

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: March 20, 2009

Bill Number: H.B. 3018

Authors: E.H. Pitts, Huggins, Gunn and Bales

Committee Requesting Impact: House Ways and Means

Bill Summary

A bill to amend Section [12-37-220](#), as amended, Code of Laws of South Carolina, 1976, relating to property tax exemptions, so as to exempt from property tax the value of improvements to real property consisting of a newly constructed detached single family home through the earlier of the property tax in which the home is occupied, or the second property tax year ending December thirty-first after the home is completed and a certificate for occupancy issued thereon if required.

REVENUE IMPACT ^{1/}

This bill is not expected to impact State revenues. Local property tax revenues would be reduced by \$1,541,043 in FY 2009-10.

Explanation

This bill adds a new property tax exemption equal to one hundred percent of the value of an improvement to real property consisting of a newly constructed detached single family home. The exemption is good through the earlier of the property tax year in which the home is first occupied or the property tax year ending the second December thirty first after the home is completed and a certificate of occupancy is issued. We estimate this exemption will be applied to 500 homes in a typical year. Multiplying these homes by \$171,227, the average value of building permits issued in 2007, times a six percent assessment ratio times an average millage rate of 300 yields \$1,541,043 of local property tax revenue that will be exempted.

/s/ WILLIAM C. GILLESPIE, Ph.D.

William C. Gillespie, Ph.D.
Chief Economist

Analyst: Gibson

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.