



# SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

## STATEMENT OF ESTIMATED FISCAL IMPACT

[WWW.RFA.SC.GOV](http://WWW.RFA.SC.GOV) • (803)734-3793

*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.*

---

<b>Bill Number:</b>	H. 3419	Introduced on January 14, 2025
<b>Subject:</b>	Homestead Exemption	
<b>Requestor:</b>	House Ways and Means	
<b>RFA Analyst(s):</b>	Miller	
<b>Impact Date:</b>	March 7, 2025	

---

### Fiscal Impact Summary

This bill increases the homestead property tax exemption for the owner-occupied property of individuals who are 65 and older, totally and permanently disabled, or legally blind to the first \$150,000 of the fair market value (FMV) from all millage. Currently, the homestead exemption applies to the first \$50,000 of the FMV of a qualifying individual's owner-occupied property. Additionally, 100 percent of the FMV of all owner-occupied properties is exempt from school operating millage. This bill exempts an additional \$100,000 of the FMV for qualifying individuals from non-school operating millage beginning in tax year 2025. Local governments are reimbursed for the property tax reduction from the exemption by the state through the Trust Fund for Tax Relief.

The Department of Revenue (DOR) anticipates being able to manage any administrative responsibilities due to this change with existing staff and within existing appropriations.

This bill will reduce local property tax revenue by approximately \$235,030,000 beginning in tax year 2025. This reduction will be offset by a state reimbursement. Therefore, this bill will increase the required General Fund individual and corporate income tax revenue transfer to the Trust Fund for Tax Relief by \$235,030,000 to reimburse counties, municipalities, school districts, and special districts for the reduction in local property taxes in FY 2025-26 and reduce revenue available for appropriation by a corresponding amount.

### Explanation of Fiscal Impact

#### Introduced on January 14, 2025

##### State Expenditure

This bill increases the homestead property tax exemption for the owner-occupied property of individuals who are 65 and older, totally and permanently disabled, or legally blind to the first \$150,000 of the FMV from all millage.

DOR anticipates being able to manage any administrative responsibilities with existing staff and within existing appropriations.

## State Revenue

This bill increases the homestead property tax exemption for the owner-occupied property of individuals who are 65 and older, totally and permanently disabled, or legally blind to the first \$150,000 of the FMV from all millage. Currently, the homestead exemption applies to the first \$50,000 of the FMV of a qualifying individual's owner-occupied property. Additionally, 100 percent of the FMV of all owner-occupied properties is exempt from school operating millage. This bill exempts an additional \$100,000 of the FMV for qualifying individuals from non-school operating millage beginning in tax year 2025. Local governments are reimbursed for the property tax reduction from the exemption by the state through the Trust Fund for Tax Relief.

DOR's 2022 Homestead Exemption Fair Market Value Statistics Report provides information on the homestead exemption based on home value ranges including the number of homes, the average FMV, the total exempt FMV, and total FMV. Using the data provided by this report, we estimate the newly exempt FMV for these properties totals \$27,539,584,000. Applying an annual growth rate of 5.69 percent and statewide average non-school operating millage of 180.7, this bill will reduce local property tax revenue by approximately \$235,030,000 beginning in tax year 2025.

This local revenue reduction will be offset by a state reimbursement. Therefore, this bill will increase the required General Fund individual and corporate income tax revenue transfer to the Trust Fund for Tax Relief by \$235,030,000 to reimburse counties, municipalities, school districts, and special districts for the reduction in local property taxes in FY 2025-26 and reduce revenue available for appropriation by a corresponding amount.

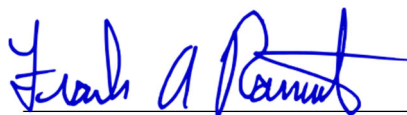
## Local Expenditure

The Revenue and Fiscal Affairs Office contacted all counties to determine the local expenditure impact of this bill. We received responses from the counties of Beaufort, Cherokee, Chester, Chesterfield, and Florence. Based on the responses received, any increase in expense due to this bill will be for one-time software updates and will be minimal.

## Local Revenue

This bill increases the homestead property tax exemption for the owner-occupied property of individuals who are 65 and older, totally and permanently disabled, or legally blind to the first \$150,000 of the FMV from all millage. This bill exempts an additional \$100,000 of the FMV for qualifying individuals from non-school operating millage beginning in tax year 2025. The exemption is reimbursed by the state through the Trust Fund for Tax Relief.

As explained in the State Revenue section, we estimate the newly exempt FMV for these properties totals \$27,539,584,000. Applying an annual growth rate of 5.69 percent and statewide average non-school operating millage of 180.7, this bill will reduce local property tax revenue by approximately \$235,030,000 beginning in tax year 2025. This reduction will be offset by a state reimbursement.



Frank A. Rainwater, Executive Director