



**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.

Bill Number: S. 0768 Introduced on January 13, 2026
Subject: Homestead Exemption
Requestor: Senate Finance
RFA Analyst(s): Miller
Impact Date: January 20, 2026

Fiscal Impact Summary

This bill increases the homestead exemption amount from \$50,000 to \$100,000 of the fair market value (FMV) of qualifying properties beginning in tax year 2026 and lowers the age requirement from 65 to 60 years of age. Currently, the homestead exemption applies to the first \$50,000 for the owner-occupied property of individuals who are 65 and older, totally and permanently disabled, or legally blind. These qualifying owner-occupied properties are exempt from all property taxes (school district, county, municipal, and special purpose district millage) on the first \$50,000 of the FMV. Additionally, 100 percent of the FMV of all owner-occupied properties is exempt from school operating millage. Increasing the homestead exemption to \$100,000 would exempt an additional \$50,000 of the FMV for qualifying properties from all non-school operating millage. Local governing bodies are reimbursed by the State from the Trust Fund for Tax Relief the property tax revenue reduction as a result of the homestead exemption.

The bill is not expected to impact expenditures for the Department of Revenue (DOR) to administer the change in the amount of the homestead exemption and corresponding local government reimbursements as this can be accomplished under the agency’s current processes.

RFA contacted all counties to determine the local expenditure impact and received responses from the counties of Charleston, Florence, Horry, and Lancaster. Horry County and Florence County anticipate this bill will have no local expenditure impact. Charleston County and Lancaster County anticipate the need to hire additional staff resulting in an increase in annual salary and fringe expense and a non-recurring expense to update software systems.

In total, the bill would decrease local property taxes by approximately \$245,660,000 beginning in tax year 2026 as shown below.

Estimated Local Revenue Impact of Increasing the Exemption Amount and Lowering the Qualifying Age for the Homestead Exemption in Tax Year 2026

Qualifying Age	\$100,000 Exemption
Age 65+	\$147,999,000
Age 60 to 64	\$97,661,000
Total	\$245,660,000

Local governing bodies are reimbursed by the State from the Trust Fund for Tax Relief for the property tax revenue reduction as a result of the homestead exemption. As the reimbursement for non-school operating millage for the homestead exemption is a dollar-for-dollar match, this increase in the exemption would also increase state reimbursements by an offsetting amount.

Therefore, this increased exemption in tax year 2026 would decrease available General Fund revenue from individual and corporate income tax to fund the increase in the reimbursement from the Trust Fund for Tax Relief. The changes would reduce General Fund individual and corporate income tax revenue available for appropriation by \$245,660,000 to reimburse counties, municipalities, school districts, and special purpose districts for the reduction in local property taxes beginning in FY 2026-27.

Explanation of Fiscal Impact

Introduced on January 13, 2026

State Expenditure

This bill increases the homestead exemption amount from \$50,000 to \$100,000 of the fair market value (FMV) of qualifying properties beginning in tax year 2026 and lowers the age requirement from 65 to 60 years of age. The bill is not expected to impact expenditures for DOR to administer the change in the amount of the homestead exemption and corresponding local government reimbursements as this can be accomplished under the agency's current processes.

State Revenue

This bill increases the homestead exemption from \$50,000 to \$100,000 beginning in tax year 2026 and lowers the age requirement from 65 to 60 years of age. Currently, the homestead exemption applies to the first \$50,000 for the owner-occupied property of individuals who are 65 and older, totally and permanently disabled, or legally blind. These qualifying owner-occupied properties are exempt from all property taxes (school district, county, municipal, and special purpose district millage) on the first \$50,000 of the FMV. Additionally, 100 percent of the FMV of all owner-occupied properties is exempt from school operating millage. Increasing the exempt amount from \$50,000 to \$100,00 will exempt an additional \$50,000 of the FMV for qualifying individuals from non-school operating millage. Additionally, by lowering the age from 65 to 60 properties will be eligible for the homestead exemption 5 years earlier. This will reduce local property tax revenue. Local governing bodies are reimbursed by the State from the Trust Fund for Tax Relief for the property tax revenue reduction as a result of the homestead exemption. As the reimbursement for non-school operating millage for the homestead exemption is a dollar-for-dollar match, this increase in the exemption would also increase State reimbursements by an offsetting amount.

Impact of Increasing the Homestead Exemption Amount

First, increasing the exempt amount from \$50,000 to \$100,00 will exempt an additional \$50,000 of the FMV for qualifying individuals from non-school operating millage, which will reduce local property tax revenue and increase State reimbursements from the Trust Fund for Tax Relief.

To estimate this impact, RFA estimated the total newly exempt FMV for all qualifying properties based on the Department of Revenue’s 2022 Homestead Exemption Fair Market Value Statistics Report. We also projected that the FMV of owner-occupied property will grow at an annual average growth rate of 5.69 percent. This growth rate takes into consideration the recent increase in the population of individuals 65 years and older relative to the total population as well as historical growth rates over the past several years. Additionally, the projected 2026 statewide millage rate is 363.4 mills. Approximately 49 percent of the millage is from school operating millage, which is already fully exempt under current law. Therefore, the newly increased homestead exemption will apply to the remaining 185.3 mills for non-school operating property taxes. The following table displays the estimated impact for tax year 2026.

Estimated Local Revenue Impact of Increasing the Homestead Exemption Amount for Individuals Age 65 and Over in Tax Year 2026

New Homestead Exemption Amount	\$100,000
Newly Exempt FMV	\$19,962,677,000
Newly Exempt Assessed Amount (4% Assessment)	\$798,507,000
Reduction in Property Tax Revenue Statewide	\$147,999,000

This increased exemption in tax year 2026 would decrease available General Fund revenue from individual and corporate income tax to fund the increase in the reimbursement from the Trust Fund for Tax Relief. The homestead exemption for non-school operating millage is a dollar-for-dollar match. Therefore, this increased exemption would decrease available General Fund individual and corporate income tax revenue available for appropriation by \$147,999,000 for a homestead exemption of \$100,000 to reimburse counties, municipalities, school districts, and special purpose districts for the reduction in local property taxes beginning in FY 2026-27.

Impact of Lowering Qualifying Age from 65 to 60

Second, the bill would lower the age requirement to qualify for the homestead exemption from 65 to 60 years of age. Based on U.S. Census Bureau data regarding home ownership by age in South Carolina, we anticipate that reducing the age will increase the number of properties that qualify for the homestead exemption by approximately 164,346. Under the current homestead exemption value of \$50,000, lowering the age would decrease local property taxes by approximately \$55,052,000. At the increased exemption value of \$100,000, property taxes would decrease by an additional \$42,609,000 for individuals age 60 to 64 years. The total local property tax reduction for individuals age 60 to 64 years at the new \$100,000 value exemption is estimated to be \$97,661,000 beginning in tax year 2026.

Estimated Local Revenue Impact of Lowering the Qualifying Age from 65 to 60 for the Homestead Exemption in Tax Year 2026

Homestead Exemption Amount	Age 60 to 64
\$50,000 (Current Amount)	\$55,052,000
\$50,000-\$100,000 (Proposed Amount)	\$42,609,000
Total	\$97,661,000

This increased exemption in tax year 2026 would also decrease available General Fund revenue from individual and corporate income tax to fund the increase in the reimbursement from the Trust Fund for Tax Relief. The decrease in the age requirement would reduce General Fund individual and corporate income tax revenue available for appropriation by \$97,661,000 to reimburse counties, municipalities, school districts, and special purpose districts for the reduction in local property taxes beginning in FY 2026-27.

Total Impact

In total, the bill to increase the homestead exemption amount from \$50,000 of FMV to \$100,000 and decrease the age requirement from 65 to 60 years of age would decrease local property taxes by approximately \$245,660,000 beginning in tax year 2026 as shown below.

Estimated Local Revenue Impact of Increasing the Exemption Amount and Lowering the Qualifying Age for the Homestead Exemption in Tax Year 2026

Qualifying Age	\$100,000 Exemption
Age 65+	\$147,999,000
Age 60 to 64	\$97,661,000
Total	\$245,660,000

This increased exemption in tax year 2026 would decrease available General Fund revenue from individual and corporate income tax to fund the increase in the reimbursement from the Trust Fund for Tax Relief. The changes would reduce General Fund individual and corporate income tax revenue available for appropriation by a total of \$245,660,000 to reimburse counties, municipalities, school districts, and special purpose districts for the reduction in local property taxes beginning in FY 2026-27.

Local Expenditure

This bill increases the homestead exemption from \$50,000 to \$100,000 beginning in tax year 2026 and lowers the age requirement from 65 to 60 years of age. RFA contacted all counties to determine the local expenditure impact and received responses from the counties of Charleston, Florence, Horry, and Lancaster. Horry County and Florence County anticipate this bill will have no local expenditure impact. Charleston County and Lancaster County anticipate the need to hire additional staff resulting in an increase in annual salary and fringe expense and a non-recurring expense to update software systems.

Local Revenue

This bill increases the homestead exemption from \$50,000 to \$100,000 beginning in tax year 2026 and lowers the age requirement from 65 to 60 years of age. This bill will exempt an additional \$50,000 of the FMV for qualifying individuals from non-school operating millage and allow homeowners to qualify 5 years sooner. As explained in the State Revenue section, we estimate this bill would decrease local property taxes by approximately \$245,660,000 beginning in tax year 2026. This reduction will be offset by a State reimbursement from the Trust Fund for Tax Relief.

Frank A. Rainwater, Executive Director