



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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*This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.*

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**Bill Number:** H. 4996 Introduced on January 31, 2024  
**Author:** M.M. Smith  
**Subject:** Transferable Development Rights  
**Requestor:** House Medical, Military, Public, and Municipal Affairs  
**RFA Analyst(s):** Bryant  
**Impact Date:** February 29, 2024

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### **Fiscal Impact Summary**

This bill specifies that any local governing authority may provide, by ordinance, for the voluntary transfer of development rights from one parcel of land to another parcel of land. A local governing authority may also restrict or prohibit further development of the parcel from which the development rights are transferred and increase the density or intensity of the development of the parcel to which such rights are transferred. The ordinance must satisfy certain conditions as specified in the bill.

The Revenue and Fiscal Affairs Office (RFA) contacted all county governments and the Municipal Association of South Carolina (MASC) regarding the fiscal impact of this bill and received a response from MASC. MASC indicates that if a local government decides to enact an ordinance providing for the voluntary transfer of development rights, the expenditure impact will vary depending on how the ordinance is implemented and the specific circumstances of each transfer since the bill allows local governments to structure transfer of a development rights program as they see appropriate. MASC also notes that although there may be administrative costs associated with the implementation and management of a transfer of development rights program, a local government may enact fees to recoup (in whole or part) such costs. Due to the permissive nature of the bill, the expenditure impact on local governments is undetermined and will vary by locality.

Further, MASC notes that land held in conservation may reduce local property tax revenues. However, the bill provides that local governments may purchase development rights and hold them for conservation purposes or resale, and MASC reports that the resale of these rights may increase revenues, depending on the terms of the transaction. Due to the permissive nature of the bill, the revenue impact on local governments is undetermined and will vary by locality.

### **Explanation of Fiscal Impact**

**Introduced on January 31, 2024**

**State Expenditure**

N/A

## State Revenue

N/A

## Local Expenditure

This bill specifies that any local governing authority may provide, by ordinance, for the voluntary transfer of development rights from one parcel of land to another parcel of land. A local governing authority may also restrict or prohibit further development of the parcel from which the development rights are transferred and increase the density or intensity of the development of the parcel to which such rights are transferred. The ordinance must satisfy certain conditions as specified in the bill.

RFA contacted all county governments and MASC regarding the expenditure impact of this bill and received a response from MASC. MASC indicates that if a local government decides to enact an ordinance providing for the voluntary transfer of development rights, the expenditure impact will vary depending on how the ordinance is implemented and the specific circumstances of each transfer since the bill allows local governments to structure a transfer of development rights program as they see appropriate. MASC also notes that although there may be administrative costs associated with the implementation and management of a transfer of development rights program, a local government may enact fees to recoup (in whole or part) such costs. Due to the permissive nature of the bill, the expenditure impact on local governments is undetermined and will vary by locality.

## Local Revenue

This bill specifies that any local governing authority may provide, by ordinance, for the voluntary transfer of development rights from one parcel of land to another parcel of land. A local governing authority may also restrict or prohibit further development of the parcel from which the development rights are transferred and increase the density or intensity of the development of the parcel to which such rights are transferred. The ordinance must satisfy certain conditions as specified in the bill.

RFA contacted all county governments and MASC regarding the impact of this bill on local government revenues and received a response from MASC. MASC notes that land held in conservation may reduce local property tax revenues. However, the bill provides that local governments may purchase development rights and hold them for conservation purposes or resale, and MASC reports that the resale of these rights may increase revenues, depending on the terms of the transaction. Due to the permissive nature of the bill, the impact on local government revenues is undetermined and will vary by locality.



Frank A. Rainwater, Executive Director