

South Carolina Office of Research and Statistics

Statement of Estimated Local Revenue Impact

Date: March 1, 2011

Bill Number: H.B. 3713

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Committee Requesting Impact: House Ways and Means

Bill Summary


A bill to amend the Code of Laws of South Carolina, 1976, by adding Section 12-37-3135 so as to provide that when a parcel of real property and improvements thereon previously subject to property tax undergoes an assessable transfer of interest and the value of the parcel as determined at the time of the assessable transfer of interest is greater than the value of the parcel used in the property tax assessment on the parcel for the most recently completed property tax year, there is allowed an exemption of an amount of the fair market value of the parcel sufficient to eliminate any increase in the value of the parcel; to amend Section 12-37-3140, as amended, relating to determining fair market value, so as to make a conforming change; and to amend Section 12-60-30, as amended, relating to definitions in the revenue procedures act, so as to clarify the definition of property tax assessment.

REVENUE IMPACT ^{1/}

This bill is not expected to impact State revenues. This bill would change the incidence of local property taxes by reducing the property taxes collected from real property that undergoes an assessable transfer of interest by \$52 million in a typical year. To the extent allowed by the millage caps, this amount would be shifted among the other classes of property.

Explanation

This bill changes how point of sale valuations are handled when an assessable transfer of interest occurs. In most instances, this bill does not allow the value of property previously taxed to increase when an assessable transfer of interest occurs by exempting the amount of increase in value attributable to the sale. In a typical year, we project exempting the increase in value of properties being sold and keeping these properties on the tax rolls at the value before the sale will reduce property tax collections Statewide by an estimated \$52 million. To the extent allowed by the millage caps, this amount would be shifted among the other classes of property.


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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.