

## **REPORT OF THE PROPERTY TAX SUBCOMMITTEE**

(Collins, Clyburn, Moss, Hewitt & Long - Staff Contact: Stephanie Meetze)

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### **HOUSE BILL 3841**

#### **4% Property Tax After Death**

##### **Summary of Bill:**

Currently some counties rescind the special 4% assessment ratio on owner-occupied property while a deceased owner's estate is in probate. This bill amends Section 12-43-220(c) to add to maintain the special assessment rate until the decedent's estate is closed, upon recording of a deed or deed of distribution out of the estate, or after December 31<sup>st</sup> of the year following the date of death, whichever occurs first. This does not apply if the property is rented for more than 72 days in or following the calendar year of the decedent's death or if a change of use occurs.

The bill further amends Article 3, Chapter 37, Title 12 by maintaining the property tax exemption that is being received at the time of death until the decedent's estate is closed, upon recording of a deed or deed of distribution out of the estate, or after December 31<sup>st</sup> of the year following the date of death, whichever occurs first. This does not apply if the property becomes ineligible for the exemption for a reason other than death.

##### **Estimated Fiscal Impact:**

Minimal impact (\$3,626 annually)

##### **Subcommittee Action/Explanation:**

Passed Favorably As Is

##### **Full Committee Action/Explanation:**

N/A

##### **Other Notes/Comments:**

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# **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.*

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<b>Bill Number:</b>	H. 3841	Introduced on January 30, 2025
<b>Subject:</b>	Property Tax	
<b>Requestor:</b>	House Ways and Means	
<b>RFA Analyst(s):</b>	Miller	
<b>Impact Date:</b>	February 5, 2025	

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### **Fiscal Impact Summary**

This bill adds a new subitem to Section 12-43-220(c) stating that when a property owner dies, property receiving the owner-occupied special assessment ratio shall continue to receive the assessment ratio until the decedent's estate is closed, upon recording of a deed or deed of distribution from the estate, or after December 31 of the year following the date of death, whichever occurs first. This provision only applies for property that is not rented and applies to property tax years beginning after 2024. Additionally, this bill adds Section 12-37-460, which specifies that when an owner of real property dies, the property shall continue to receive any property tax exemption it was receiving at the time of death until the decedent's estate is closed, upon the recording of a deed or deed of distribution out of the estate, or after December 31 of the year following the date of death, whichever occurs first.

This bill is expected to have a minimal impact on property taxes statewide. The estimated average reduction of local property taxes per incident would total up to \$3,626 annually. It is unlikely that many probate cases extend beyond one year. However, the number of properties that will maintain the special assessment ratio because of this exemption is unknown.

### **Explanation of Fiscal Impact**

**Introduced on January 30, 2025**

**State Expenditure**

N/A

**State Revenue**

N/A

**Local Expenditure**

N/A

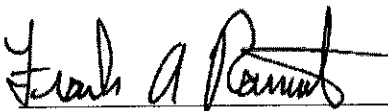
**Local Revenue**

This bill adds a new subitem to Section 12-43-220(c) stating that when a property owner dies, property receiving the owner-occupied special assessment ratio shall continue to receive the assessment ratio until the decedent's estate is closed, upon recording of a deed or deed of distribution from the estate, or after December 31 of the year following the date of death,

whichever occurs first. This provision only applies for property that is not rented and applies to property tax years beginning after 2024. Additionally, this bill adds Section 12-37-460, which specifies that when an owner of real property dies, the property shall continue to receive any property tax exemption it was receiving at the time of death until the decedent's estate is closed, upon the recording of a deed or deed of distribution out of the estate, or after December 31 of the year following the date of death, whichever occurs first.

Based upon an estimated average owner-occupied property value of \$229,186 and a statewide millage rate of 352.8 for tax year 2025, this provision would on average reduce local property tax by approximately \$1,617 per incidence for the reduced assessment ratio and \$1,585 for property tax exemptions for school operations on owner-occupied property. Also, for properties that were eligible for the homestead exemption, this provision would on average reduce local property tax by approximately \$360. Therefore, the estimated average reduction of local property taxes per incident would total up to \$3,626 annually.

We do not anticipate that most probate cases will extend long enough to prompt a county to change the assessment ratio on a deceased person's property from four percent to six percent, but data are not available to determine the number of incidences in which this occurs. Additionally, we are unsure as to how a county would determine that the property owner is deceased and remove the special assessment ratio until the property ownership is transferred by recording of a deed. Due to the limited information available and difficulty in determining the prevalence of this situation occurring, this bill is expected to have a minimal impact on property taxes statewide.



Frank A. Rainwater, Executive Director

**South Carolina General Assembly**  
126th Session, 2025-2026

**H. 3841**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Hewitt, B. Newton, Yow, Hardee, Bailey, M.M. Smith, Teeple, Kirby, Bustos, Landing, Brewer, Hartnett, Lawson, Davis and Murphy

Document Path: LC-0130DG25.docx

Introduced in the House on January 30, 2025

Currently residing in the House Committee on **Ways and Means**

Summary: Property tax

**HISTORY OF LEGISLATIVE ACTIONS**

Date	Body	Action Description with journal page number
1/30/2025	House	Introduced and read first time (House Journal-page 31)
1/30/2025	House	Referred to Committee on <b>Ways and Means</b> (House Journal-page 31)

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**VERSIONS OF THIS BILL**

01/30/2025

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4  
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10  
**A BILL**

11 TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 12-43-220,  
12 RELATING TO ASSESSMENT RATIOS, SO AS TO PROVIDE THAT UNDER CERTAIN  
13 CIRCUMSTANCES, PROPERTY RECEIVING THE FOUR PERCENT ASSESSMENT RATIO  
14 SHALL CONTINUE AT FOUR PERCENT WHEN THE OWNER DIES; AND BY ADDING  
15 SECTION 12-37-460 SO AS TO PROVIDE THAT UNDER CERTAIN CIRCUMSTANCES  
16 PROPERTY TAX EXEMPTIONS SHALL CONTINUE TO APPLY WHEN THE OWNER DIES.  
17

18 Be it enacted by the General Assembly of the State of South Carolina:  
19

20 SECTION 1. Section 12-43-220(c) of the S.C. Code is amended by adding:  
21

22 (9) Notwithstanding any other provision of law, when an owner receiving the special assessment rate  
23 pursuant to this item (c) dies, the property shall continue to receive the special assessment rate until the  
24 decedent's estate is closed, upon the recording of a deed or deed of distribution out of the estate, or  
25 after December thirty-first of the year following the date of death, whichever occurs first. This subitem  
26 does not apply if the property is rented for more than seventy-two days in or following the calendar  
27 year of the decedent's death or if a change of use occurs.  
28

29 SECTION 2. Article 3, Chapter 37, Title 12 of the S.C. Code is amended by adding:  
30

31 Section 12-37-460. Notwithstanding any other provision of law, when an owner of real property dies,  
32 the property shall continue to receive any property tax exemption it was receiving at the time of death  
33 until the decedent's estate is closed, upon the recording of a deed or deed of distribution out of the  
34 estate, or after December thirty-first of the year following the date of death, whichever occurs first.  
35 This section does not apply if the property becomes ineligible for the exemption for a reason other than  
36 the death.  
37

38 SECTION 3. This act takes effect upon approval by the Governor and applies to property tax years  
39 beginning after 2024.  
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