

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: January 22, 2009

Bill Number: S.B. 193

Authors: McConnell and Campsen

Committee Requesting Impact: Senate Finance

Bill Summary

A bill to amend Section [12-43-220](#), as amended, Code of Laws of South Carolina, 1976, relating to valuation and classification of property for purposes of the property tax, so as to provide that the owner-occupant of residential property qualifies for the four percent assessment ratio allowed owner-occupied residential property, if the owner is otherwise qualified and the residence is not rented for more than ninety days a year; to allow refunds or credits to owner-occupants who qualify for the four percent assessment ratio due to the amendments contained herein; to delete other references to rental of these residences; and to amend Section [12-54-240](#) relating to disclosure of records, reports, and returns with the Department of Revenue, so as to provide that verification that the Federal Schedule E conforms with the same document required by a county assessor is not prohibited.

REVENUE IMPACT ^{1/}

Local property taxes would be reduced by an estimated \$450,000 as a result of homes currently receiving a 6.0% assessment ratio getting the 4.0% owner-occupied assessment ratio and the retroactive nature of this bill. Expenditures from the Homestead Exemption Fund will be increased by \$370,000 to reimburse these additional homes that will qualify for the 4.0% assessment ratio.

Explanation

Under current law, owner occupied homes are assessed at 4.0% for property tax purposes. All other homes are assessed at 6.0% for property tax purposes. Also, under current law, an owner-occupied home can be rented out for less than fifteen days and still get the 4.0% assessment ratio. This bill would allow the home to keep the 4.0% assessment ratio if it is not rented for more than ninety days in a calendar year. This bill applies to property tax years beginning after 2004. Homes that will now qualify for the 4.0% assessment ratio because of this bill will be eligible for refunds or credits for property taxes paid from tax year 2005 and forward. Based on conversations with the Charleston county assessor's office and other county offices, we estimate local property taxes will be reduced by \$450,000 as a result of homes currently receiving a 6.0% assessment ratio getting the 4.0% owner-occupied assessment ratio. Expenditures from the Homestead Exemption Fund will be increased by \$370,000 to reimburse these additional homes that will qualify for the 4.0% assessment ratio.

/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.