

South Carolina Office of Research and Statistics

Statement of Estimated Local Revenue Impact

Date: May 6, 2009

Bill Number: S.B. 405 as amended by Senate Finance May 5, 2009

Authors: Cleary

Committee Requesting Impact: Senate Finance

Bill Summary

A bill to amend Section [12-37-220](#) of the 1976 Code, relating to property tax exemptions, to clarify that a watercraft and its motor may not receive a forty-two and 75/100 percent exemption if the boat or watercraft is classified as a primary or secondary residence for property tax purposes; to amend Section [12-37-224](#), relating to boats as a primary or secondary residence, to provide that a boat or watercraft that contains a cooking area with an onboard power source, a toilet with exterior evacuation, and a sleeping quarter, shall be considered a primary or secondary residence for purposes of ad valorem property taxation in this State; and to amend Section [12-37-714](#), relating to boats with a situs in this state, to provide that upon an ordinance passed by the local governing body, a county may subject a boat, including its motor if the motor is separately taxed, to property tax if it is within this state for ninety days in the aggregate, regardless of the number of consecutive days.

REVENUE IMPACT ^{1/}

This bill is not expected to impact State revenues. Local revenues are not expected to be negatively impacted.

Explanation

Section 1 of this bill clarifies that certain boats do not get an unintended double benefit from two competing code sections that, in effect, lower the assessment ratio on boats. SC Code Section 12-37-220(B)(38)(b) of the Code was added by Act 116 of 2007 and allows counties by ordinance to exempt 42.75% of the fair market value of a watercraft and its motor. SC Code Section 12-37-224 was added by Act 66 of 2007 and allows certain boats on which the interest portion of indebtedness is deductible pursuant to the IRS Code as an interest expense on a qualified primary or secondary residence to be assessed effectively at 6.0% or 4.0% if a primary residence. Due to these two Code Sections boats that meet the requirements of 12-37-224 could effectively become assessed at 3.4% or 2.3% if a county passed an ordinance under 12-37-220(B)(38)(b). Section 1 of this bill clarifies that the 42.75% exemption under 12-37-220(B)(38)(b) does not apply to boats that are classified as a primary or secondary residence pursuant to Code Section 12-37-224.

Section 3 is not expected to negatively impact local property tax revenues.

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

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Chief Economist

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^{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.