

# Statement of Estimated Local Revenue Impact

---

**Date:** May 19, 2014 (As signed by the Governor on March 13, 2014)

**Bill Number:** H. 3027

**Authors:** G.M. Smith and Pitts

**Committee Requesting Impact:** House of Representatives

---

## Bill Summary

A bill to amend Section 12-43-220, as amended, Code of Laws of South Carolina, 1976, relating to property tax assessment ratios, so as to provide that, in certain situations, an active duty member of the armed forces of the United States may claim the four percent assessment ratio regardless of the owner's relocation and regardless of any rental income, and to provide that an active duty member of the armed forces of the United States, in certain situations, may claim the four percent assessment ratio on two residential properties so long as the owner attempts to sell the first residence within thirty days of acquiring the second residence.

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

This bill, as amended, is not expected to impact state revenues. Local property tax revenue would be reduced by \$357,000 in FY 2014-15.

## Explanation of Action (March 13, 2014) – Signed by the Governor

The amended bill was signed by the Governor on March 13, 2014. The bill as amended is expected to reduce local property tax revenue by 357,000 in FY 2014-15.

## Explanation of Action (March 5, 2014)- House of Representatives

The House of Representatives concurred with the Senate amendment, and the bill was enrolled for ratification.

## Explanation of Amendment (February 20, 2014) – Senate

The amendment updates the effective date of the bill to apply to tax years after 2013 instead of 2012. Based upon our original analysis, the local tax revenue will be reduced by approximately \$357,000 in FY 2014-15. The bill, as amended, is not expected to impact state revenues.

## Explanation of Amendment (April 18, 2013) – House Ways and Means Committee

The amendment revises the documentation that the Armed Forces member must provide to the assessor to qualify for the special assessment ratio on a home if the member is transferred to another state or rents the property. The bill originally required the taxpayer's motor vehicle registrations and South Carolina income tax return. The amendment increases the documentation required to include the active duty member's leave and earnings statement for the current calendar year. Because the original bill required documentation for proof of eligibility, this additional requirement does not change the original revenue impact of the bill.

## Explanation of Bill as Filed

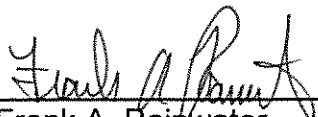
This bill allows active duty members of the Armed Forces of the United States currently receiving the four percent assessment ratio on an owner-occupied residence to retain that special assessment if the member is relocated or changes his/her permanent duty station out of the state or the property is rented. Currently, active duty military are allowed to retain the

## Statement of Estimated Local Revenue Impact

---

special assessment for owner occupied property so long as the member's permanent station is in South Carolina. The bill would allow the member to retain the special assessment ratio if the member is transferred to another state or rents the property so long as no other owner-occupied residence is claimed by the service member or a spouse. The bill applies to tax years after 2012. Based upon data from the US Department of Defense and the National Defense Research Institute, we estimate that 428 service members will qualify in tax year 2013. We estimate that local property tax revenue will be reduced by \$357,246 in FY 2013-14.

Additionally, the bill allows an active duty member of the armed forces who receives orders for a permanent change of station or a temporary duty assignment for at least one year to claim the four percent assessment on two residential properties within the State so long as the member attempts to sell the first acquired residence within thirty days of acquiring the second residence. The taxpayer may claim the four percent assessment ratio on both properties for not more than two property tax years. Based upon the limited scope of this provision, we do not expect that it will materially increase the impact of the bill on local property tax revenues.

  
Frank A. Rainwater  
Chief Economist

**Analyst:** Jolliff

<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.