976 Code, as last amended by Act 388 of 2006, are further amended to read:

“(E) Rollback millage is calculated by dividing the prior year property ~~tax revenues~~ taxes imposed after adjustment for 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.

(F) ~~RESERVED~~ 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.”

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

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