~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

March 26, 2014

**S. 964**

Introduced by Senator L. Martin

S. Printed 3/26/14--S.

Read the first time January 21, 2014.

**THE COMMITTEE ON FINANCE**

To whom was referred a Bill (S. 964) to amend Section 6‑1‑320 of the 1976 Code relating to the limit on annual property tax millage increases imposed by political subdivisions, to add an exemption for millage, 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 SECTION 1 and inserting:

/ SECTION 1. Section 6‑1‑320 of the 1976 Code, as last amended by Act 57 of 2011, is amended further by adding an appropriately lettered subsection at the end to read:

“( )(1) Notwithstanding the limitation upon millage rate increases contained in subsection (A), upon the adoption of an ordinance or resolution by a fire district’s governing body, and subject to a referendum, the millage rate limitation may be suspended and the millage rate may be increased for general operating purposes. The referendum must be held at the time of the general election, and upon a majority of the qualified voters within the fire district voting favorably in the referendum, the millage rate may be increased in the next fiscal year. The referendum must include the amount of the millage increase. The actual millage levy may not exceed the millage increase specified in the referendum.

(2) This subsection only applies to a fire district that existed on January 1, 2014, and serves less than seven hundred homes.” /

Renumber sections to conform.

Amend title to conform.

Majority favorable. Minority unfavorable.

HUGH K. LEATHERMAN, SR. KEVIN L. BRYANT

For Majority. RAYMOND E. CLEARY III

For Minority.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**REVENUE IMPACT 1/**

This bill is expected to increase local property tax revenue as a result of a local political subdivision increasing millage above the annual millage increase limitation. The amount of the increase will be dependent upon the determination of the local governing body as to the operating revenue necessary to retain a fire department’s ISO rating.

**Explanation**

This bill would amend the Section 6-1-320 relating to the exemptions for the annual millage increase limitations to allow local political subdivisions to exceed their annual millage cap in order to provide sufficient operating revenue for a fire department to retain its ISO rating. The Public Protection Classification rating by the ISO evaluates a fire department’s fire protection capability. The ratings range from a high score of one to a low score of ten. Based upon information provided by ISO, the rating may be reevaluated as often as every 2 years or as infrequently as 10 years depending upon the level of the rating and the changes in the community served by the fire department. Currently, a political subdivision may only increase its millage by the annual increase in the consumer price index and the entity’s population. This new exemption to the millage increase limit would allow a local governing body to increase the millage for a fire department’s operating revenue in order to retain the fire department’s ISO rating. If a local governing body elects to use this exemption to increase millage for fire department operations, local property tax revenue would increase above the currently allowable annual limit. The amount of the increase would depend upon the determination of the local governing body as to the operating revenue necessary to retain the ISO rating.

*Approved By:*

Frank A. Rainwater

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 6‑1‑320 OF THE 1976 CODE RELATING TO THE LIMIT ON ANNUAL PROPERTY TAX MILLAGE INCREASES IMPOSED BY POLITICAL SUBDIVISIONS, TO ADD AN EXEMPTION FOR MILLAGE IMPOSED BY THE GOVERNING BODY FOR OPERATING REVENUE NECESSARY TO RETAIN A FIRE DEPARTMENT’S ISO RATING.

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

SECTION 1. Section 6‑1‑320(B) of the 1976 Code is amended to read:

“(B) Notwithstanding the limitation upon millage rate increases contained in subsection (A), the millage rate limitation may be suspended and the millage rate may be increased upon a two‑thirds vote of the membership of the local governing body for the following purposes:

(1) the deficiency of the preceding year;

(2) any catastrophic event outside the control of the governing body such as a natural disaster, severe weather event, act of God, or act of terrorism, fire, war, or riot;

(3) compliance with a court order or decree;

(4) taxpayer closure due to circumstances outside the control of the governing body that decreases by ten percent or more the amount of revenue payable to the taxing jurisdiction in the preceding year; ~~or~~

(5) compliance with a regulation promulgated or statute enacted by the federal or state government after the ratification date of this section for which an appropriation or a method for obtaining an appropriation is not provided by the federal or state government~~.~~;

(6) purchase by the local governing body of undeveloped real property or of the residential development rights in undeveloped real property near an operating United States military base which property has been identified as suitable for residential development but which residential development would constitute undesirable residential encroachment upon the United States military base as determined by the local governing body. The local governing body shall enact an ordinance authorizing such purchase and the ordinance must state the nature and extent of the potential residential encroachment, how the purchased property or development rights would be used and specifically how and why this use would be beneficial to the United States military base, and what the impact would be to the United States military base if such purchase were not made. Millage rate increases for the purpose of such purchase must be separately stated on each tax bill and must specify the property, or the development rights to be purchased, the amount to be collected for such purchase, and the length of time that the millage rate increase will be in effect. The millage rate increase must reasonably relate to the purchase price and must be rescinded five years after it was placed in effect or when the amount specified to be collected is collected, whichever occurs first. The millage rate increase for such purchase may not be reinstated unless approved by a majority of the qualified voters of the governmental entity voting in a referendum. The cost of holding the referendum must be paid from the taxes collected due to the increased millage rate; ~~or~~

(7) to purchase capital equipment and make expenditures related to the installation, operation, and purchase of the capital equipment including, but not limited to, taxes, duty, transportation, delivery, and transit insurance, in a county having a population of less than one hundred thousand persons and having at least forty thousand acres of state forest land. For purposes of this section, “capital equipment” means an article of nonexpendable, tangible, personal property, to include communication software when purchased with a computer, having a useful life of more than one year and an acquisition cost of fifty thousand dollars or more for each unit~~.~~; or

(8) operating revenue necessary to retain a fire department’s ISO rating. For the purposes of this subitem, ‘ISO rating’ means an evaluation of a fire department performed by the Insurance Services Office.

If a tax is levied to pay for items (1) through (5) above, then the amount of tax for each taxpayer must be listed on the tax statement as a separate surcharge, for each aforementioned applicable item, and not be included with a general millage increase. Each separate surcharge must have an explanation of the reason for the surcharge. The surcharge must be continued only for the years necessary to pay for the deficiency, for the catastrophic event, or for compliance with the court order or decree.”

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

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