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COMMITTEE REPORT

September 15, 2020

**S. 545**

Introduced by Senator Alexander

S. Printed 9/15/20--H.

Read the first time March 11, 2020.

**THE COMMITTEE ON WAYS AND MEANS**

To whom was referred a Bill (S. 545) to amend Section 12‑43‑335(a) of the 1976 Code, relating to assessing the property of merchants and other related businesses, to require, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass:

G. MURRELL SMITH, JR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Explanation of Fiscal Impact**

**Amended by the Senate on March 4, 2020**

**State Expenditure**

This bill as amended requires county auditors to use DOR’s Business Personal Property Return form, PT-100, when appraising and assessing business personal property (BPP). This amended bill does not change the responsibilities of DOR and therefore will have no expenditure impact.

**Local Expenditure**

This bill as amended requires county auditors to use DOR’s Business Personal Property Return form, PT-100, when appraising and assessing BPP. This bill takes effect after December 31, 2020. Currently, county auditors do not have to use this form when assessing and appraising BPP. The local fiscal impact is pending, contingent upon a response from the South Carolina Association of Counties.

**Introduced on February 20, 2019**

**State Expenditure**

This bill classifies business personal property (BPP) as merchant’s property for tax assessment purposes, which places it under the jurisdiction of DOR. Currently, the collection of BPP filings are split between DOR and the counties.

This bill will result in an increase in filings with DOR. DOR is able to manage the additional filings with existing staff and within existing appropriations. Therefore, this bill will have no expenditure impact for DOR.

**Local Expenditure**

This bill places all BPP assessment filings under the jurisdiction of DOR. Currently, jurisdiction is split between counties and DOR and five counties contract with DOR to handle all BPP filings.

As the counties would no longer be responsible for assessing this property, there would be an expenditure savings. Ten counties responded to our previous inquiry about this shift in responsibilities. Greenville County and Oconee County would not be impacted by this bill as they currently have the department assessing their business personal property. Anderson and Charleston anticipate savings of $15,000 and $10,000 respectively associated with postage, printing, and labor. Chester County, Dillon County, Lexington County, Richland County, Spartanburg County, and Williamsburg County, expected savings of less than $1,000, if any, stemming from savings on postage and mailings. Berkeley County would also experience minimal savings if the two BPP appraisers remain on staff to assist local businesses with the filings. Overall, the local expenditure savings statewide is undetermined as the impact varies from county to county.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND SECTION 12‑43‑335(A) OF THE 1976 CODE, RELATING TO ASSESSING THE PROPERTY OF MERCHANTS AND OTHER RELATED BUSINESSES, TO REQUIRE THE DEPARTMENT OF REVENUE TO FOLLOW CERTAIN NORTH AMERICAN CLASSIFICATION SYSTEM MANUAL PROVISIONS; AND TO REPEAL SECTION 12‑39‑70 OF THE 1976 CODE, RELATING TO APPRAISING AND ASSESSING THE PERSONAL PROPERTY OF BUSINESSES UNDER THE JURISDICTION OF THE COUNTY AUDITOR.

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

SECTION 1. Section 12‑39‑70 of the 1976 Code is amended to read:

“Section 12‑39‑70. For the purpose of appraising and assessing personal property of businesses and other entities under the jurisdiction of the county auditor, the county auditor must use the department’s Form PT‑100 and shall follow the classification of the most recent North American Industry Classification System Manual, as follows:

(1) Sector 11, subsectors 111, 112, 113, 114, and 115, unless exempt;

(2) Sector 52, subsectors 522, 523, 524, and 525; Sector 53, subsectors 531 and 533; and Sector 55, subsector 551, unless exempt;

(3) Sector 51, subsector 512; Sector 54, subsector 541; Sector 61, subsector 611; Sector 62, subsectors 621, 622, 623, and 624; Sector 71, subsector 712; Sector 72, subsector 721; and Sector 81, subsectors 813 and 814, unless exempt.”

SECTION 2. This act takes effect upon approval by the Governor and applies to property tax returns due after December 31, 2020.

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