



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0587 Introduced on March 29, 2017
Author: Timmons
Subject: Property Assessment Ratios
Requestor: Senate Finance
RFA Analyst(s): Powell
Impact Date: January 11, 2018

Estimate of Fiscal Impact

	FY 2018-19	FY 2019-20
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	Undetermined	Undetermined

Fiscal Impact Summary

Due to the limited information on the number of instances in which the special assessment ratio on owner-occupied property is rescinded while a deceased owner's estate is in probate, the impact on local property tax revenue is undetermined. However, based on the structure of the South Carolina Probate Law, we expect the impact to be limited.

Explanation of Fiscal Impact

Introduced on March 29, 2017

State Expenditure

N/A

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

This bill continues the special owner-occupied assessment ratio for property in a probate estate at the death of the homeowner until the deceased's estate is closed or upon recording of the deed or deed of distribution from the estate, so long as the property was assessed at the special owner-occupied assessment ratio at the time of the deceased's death. This provision only applies if the property is not rented and takes effect upon approval by the Governor. For the purposes of this impact, it is assumed that this change is effective for property tax years after 2017.

Based on the estimated average owner-occupied value of \$155,345 and a statewide millage rate of 351.1 for tax year 2018, the average reduction to local property tax would be \$1,091 per incident for the reduced assessment ratio. There would be an additional average reduction of \$1,070 for property tax exemptions for school operations on owner occupied property, based on a school operations millage of 172.2. These local property tax reductions total \$2,161 per incident.

Based on prior communication with the South Carolina Court Administration, 35,773 probate cases for deceased persons were closed in FY 2014-15, but they did not know how many of those cases were open for more than a year. The South Carolina Association for Counties was also not able to determine the frequency in which this incident may occur. However, based on the structure of South Carolina Probate Code, Title 62, most probate estates open and close within one year and therefore would not be subject to a change in the assessment ratio from four percent to six percent. Furthermore, we are unsure how a county would become aware that a property should be reassessed until such time as the deed is recorded due to a transfer of ownership. Due to the limited information available and difficulty in determining the prevalence of this situation occurring, the impact to local property tax statewide is undetermined.



Frank A. Rainwater, Executive Director