

# South Carolina Office of Research and Statistics

## Statement of Estimated Local Revenue Impact

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Date: May 19, 2009

Bill Number: H.B. 3018 as amended by Senate Finance May 13, 2009

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Committee Requesting Impact: Senate Finance

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### 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 <sup>1/</sup>

This bill is not expected to impact State revenues. Local property tax revenues would be reduced by \$10,341,043 in FY 2009-10. To the extent allowed by the millage caps, this amount would be shifted among the other classes of property.

### Explanation

#### **Bill as amended by Senate Finance May 13, 2009**

This bill as amended, adds Section 2 which changes the definition of a family member when used to determine eligibility for the special 4% assessment ratio given to owner-occupied homes. Under current law, a person can only have one home assessed a 4%. This Section would allow a child of the owner-occupant over the age of 18 claimed or eligible to be claimed as a dependent on the owner-occupants federal income tax return also to receive a 4% assessment ratio on another home that the dependent child lives in. Under current law, the additional home the dependent child occupies would not be eligible for the 4% assessment ratio. We estimate 4,200 additional homes would qualify for the 4% assessment ratio instead of the 6% assessment ratio. Granting these homes a 4% assessment ratio will reduce local property tax revenues by \$8.8 million in FY 2009-10. To the extent allowed by the millage caps, this amount would be shifted among the other classes of property.

#### **Bill as introduced**

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.  
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<sup>1/</sup> 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.