

Statement of Estimated Local Revenue Impact

Date: March 24, 2014
Bill Number: H.B. 4871
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Committee Requesting Impact: House Ways and Means

Bill Summary

A bill to amend Section 59-40-140, as amended, Code of Laws of South Carolina, 1976, relating to various provisions pertaining to charter schools including a provision exempting all earnings or property of charter schools from state or local taxation, except for the sales tax, so as to clarify that property of charter schools exempt from such taxation includes owned or leased property.

REVENUE IMPACT ^{1/}

This bill is not expected to impact State revenues. We do not expect that local property tax revenues would be directly impacted by the bill. The bill would further clarify the current administrative reading of the existing code section and, therefore, would not alter DOR's current application of the exemption.

Explanation

This bill would amend Section 59-40-140 to clarify that earnings property owned or leased by charter school is exempt from all taxes excluding sales tax. Currently all property of a school is exempt from property taxes so long as it is not generating a profit for private use. This would further clarify the property tax exemption to specifically include property leased by a charter school. Based upon a study by the Public Charter School Alliance of South Carolina titled "An Analysis of Charter School Facility Landscape in South Carolina," currently most property used by a charter school is leased. Of the 55 charter schools at the time of the study in 2012, only 16% owned their facility and the remaining schools leased property from a school district, other government agency, or a private entity. Based upon discussions with the Department of Revenue, the current administrative interpretation of the code section is that the legislative intent is for all property used by a charter school to be exempt from property taxes regardless of how the charter school obtains use of the property. This bill would further support the current administrative reading of the existing code section and would not alter DOR's current application of the exemption. For this reason, we do not expect that the bill would have an impact on local property tax revenue.



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^{1/} 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.