



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 4226
Author: Pope
Subject: Property Tax Assessments
Requestor: House Ways and Means
RFA Analyst(s): Jolliff
Impact Date: February 29, 2016

Estimate of Fiscal Impact

	FY 2016-17	FY 2017-18	FY 2018-19
State Expenditure			
General Fund	\$0	\$0	\$0
Other and Federal	\$0	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00	0.00
State Revenue			
General Fund	\$0	\$0	\$0
Other and Federal	\$0	\$0	\$0
Local Expenditure	\$0	\$0	\$0
Local Revenue	(\$61,132,000)	(\$125,741,000)	(\$193,975,000)*

*See local revenue explanation below for additional years through FY 2023-24.

Fiscal Impact Summary

This bill is not expected to impact state expenditures or revenues for the General Fund, Federal Funds, or Other Funds.

The bill will reduce local property tax revenue by \$61,132,000 for FY 2016-17, \$125,741,000 for FY 2017-18, and \$193,975,000 for FY 2018-19. Additional years of the phase-in through FY 2023-24 are listed in the local revenue explanation below. To the extent possible given the millage rate increase limitations, we anticipate that local jurisdictions will increase millage rates across all classes of property to offset this reduction.

Explanation of Fiscal Impact

State Expenditure and State Revenue

N/A

Local Expenditure

N/A

Local Revenue

This bill would reduce the assessment ratio on real property currently assessed at six percent to five percent. The ratio would be lowered in eight equal installments of one-eighth percent each year beginning in tax year 2016. Real property assessed at six percent includes commercial

property and residential property not assessed at the special four percent rate for owner-occupied homes.

We estimate that local property taxes for real property assessed at six percent will total \$2,934,334,338 in FY 2016-17. This bill would reduce the assessment ratio to 5.875% for tax year 2016 and lower local property tax revenue by approximately \$61,132,000 for FY 2016-17. The reduction will continue until FY 2023-24, the last year of the phase-down in the ratio. The table included below provides the estimated local property tax reduction by fiscal year over the phase-down period. To the extent possible given the millage rate increase limitations, we anticipate that local jurisdictions will increase millage rates across all classes of property to offset this reduction.

Fiscal Year	Assessment Ratio	Local Property Tax Revenue
FY 2016-17	5.875%	\$ (61,132,000)
FY 2017-18	5.750%	\$ (125,741,000)
FY 2018-19	5.625%	\$ (193,975,000)
FY 2019-20	5.500%	\$ (265,989,000)
FY 2020-21	5.375%	\$ (341,942,000)
FY 2021-22	5.250%	\$ (421,999,000)
FY 2022-23	5.125%	\$ (506,334,000)
FY 2023-24	5.000%	\$ (595,124,000)



Frank A. Rainwater, Executive Director