



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** S. 0932 As signed by the Governor on June 3, 2016  
**Author:** Bennett  
**Subject:** Property tax assessment ratios  
**Requestor:** Senate  
**RFA Analyst(s):** Jolliff  
**Impact Date:** June 7, 2016

**Estimate of Fiscal Impact**

	<b>FY 2016-17</b>	<b>FY 2017-18</b>
<b>State Expenditure</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
<b>State Revenue</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
<b>Local Expenditure</b>	\$0	\$0
<b>Local Revenue</b>	(\$215,000)	\$0

**Fiscal Impact Summary**

This bill is not expected to impact local expenditures. The bill is expected to reduce local property tax revenue in FY 2016-17 by \$215,000 for refunds issued for tax years 2014 and 2015.

**Explanation of Fiscal Impact**

**State Expenditure**

N/A

**State Revenue**

N/A

**Local Expenditure**

This bill amends Section 12-43-220(c)(2)(v)(C)(3) by changing the date of application for the special assessment ratio on residential properties owned by a member of the Armed Forces of the United States from May fifteenth of each year to the first penalty date of the year for which the taxes are due. This subitem allows a member of the Armed Forces of the United States to claim the special four percent assessment ratio on two properties when the member receives orders for a permanent change of duty station so long as the member attempts to sell the first acquired residence within thirty days of acquiring the second residence. The owner may claim the special assessment on both residences for two property tax years. The bill changes the application date for the special assessment ratio in this section to match the application date for all other owner occupied property. Additionally, taxpayers who missed the application deadline for tax year 2014 or 2015 will receive refunds so long as they make application by January 15, 2017. Based upon the limited number of refunds anticipated and since the new application date will

correspond to the application date for all owner occupied property, we do not anticipate that this bill will have a significant impact on local expenditures.

### **Local Revenue**

This bill amends Section 12-43-220(c)(2)(v)(C)(3) by changing the date of application for the special assessment ratio on owner occupied property owned by a member of the Armed Forces of the United States from May fifteenth of each year to the first penalty date of the year for which the taxes are due. This subitem allows a member of the Armed Forces of the United States to claim the special four percent assessment ratio on two properties when the member receives orders for a permanent change of duty station so long as the member attempts to sell the first acquired residence within thirty days of acquiring the second residence. The owner may claim the special assessment on both residences for two property tax years. Based upon the limited scope of this section, we do not anticipate that changing the date by which the owner must apply for the special ratio from May fifteenth to the first penalty date will have a significant impact on local property tax revenue.

The bill would also allow service members who qualified for the special assessment ratio to apply for a refund for tax year 2014 or 2015 if the taxpayer was denied the special assessment ratio because application was made after the May fifteenth deadline. Subitem B allows an active duty member of the Armed Forces of the United States to retain the special four percent assessment ratio when the member is either permanently or temporarily relocated regardless of any rental income attributable to the property. Based upon our analysis of H. 3027 of 2014, the bill that enacted this section, we estimated that approximately 428 service members would qualify for this provision and that it may reduce local property tax revenue by \$357,000 for tax year 2014 for the reduction in the assessment ratio from six to four percent. The section was enacted in March 2014. If fifty percent of the service members who qualified for this provision applied after the May fifteenth penalty date for tax year 2014, the total estimated local property tax refund for tax year 2014 would be approximately \$179,000. Subsequently, if approximately ten percent of qualifying members failed to apply by the deadline for tax year 2015, this would amount to a refund of approximately \$36,000 for tax year 2015. Adding the two tax year refunds together, the bill would reduce local property tax revenue by approximately \$215,000 in FY 2016-17 when the refunds are issued.



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Frank A. Rainwater, Executive Director