



# SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

## STATEMENT OF ESTIMATED FISCAL IMPACT

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<b>Bill Number:</b>	S. 0768	Amended by the Senate on February 19, 2026
<b>Subject:</b>	Homestead Exemption	
<b>Requestor:</b>	Senate Finance	
<b>RFA Analyst(s):</b>	Miller	
<b>Impact Date:</b>	February 24, 2026	

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### Fiscal Impact Summary

This bill creates a new property tax exemption from all millage for the first \$150,000 of the fair market value (FMV) beginning in tax year 2026 for 1) those properties that qualified for the homestead exemption in tax year 2025, and 2) those properties that meet the qualifications for the homestead exemption beginning after tax year 2025 as long as the owner has been a resident of the state for at least ten years and filed an income tax return for at least ten years in the state at any time before the application for the property tax exemption. This bill also adds a property tax exemption from all millage for the first \$75,000 for those properties that meet the qualifications for the homestead exemption beginning after tax year 2025 as long as the owner has been a resident of the state for at least five years and filed an income tax return for at least five years in the state at any time before the application for the property tax exemption.

Further, the bill specifies that beginning in 2026, a property owner must qualify for this new exemption in order to apply for the existing homestead exemption. Therefore, if the owner meets the previous qualifications for the homestead exemption but does not meet the new residency requirements in this exemption, the owner does not qualify for the new exemption or the homestead exemption. Lastly, this new exemption cannot be taken in conjunction with the homestead exemption.

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. This new exemption would exempt an additional \$100,000 of \$25,000 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 for the property tax revenue reduction as a result of the homestead exemption and, under this bill, must be reimbursed in the same manner as the homestead exemption. Additionally, this bill permits a county government to increase the exemption by ordinance, however, any taxes not collected pursuant to such ordinance is not eligible for reimbursement.

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

Revenue and Fiscal Affairs (RFA) contacted all counties and the Municipal Association of South Carolina (MASC) to determine the local expenditure impact and received responses from the counties of Charleston, Chester, Edgefield, Florence, Greenwood, and Richland and MASC. Chester County anticipates being able to manage the responsibilities of this bill within existing resources. Charleston County anticipates an increase in administrative cost ranging from \$12,000 to \$75,000 annually and a non-recurring expense to update software systems ranging from \$8,000 to \$45,000. Edgefield County anticipates an increase in annual cost of up to \$2,400 for additional staff time and non-recurring expenses of \$15,000 for software and database updates. Florence County anticipates an increase in expenses of approximately \$12,000. Greenwood and Richland Counties anticipate a cost of \$10,000 to implement the changes required by this bill. MASC notes that this bill will increase administrative expense for those municipalities that bill and collect their own property taxes. MASC also expressed concern that this bill may impact property tax revenue for municipalities and special purpose districts if a county government chooses to increase the exemption by ordinance.

The bill would decrease local property taxes by approximately \$247,667,000 beginning in tax year 2026 as shown below.

**Estimated Impact of Property Tax Exemption  
Tax Year 2026**

	<b>Exempt Amount</b>	<b>Properties</b>	<b>Impact</b>
Homestead Exempt Properties Prior to 2026	\$150,000	508,940	\$244,596,000
New Homestead Exempt Properties in 2026			
10 Year Residency	\$150,000	6,226	\$3,039,000
5 to 9 Year Residency	\$75,000	204	\$32,000
Less than 5 Year Residency	N/A	199	\$0
<b>Total</b>		<b>515,568</b>	<b>\$247,667,000</b>

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, and this new exemption will be administered and reimbursed in the same manner. As the reimbursement for non-school operating millage for the homestead exemption is a dollar-for-dollar match, this new exemption will also be a dollar-for-dollar match on non-school operating millage and increase State reimbursements by an offsetting amount.

Therefore, this new 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 \$247,667,000 to reimburse counties, municipalities, school districts, and special purpose districts for the reduction in local property taxes beginning in FY 2026-27.

This bill may result in an additional decrease of property tax revenue if any county chooses to increase the exempt amount by ordinance, however, as this is permissive in nature, the potential local property tax revenue impact is undetermined. To note, any decrease in property tax revenue due to an ordinance increasing the exempt amount is not subject to reimbursement.

## **Explanation of Fiscal Impact**

### **Amended by the Senate on February 19, 2026**

#### **State Expenditure**

This bill creates a new property tax exemption beginning in tax year 2026 for properties that either 1) qualified for the homestead exemption in tax year 2025 or 2) meet the homestead exemption requirements and certain residency requirements beginning in tax year 2026. The exempt amount increases from the current homestead exemption of \$50,000 to \$150,000 of the FMV for those properties that qualified for the homestead exemption prior to tax year 2026 or would be newly qualified for the homestead exemption in tax year 2026 as long as the owner has been a resident of the state and filed a state income tax return for at least ten years. Alternatively, for properties that would be newly qualified for the homestead exemption in tax year 2026 and whose owner has been a resident of the state and filed a state income tax return for at least five years, the exempt amount is \$75,000. For all remaining properties, beginning in 2026, if the owner meets the previous homestead exemption requirements but the owner has not met the residency requirements of the new exemption, the property does not qualify for either the homestead exemption or this new exemption. 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 creates a new property tax exemption beginning in tax year 2026 for properties that either 1) qualified for the homestead exemption in tax year 2025 or 2) meet the homestead exemption requirements and certain residency requirements beginning in tax year 2026. The exempt amount increases from the current homestead exemption of \$50,000 to \$150,000 of the FMV for those properties that qualified for the homestead exemption prior to tax year 2026 or would be newly qualified for the homestead exemption in tax year 2026 as long as the owner has been a resident of the state and filed a state income tax return for at least ten years. Alternatively, for properties that would be newly qualified for the homestead exemption in tax year 2026 and whose owner has been a resident and filed a state income tax return for at least five years, the exempt amount is \$75,000. For all remaining properties, beginning in 2026, if the owner meets the homestead exemption requirements but the owner has not met the residency requirements, the property does not qualify for either the homestead exemption or this new exemption. This exemption cannot be taken in conjunction with the homestead exemption.

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 under the new exemption from \$50,000 to \$150,00 or \$75,000 will exempt an additional \$100,000 or \$25,000 of the FMV for qualifying individuals from non-school operating millage. This change 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. Under this bill, the new exemption must be administered and reimbursed in the same manner as the homestead exemption. Therefore, as the reimbursement for non-school operating millage for the homestead exemption is a dollar-for-dollar match, this new exemption would increase State reimbursements by an offsetting amount.

To estimate this impact, RFA estimated the total newly exempt FMV for all qualifying properties based on DOR’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 new 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. Further, we used data from the U.S. Census Bureau’s 2023 American Community Survey on the state’s migration population, a U.S. Census Bureau report on the percentage of movers who returned home, marital status, and owner-occupied property ownership by age range to determine the residency requirements of this bill.<sup>1</sup> The following table displays the anticipated impact in tax year 2026.

**Estimated Impact of Property Tax Exemption  
Tax Year 2026**

	<b>Exempt Amount</b>	<b>Properties</b>	<b>General Fund Impact</b>
Homestead Exempt Properties Prior to 2026	\$150,000	508,940	(\$244,596,000)
New Homestead Exempt Properties in 2026			
10 Year Residency	\$150,000	6,226	(\$3,039,000)
5 to 9 Year Residency	\$75,000	204	(\$32,000)
Less than 5 Years Residency	N/A	199	\$0
<b>Total</b>		<b>515,568</b>	<b>(\$247,667,000)</b>

<sup>1</sup> Palarino, Justin V. and L. Slagan Locklear, US Census Bureau, *Homeward Bound: More People Moved Back Home at Height of Pandemic*, January 22, 2026, Retrieved February 23, 2026, <https://www.census.gov/library/stories/2025/01/return-home-migration.html>

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 \$247,667,000 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 creates a new exemption based on the requirements of the homestead exemption with residency requirements for newly qualified properties beginning in tax year 2026. RFA contacted all counties and MASC to determine the local expenditure impact and received responses from the counties of Charleston, Chester, Edgefield, Florence, Greenwood, and Richland and MASC. Chester County anticipates being able to manage the responsibilities of this bill within existing resources. Charleston County anticipates an increase in administrative cost ranging from \$12,000 to \$75,000 annually and a non-recurring expense to update software systems ranging from \$8,000 to \$45,000. Edgefield County anticipates an increase in annual cost of up to \$2,400 for additional staff time and non-recurring expenses of \$15,000 for software and database updates. Florence County anticipates an increase in expenses of approximately \$12,000. Greenwood and Richland Counties anticipate a cost of \$10,000 to implement the changes required by this bill. MASC notes that this bill will increase administrative expense for those municipalities that bill and collect their own property taxes. MASC also expressed concern that this bill may impact property tax revenue for municipalities and special purpose districts if a county government chooses to increase the exemption by ordinance.

### **Local Revenue**

This bill creates a new exemption based on the requirements of the homestead exemption with residency requirements for newly qualified properties beginning in tax year 2026. The exempt amount is \$150,000 of the FMV for those properties that qualified for the homestead exemption prior to tax year 2026 or would be newly qualified for the homestead exemption in tax year 2026 as long as the owner has been a resident of the state and filed a state income tax return for at least ten years. Alternatively, for properties that would be newly qualified for the homestead exemption in tax year 2026 and whose owner has been a resident and filed a state income tax return for at least five years, the exempt amount is \$75,000. As explained in the State Revenue section, this bill would decrease local property taxes by approximately \$247,667,000 beginning in tax year 2026. This reduction will be offset by a State reimbursement from the Trust Fund for Tax Relief.

Additionally, this bill permits county governments to increase this property tax exemption by ordinance. However, any decrease in property tax revenue due to this increase will not be reimbursed by the State. This bill may result in a decrease in property tax revenue depending upon whether a county enacts an ordinance to increase the property tax exemption and the amount of the increase.



Frank A. Rainwater, Executive Director