SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	H. 3313 As amended by House Ways and Means on April 23, 2015
Author:	Pope
Requestor:	House Ways and Means
Date:	April 28, 2015
Subject:	Roll-back tax due on a parcel
RFA Analyst(s):	Jolliff

Estimate of Fiscal Impact

	FY 2015-16	FY 2016-17
State Expenditure		
General Fund	N/A	N/A
Other and Federal	N/A	N/A
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	N/A	N/A
Other and Federal	N/A	N/A
Local Expenditure	N/A	N/A
Local Revenue	Up to ($1,070,000)	N/A

Fiscal Impact Summary
The impact of the bill as amended on local revenue will depend upon the percentage of property platted as open space and the value determination for the open space percentage of the property. If all of properties subject to roll-back taxes elected to include the minimum ten percent green space for conservation, local roll-back tax revenue may be reduced up to $1,070,000 annually statewide beginning with tax year 2015.

Explanation of Fiscal Impact

State Expenditure and State Revenue
N/A

Local Expenditure
N/A

Local Revenue
Explanation of Amendment (April 23, 2015) – by House Ways and Means
The amendment to the bill adds an additional sentence to Section 4 of the bill to specify that the transferor of a property is the sole party responsible for tax penalties in the event that the property is transferred as a result of a property settlement pursuant to a divorce or the distribution of a trust. This further clarifies instances in which a county may not hold a transferee responsible for penalties incurred by the transferor. This section as amended is not expected to impact local revenues and does not alter the original impact of the bill.

Explanation of the bill filed on January 14, 2015

This bill amends Section 12-43-222 on the calculation of roll-back tax due on a parcel of real property changed from agricultural to commercial or residential use to specify that if at least ten percent of a parcel is platted for green space for conservation or open space, the open space portion of the property must be valued as such for calculation of the roll-back tax. Currently, property converted from agricultural use to commercial or residential property is assessed a penalty based upon the property taxes that would have been collected for the past five years if the property had been taxed under the new property assessment classification and value. Based upon information from county assessors, we estimate that roll-back taxes statewide total approximately $10,700,000 per year. If all of these properties elected to include the minimum ten percent green space for conservation, local roll-back tax revenue may be reduced up to $1,070,000 annually statewide beginning with tax year 2015. The reduction in local revenue will depend upon the percentage of property platted as open space and the value determination for the open space percentage of the property.

Additionally, the bill adds subitem B to Section 12-43-220(c)(2)(vii) to specify that when a property that has undergone an assessable transfer of interest and is also subject to penalties because the previous owner improperly received the reduced four percent assessment ratio, the responsibility for the penalties and additional property taxes due belongs with the original owner of the property and do not constitute a lien on the property. Based upon responses received from three county assessors, counties do not typically levy penalties on the original property owner after a sale has occurred since collecting these would be unenforceable. Therefore, this section of the bill is not expected to impact local revenues.

Frank A. Rainwater, Executive Director