



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 4712 As signed by the Governor on April 29, 2016
Author: White
Subject: Agricultural real property, mobile home and lessee improvements
Requestor: House of Representatives
RFA Analyst(s): Jolliff
Impact Date: May 31, 2016

Estimate of Fiscal Impact

	FY 2016-17	FY 2017-18
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	(\$115,000)	\$0

Fiscal Impact Summary

This bill as amended is expected to reduce local property tax revenue for the four impacted counties by a total of \$115,000 annually beginning in FY 2016-17.

Explanation of Fiscal Impact

Explanation of Amendment by the Senate on April 7, 2016

State Expenditure

N/A

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

The bill as amended clarifies that the provisions of the bill do not apply if the property's classification for property tax purposes changes due to the addition of buildings, structures, or other improvements subsequent to the erection of the sign on the property. The provisions also do not apply if the classification changes due to the erection of an outdoor advertising sign on existing buildings, structures, or other improvements. These amendments ensure that the provisions of the bill do not inadvertently prevent the proper tax classification of real property due to an outdoor advertising sign. The local revenue impact of the bill as amended is unchanged from the bill as filed.

Explanation of Amendment by House Ways and Means on February 10, 2016

State Expenditure

N/A

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

The amendment requires a property owner to notify the county assessor by written or electronic communication that his property meets the requirements of the act. We anticipate that those property owners who are impacted by the law will make the appropriate application to the county for the change in property tax assessment. As such, the estimated local revenue impact of the bill as amended is unchanged from the bill as filed.

Explanation of Bill Filed on January 20, 2016

State Expenditure

N/A

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

This bill would clarify that owners of off-premises outdoor advertising signs must file a business personal property tax return. This provision codifies current practice and is not expected to impact property tax revenue. Further, the bill directs that when an outdoor advertising sign is constructed, the land on which the sign is situated must continue to be valued for property tax purposes as it was prior to construction and without regard to any lease or lease income. We have identified four counties that are currently assessing advertising sign property based upon the lease value under Section 12-37-950 or are otherwise assessing the property under a method that would be disallowed under this bill and expect a significant impact on property tax revenue. The estimated reduction in local property tax revenue by county is as follows: Berkeley County estimates \$35,000 per year, Clarendon County estimates \$25,000 per year, Cherokee County estimates \$10,000 per year, and Jasper County estimates \$45,000 per year. The remaining twelve counties that responded replied that the bill is not expected to significantly impact their tax base. Those counties are Abbeville, Beaufort, Berkeley, Calhoun, Charleston, Fairfield, Horry, Newberry, Orangeburg, Sumter, Union, and Williamsburg. We assume that counties that did not respond will not be significantly impacted by the bill. The bill is effective for property tax years after 2014, however, no refunds are allowed. Therefore, we estimate that the bill will reduce local property tax revenue for the impacted counties by a total of \$115,000 beginning in FY 2016-17.



Frank A. Rainwater, Executive Director