



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
(803)734-0640 • RFA.SC.GOV/IMPACTS

Bill Number: H. 3457 Amended by Property Tax Legislative Subcommittee on March 19, 2019
Author: Kirby
Subject: Millage Rate Increase Limitations
Requestor: House Ways and Means
RFA Analyst(s): Miller
Impact Date: March 26, 2019

Fiscal Impact Summary

This bill may cause an undetermined increase in local property tax revenue because it is permissive in nature, and we do not have data available to determine the property value of these municipalities or the millage rate they may impose.

Explanation of Fiscal Impact

Amended by Property Tax Legislative Subcommittee on March 19, 2019

State Expenditure

N/A

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

This amended bill permits any municipality that is without an operating millage before January 1, 2019, or that is incorporated after January 1, 2019, to impose an operating millage sufficient to generate one-third of the municipalities general fund expenses in the previous fiscal year. Any municipality that previously imposed an operating millage may re-impose that millage plus all applicable millage rate increases and rollback millage. After the operating millage is imposed, it is subject to the millage rate increase limitations as defined in §6-1-320.

Currently, a municipality that does not have an operating millage is presumed to have a millage of zero and is unable to increase it due to the millage rate increase limitation. This bill would allow these municipalities to impose an initial millage thereby giving the municipalities the opportunity to impose property taxes. According to the Municipal Association of South Carolina, sixty municipalities do not collect property taxes. The Association believes only two municipalities, Edgefield and Pelzer, would immediately impose a millage rate. However, Revenue and Fiscal Affairs is unable to estimate the increase to local revenue for these two municipalities as we do not have data available to determine the property value of these municipalities or the millage rate they may impose. Therefore, this bill may cause an undetermined increase to local property taxes.

Introduced on January 8, 2019

State Expenditure

N/A

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

This bill would permit any municipality that is without an operating millage before January 1, 2019, or that is incorporated after January 1, 2019, to impose an operating millage. After the operating millage is imposed, it is subject to the millage rate increase limitations as defined in §6-1-320.

Currently, a municipality that does not have an operating millage is presumed to have a millage of zero and is unable to increase it due to the millage rate increase limitation. This bill would allow these municipalities to impose an initial millage thereby giving the municipalities the opportunity to bring in property tax revenue. According to the Municipal Association of South Carolina, sixty municipalities do not collect property taxes. The Association believes only two municipalities, Edgefield and Pelzer, would immediately impose a millage rate. However, Revenue and Fiscal Affairs is unable to estimate the increase to local revenue for these two municipalities as they may choose what millage rate to impose and there is no data available for their property tax base to determine the value of a mill. Therefore, this bill would cause an undetermined increase to local property taxes.



Frank A. Rainwater, Executive Director