

Statement of Estimated Local Revenue Impact

Date: March 26, 2013

Bill Number: H. 3830

Authors: Williams and Jefferson

Committee Requesting Impact: House Medical, Military, Public and Municipal Affairs

Bill Summary

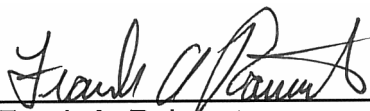
A bill to amend the Code of Laws of South Carolina, 1976, by adding Section 12-37-253 so as to extend the homestead exemption for the disabled and elderly to all fair market value of the homestead subject to property tax beginning for the property tax year in which the individual currently receiving the homestead exemption attains the age of eighty-five years if the gross household income of that individual is fifty thousand dollars or less, to define household income, and to provide the method of claiming the exemption.

REVENUE IMPACT ^{1/}

This bill is not expected to impact State revenues. Local property tax revenue would be reduced by an estimated \$10,086,000 in FY 2013-14. To the extent possible given the millage increase limitations, we expect local governments to offset the revenue reduction by increasing property taxes across all property classes.

Explanation

This bill would exempt the full market value for individuals aged eighty-five and over receiving the homestead exemption for the disabled and elderly with an adjusted gross income of \$50,000 or less. The current homestead exemption exempts the first \$50,000 of home value from all property taxes for disabled individuals and those over 65 years. Owner occupied homes owned by individuals 85 and over comprised 2.7% of all owner occupied homes in SC from the 2011 US Census Bureau American Community Survey. Based upon this figure, we estimate that approximately 37,967 owner occupied homes are owned by an individual age 85 or over. Using income data from the same survey and adjusting for non-taxable income, we estimate that approximately 11% of those homes would have an adjusted gross income over \$50,000 and therefore not qualify for this exemption. This results in an estimated 33,791 homes that would qualify for the full market value exemption. The current homestead exemption for the elderly applies to the first \$50,000 of home value for all property taxes. Additionally, all owner occupied residences receive a full exemption from all school operating millage. This bill would apply to all millage except school operations for the remaining home value above \$50,000. We estimate that this exemption would reduce local property tax revenue by \$10,086,000 in FY 2013-14. To the extent possible given the millage increase limitations, we expect local governments to offset the revenue reduction by increasing property taxes across all property classes.



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^{1/} 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.
