

REPORT OF THE PROPERTY TAX SUBCOMMITTEE

(Hewitt, Clyburn, Crawford, Murphy, Collins - Marc Truesdale, staff)

HOUSE BILL 3116

H. 3116 – General bill by Reps. Felder, Carter, Pope, Guffey, O'Neal and Gilliam
A BILL TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 12-37-610, RELATING TO PERSONS LIABLE FOR TAXES AND ASSESSMENTS ON REAL PROPERTY, SO AS TO PROVIDE THAT CERTAIN DISABLED VETERANS OF THE ARMED FORCES OF THE UNITED STATES ARE EXEMPT FROM PROPERTY TAXES IN THE YEAR IN WHICH THE DISABILITY OCCURS.

Received by Ways and Means: 12/8/2023

Summary of Bill: Under current law, disabled veterans who purchase property are required to pay property taxes on a purchased property until the end of the year. Likewise, if a non-disabled veteran purchased a property from a disabled veteran currently receiving this exemption, that non-veteran owner would retain an exemption for the duration of that year. This bill allows a military veteran, who is permanently and totally disabled as a result of service, to immediately claim a property tax exemption. Additionally, a veteran who is permanently and totally disabled for any part of the year is entitled to the exemption for the entire year. Individuals who are not a disabled veteran are responsible for the property tax accrued on the property for the time in which they own the property.

Estimated Revenue Impact: \$0

Other Notes/Comments: RFA Fiscal Impact states there is minimal total revenue impact on local governments.



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	H. 3116	Introduced on January 10, 2023
Author:	Felder	
Subject:	Disabled Veterans Property Tax	
Requestor:	House Ways and Means	
RFA Analyst(s):	Miller	
Impact Date:	April 25, 2023	

Fiscal Impact Summary

This bill allows a veteran of the Armed Forces of the United States who is permanently and totally disabled as a result of a service-connected disability to immediately claim a property tax exemption for his owner-occupied property in the year in which the disability occurs. The veteran must file with the Department of Revenue (DOR) certifying the disability to receive this exemption.

This bill would require DOR to update its computer programming to allow the exemption to be approved in the year of purchase. DOR would also need to update its application form for the exemption. We anticipate DOR can manage these updates within existing appropriations.

This bill will result in a minimal property tax revenue reduction, as this would apply to less than 1 percent of owner-occupied properties, which would receive a property tax exemption one year earlier than what is currently allowed, beginning in tax year 2023. Additionally, RFA anticipates that local governing entities will adjust millage rates, within the millage rate limitations, to offset any loss of property tax revenue due to this bill.

Explanation of Fiscal Impact

Introduced on January 10, 2023

State Expenditure

This bill allows a veteran of the Armed Forces of the United States who is permanently and totally disabled because of a service-connected disability to immediately claim a property tax exemption for his owner-occupied property in the year in which the disability occurs. The veteran must file DOR certifying the disability to receive this exemption. Currently, veteran of the Armed Forces of the United States, who is permanently and totally disabled as a result of a service-connected disability, may claim a property tax exemption of his owner-occupied property. However, the exemption does not take effect until the year following the approval from DOR.

This bill would require DOR to update its computer programming to allow the exemption to be approved in the year of application. DOR would also need to update its application form for the

exemption. We anticipate DOR can manage these updates within existing appropriations. We will update this fiscal impact if the agency provides information indicating otherwise.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

This bill allows a veteran of the Armed Forces of the United States who is permanently and totally disabled as a result of a service-connected disability to immediately claim a property tax exemption for his owner-occupied property in the year in which the disability occurs. The veteran must file with DOR certifying the disability to receive this exemption. Currently, veteran of the Armed Forces of the United States, who is permanently and totally disabled as a result of a service-connected disability, may claim a property tax exemption of his owner-occupied property. However, the exemption does not take effect until the year following the approval from DOR.

This bill would allow a veteran to receive the exemption one year earlier than under current law. According to DOR, 6,331 disabled veterans qualified for this exemption in tax year 2022, which represents less than 1 percent of the total owner-occupied properties statewide. This bill will result in a minimal impact to local property tax revenue as there are a limited number of properties that would receive the exemption one year earlier than currently allowed. Additionally, we anticipate that local governing entities will adjust millage rates, within the millage rate limitations, to offset any loss of property tax revenue due to this bill. Therefore, this bill will result in a minimal local property tax revenue reduction.



Frank A. Rainwater, Executive Director

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A BILL

11 TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 12-37-610,
12 RELATING TO PERSONS LIABLE FOR TAXES AND ASSESSMENTS ON REAL PROPERTY,
13 SO AS TO PROVIDE THAT CERTAIN DISABLED VETERANS OF THE ARMED FORCES OF
14 THE UNITED STATES ARE EXEMPT FROM PROPERTY TAXES IN THE YEAR IN WHICH
15 THE DISABILITY OCCURS.
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17 Be it enacted by the General Assembly of the State of South Carolina:

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SECTION 1. Section 12-37-610 of the S.C. Code is amended to read:

21 Section 12-37-610. (A) Each person is liable to pay taxes and assessments on the real property that,
22 as of December thirty-first of the year preceding the tax year, he owns in fee, for life, or as trustee, as
23 recorded in the public records for deeds of the county in which the property is located, or on the real
24 property that, as of December thirty-first of the year preceding the tax year, he has care of as guardian,
25 executor, or committee or may have the care of as guardian, executor, trustee, or committee.

26 (B) Notwithstanding any other provision of law, a veteran of the Armed Forces of the United States,
27 who is permanently and totally disabled as a result of a service-connected disability and who files with
28 the department a certificate signed by the county service officer certifying this disability, and who
29 otherwise meets the requirements of Section 12-37-220(B)(1) may immediately claim the exemption
30 for the entire year in which the disability occurs. Additionally, a veteran who is permanently and totally
31 disabled for any part of the year is entitled to the exemption for the entire year. In a year in which a
32 disabled veteran owns a property for less than a year, any other owner, who is not a disabled veteran,
33 or otherwise entitled to an exemption, is responsible for the property tax accrued on the property for
34 the time in which he owned the property.

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SECTION 2. This act takes effect upon approval by the Governor and applies to tax years beginning after 2022 and any open period less than three years.

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