

# Statement of Estimated Local Revenue Impact

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**Date:** April 14, 2014 (As amended April 9, 2014 by the House Ways & Means Committee)  
**Bill Number:** H.B. 3733  
**Authors:** Pope, Stringer, Simirill, J.R. Smith, Lucas, *et al.*

**Committee Requesting Impact:** House of Representatives

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## Bill Summary

A bill to amend the Code of Laws of South Carolina, 1976, by adding Section 12-43-222 so as to provide when calculating roll-back tax due on a parcel of real property changed from agricultural to commercial or residential use the value used for platted green space for conservation or open space use of the parcel, if such use is ten percent or more of the parcel, must be valued based on the green space for conservation or open space use; and to amend Section 12-43-220, as amended, relating to classes of property and applicable assessment ratios for purposes of imposition of the property tax, so as to make a conforming amendment.

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

This bill is not expected to impact State revenues. We estimate that local roll-back tax revenue may be reduced by up to \$1,070,000 annually. The reduction in revenue will depend upon the percentage of property platted as open space and the value determination for the open space percentage of the property.

## Explanation of Amendment (April 9, 2014) – By the House Ways & Means Committee

This amendment clarifies the definition of 'open space' or 'green space' as used in the bill by specifying that those terms are as defined by the United States Environmental Protection Agency. This clarification does not alter the revenue impact of the bill as originally determined. Additionally the amendment changes the effective date of the bill from tax years after 2012 to tax years after 2013. This reduces the original impact for 2014 to one tax year since the 2013 refunds are eliminated. Based upon our original analysis, we estimate that local roll-back tax revenue may be reduced by up to \$1,070,000 annually beginning in tax year 2014. The reduction in revenue will depend upon the percentage of property platted as open space and the value determination for the open space percentage of the property.


## Explanation

This bill amends the section on calculation of roll-back tax due on a parcel of real property changed from agricultural to commercial or residential use to specify that if at least ten percent of a parcel is platted for green space for conservation or open space, the open space portion of the property must be valued as such for calculation of the roll-back tax. Currently property converted from agricultural use to commercial or residential property is assessed a penalty based upon the property taxes that would have been collected for the past five years if the property had been taxed under the new property assessment classification and value. Based upon information from county assessors, we estimate that roll-back taxes statewide total approximately \$10,700,000 per year. If all of these properties elected to include the minimum ten percent green space for conservation, local roll-back tax revenue may be reduced up to \$1,070,000 annually statewide. The reduction in local revenue will depend upon the percentage of property platted as open space and the value determination for the

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open space percentage of the property. The bill is effective for tax years after 2012; therefore, property owners may be due refunds for tax year 2013, potentially doubling the local revenue reduction for one year in 2014.

  
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**Analyst: Jolliff**

<sup>11</sup> This statement meets the requirement of 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.