AMENDED

February 23, 2016

**H. 4092**

Introduced by Reps. Loftis, H.A. Crawford, Allison, Burns, Chumley, Hardwick, Long, Kirby, Brannon, Goldfinch, Southard, Erickson, Johnson, Hill, Kennedy, Horne, Murphy, Spires, Limehouse, Anderson, Bedingfield, Clemmons, Delleney, Finlay, Forrester, Hayes, Herbkersman, Hicks, Hosey, Lowe, V.S. Moss, Newton, Norrell, Pope, Putnam, Rivers, Simrill, G.M. Smith, G.R. Smith, Sottile, Taylor, Thayer, Tinkler, Toole, Weeks, Willis, Bowers, Stavrinakis, Knight and Bales

S. Printed 2/23/16--H.

Read the first time April 29, 2015.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Fiscal Impact Summary**

Due to the limited information available on the number of instances in which the special assessment ratio on owner-occupied property is rescinded while a deceased owner’s estate is in probate, we are unable to determine the impact on local property tax revenue.

**Explanation of Fiscal Impact**

**Explanation of Amendment by House Ways and Means on February 10, 2016**

**Local Revenue**

This bill as amended would add a new sub item to Section 12-43-220(c) stating that when a property owner dies, property receiving the owner-occupied special assessment ratio shall continue to receive the assessment ratio until the deceased’s estate is closed or upon recording of a deed or deed of distribution from the estate. This provision only applies for property that is not rented and applies to property tax years beginning after 2015. Based upon an estimated average owner-occupied property value of $150,437 and a statewide millage rate of 341.5 for tax year 2017, this provision would on average reduce local property tax by approximately $1,030 per incidence for the reduced assessment ratio and $1,010 for property tax exemptions for school operations on owner-occupied property, or a total of $2,040 annually per incidence.

According to the South Carolina Court Administration, 35,773 probate cases for deceased persons were disposed of in FY 2014-15. However, they are unable to determine the number that were open for longer than one year. We do not anticipate that most cases will extend long enough to prompt a county to change the assessment ratio on a deceased person’s property from four percent to six percent, but we cannot confirm this. Additionally, we contacted the SC Association of Counties. In their discussions with county assessors, the counties were not able to identify the prevalence of this situation occurring. We are also unsure as to how a county would determine that the property owner is deceased and remove the special assessment ratio until the property ownership is transferred by recording of a deed. Due to the limited information available and difficulty in determining the prevalence of this situation occurring, the impact on local property taxes statewide is undetermined.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND SECTION 12‑43‑220, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO ASSESSMENT RATIOS, SO AS TO PROVIDE THAT WHEN AN OWNER RECEIVING THE FOUR PERCENT ASSESSMENT RATIO DIES, THE PROPERTY SHALL CONTINUE TO RECEIVE THE SPECIAL ASSESSMENT RATE UNTIL THE DECEASED’S ESTATE IS CLOSED, SO LONG AS THE PROPERTY IS NOT RENTED OR OCCUPIED.

Amend Title To Conform

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

SECTION 1. Section 12‑43‑220(c) of the 1976 Code, as last amended by Act 259 of 2014, is further amended by adding an appropriately numbered subitem at the end to read:

“( ) Notwithstanding any other provision of law, when an owner receiving the special assessment rate pursuant to item (c) dies, the property shall continue to receive the special assessment rate until the deceased’s estate is closed, or upon recording of a deed or deed of distribution out of the estate, whichever occurs first. This subitem only applies if the property is not rented.”

SECTION 2. This act takes effect upon approval by the Governor and applies to property tax years beginning after 2015.

‑‑‑‑XX‑‑‑‑