

# Statement of Estimated Local Revenue Impact

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**Date:** January 14, 2014

**Bill Number:** S.B. 825

**Author:** Alexander

**Committee Requesting Impact:** Senate Finance Committee

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## Bill Summary

A bill to amend the Code of Laws of South Carolina, 1976, by adding Section 3-1-40 so as to exempt from ad valorem taxation any real property located within a military base or installation that is used or owned by the United States Armed Forces and is used as military housing for military affiliated personnel and their families even if the real property is improved, maintained, or leased to a party that would otherwise subject the real property to tax, so long as there is a contractual agreement requiring the lessee to use the property for military housing.

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

This bill is not expected to impact local revenue.

## Explanation

This bill exempts from local property tax any military housing property located within a military base or installation that is improved, maintained or leased to a private party so long as the property is contractually used for military housing. Based upon discussions with county assessors, we do not anticipate that the bill will have an impact upon local property tax revenues. Under multiple situations and examples provided by the assessors, assessors have determined that property that is owned by the US military and used for military purposes is not taxable regardless of any lease to a private entity so long as the property is still owned and used by the US military. Additionally, assessors referenced an opinion by the Attorney General of Virginia on July 21, 2004 regarding local taxation of US military housing property that affirmed that local jurisdictions do not have taxing authority over any property under jurisdiction of the US military despite a lease agreement with a taxable entity so long as the property is still owned by the US military and used for military housing. Based upon this information, we do not anticipate that the bill will impact local property taxes since property in this situation is already treated as tax exempt.



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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 of Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.