

# Statement of Estimated State and Local Revenue Impact

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Date: March 28, 2013

Bill Number: H. 3106

Authors: Crosby and Southard

Committee Requesting Impact: House Ways and Means

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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 homestead property tax exemption allowed persons over the age of sixty-five years, or disabled, or legally blind, so as to increase the exemption amount from the first fifty thousand dollars to the first seventy-five thousand dollars of the fair market value of the homestead; and to amend Joint Resolution 406 of 2000, relating to supplemental appropriations, so as to delete an obsolete reference to the homestead exemption.

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

**State:** This bill is expected to reduce General Fund individual and corporate income tax revenue by \$43,438,000 for increased obligations to the Trust Fund for Tax Relief for increased homestead exemption reimbursements in FY 2013-14.

**Local:** This bill would reduce local property tax revenue by \$43,438,000 in FY 2013-14. State reimbursements would increase by \$43,438,000 to offset the reduced tax revenue.

## Explanation of the Bill

This bill would increase the homestead exemption in Section 12-37-250 to the first seventy-five thousand dollars of fair market value for owner occupied residences owned by the elderly or disabled. Currently, the exemption applies to the first fifty thousand dollars for all property taxes. All owner occupied properties are exempt from all school operating millage and reimbursements are capped, so this exemption would impact all remaining millage. Based upon the property value distribution of homes currently eligible for the homestead exemption, we estimated that 319,394 properties would qualify for the increased exemption starting in tax year 2013. Local property taxes paid by residents would be reduced by \$43,438,000 in FY 2013-14. This exemption is reimbursed by the State under Section 12-37-270 from the Trust Fund for Tax Relief, and the reduced local tax revenue would be offset by increased reimbursements from the State. State obligations to the Trust Fund for Tax Relief would increase and therefore decrease General Fund individual and corporate income tax revenue by \$43,438,000 to fund these obligations in FY 2013-14.



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<sup>1/</sup> 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.

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