

# South Carolina Board of Economic Advisors

## Statement of Estimated State Revenue Impact (Section 2-7-71)

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**Date:** March 12, 2007

**Bill Number:** S.B. 325

**Author:** Vaughn

**Committee Requesting Impact:** Senate Finance

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### Bill Summary

A bill to amend Section [12-37-250](#), as amended, Code of Laws of South Carolina, 1976, relating to the fifty thousand dollar homestead exemption for the person over sixty-five years of age and disabled persons, so as to index the exemption amount to inflation in the same manner and by the same percentage that federal income tax brackets are adjusted to reflect increases in the consumer price index.

### REVENUE IMPACT <sup>1/</sup>

This bill would increase state expenditures for the homestead exemption currently given to taxpayers 65 and over or those totally and permanently disabled or legally blind by \$2,179,323 in FY 2007-08.

### Explanation

Under current law taxpayers sixty-five and over or those totally and permanently disabled or legally blind receive an exemption of \$50,000 of the fair market value of their home for property tax purposes. The state currently allocates approximately \$174.0 million to fund this exemption. This bill will annually raise the homestead exemption amount in the same manner and by the same percentage that federal income tax brackets are adjusted to reflect increases in the consumer price index. We estimate this amount to be 3.0% a year. Raising the homestead exemption by 3.0% would increase the exemption amount from \$50,000 to \$51,500 in the first year. Raising the exemption from \$50,000 to \$51,500 would increase state expenditures for the homestead exemption currently given to taxpayers 65 and over or those totally and permanently disabled or legally blind by \$2,179,323 in FY 2007-08.

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

William C. Gillespie, Ph.D.  
Chief Economist

**Analyst:** Gibson

<sup>1/</sup> This statement meets the requirement of Section 2-7-71 for a state revenue impact, Section 2-7-76 for a local revenue impact, and Section 6-1-85(B) for an estimate of the shift in local property tax incidence.