COMMITTEE REPORT

January 22, 2019

**S. 227**

Introduced by Senator Gambrell

S. Printed 1/22/19--S.

Read the first time January 8, 2019.

**THE COMMITTEE ON FINANCE**

To whom was referred a Bill (S. 227) to amend Section 6-1-320, Code of Laws of South Carolina, 1976, relating to millage rate increase limitations, so as to allow a municipality without an, 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(A) of the 1976 Code is amended by adding an appropriately numbered item at the end to

read:

“(3)(a) A municipality without an operating millage on January 1, 2019, or a municipality that incorporates after January 1, 2019, may impose an operating millage sufficient to generate one-third of the municipality’s general fund expenses in the previous fiscal year.

(b) Notwithstanding subitem (a), a municipality without an operating millage on January 1, 2019, that previously imposed an operating millage but repealed the millage, may re-impose an operating millage up to an amount equal to its last millage plus the cumulative amount of the increases that would have been allowed pursuant to item (1) since 2007 or since the millage was repealed, whichever is more recent. In calculating the millage amount for reimposition, appropriate amounts must be adjusted to account for rollback millage pursuant to Section 12-37-251(E).For purposes of item (2), a municipality that re-imposes millage pursuant to this subitem is deemed to have imposed the maximum millage for the years prior to the reimposition.

(c) After the operating millage is imposed pursuant to this item, the millage is subject to the limitations on increases set forth in item (1).” /

Renumber sections to conform.

Amend title to conform.

HUGH K. LEATHERMAN, SR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Explanation of Fiscal Impact**

**Introduced on January 8, 2019**

**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

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND SECTION 6-1-320, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO MILLAGE RATE INCREASE LIMITATIONS, SO AS TO ALLOW A MUNICIPALITY WITHOUT AN OPERATING MILLAGE ON JANUARY 1, 2019, OR A MUNICIPALITY THAT INCORPORATES AFTER JANUARY 1, 2019, TO IMPOSE AN OPERATING MILLAGE AND TO IMPOSE LIMITATIONS.

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

SECTION 1. Section 6-1-320(A) of the 1976 Code is amended by adding an appropriately numbered item to read:

“( ) A municipality without an operating millage on January 1, 2019, or a municipality that incorporates after January 1, 2019, may impose an operating millage. After the operating millage is imposed, it is subject to the limitations on increases set forth in item (1).”

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

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