COMMITTEE REPORT

January 24, 2018

**S. 587**

Introduced by Senators Timmons, Talley, Rice, Turner and Climer

S. Printed 1/24/18--S.

Read the first time March 29, 2017.

**THE COMMITTEE ON FINANCE**

To whom was referred a Bill (S. 587) to amend Section 12‑43‑220(C) of the 1976 Code, relating to assessment ratios, to provide that, when an owner receiving the four percent assessment, 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. Section 12‑43‑220(c) of the 1976 Code, as last amended by Act 251 of 2016, 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 decedent’s estate is closed, upon the recording of a deed or deed of distribution out of the estate, or after December thirty‑first of the year following the date of death, whichever occurs first. This subitem does not apply if the property is rented for more than seventy‑two days in or following the calendar year of the decedent’s death or if a change of use occurs.”

SECTION 2. This act takes effect upon approval by the Governor and applies to property tax years beginning after 2017. /

Renumber sections to conform.

Amend title to conform.

HUGH K. LEATHERMAN, SR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Explanation of Fiscal Impact**

**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

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND SECTION 12‑43‑220(c) OF THE 1976 CODE, RELATING TO ASSESSMENT RATIOS, 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 DECEDENT’S ESTATE IS CLOSED, SO LONG AS THE PROPERTY IS NOT RENTED.

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

SECTION 1. Section 12‑43‑220(c) of the 1976 Code is amended by adding an appropriately numbered subitem 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 decedent’s estate is closed or upon recording of a deed or deed of distribution out of the estate, whichever occurs first. This subitem does not apply if the property is rented.”

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

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