COMMITTEE REPORT

February 11, 2015

**S. 78**

Introduced by Senator Massey

S. Printed 2/11/15--S.

Read the first time January 13, 2015.

**THE COMMITTEE ON FINANCE**

To whom was referred a Bill (S. 78) to amend Article 1, Chapter 59, Title 12 of the 1976 Code, relating to forfeited lands, by adding Section 12‑59‑140, so as to enact, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, SECTION 2, page 2, after line 43, by adding:

/ (f) the cost of any clean up of a site, including demolition and disposal costs, intended to make the property saleable. /

Amend the bill further, SECTION 2, page 3, after line 37 by adding a new subsection to read:

/ (E) The provisions of this section do not apply to property for which legal ownership by the defaulting taxpayer was acquired solely through the laws of intestacy through more than one generation.” /

Amend the bill further, by adding an appropriately numbered SECTION to read:

/ SECTION \_\_\_. Article 1, Chapter 59, Title 12 of the 1976 Code is amended by adding:

“Section 12-59-150. An immediate family member of a county forfeited land commission member may not purchase land from the forfeited land commission on which their relative serves, unless the sale is through a competitive bid process or a listing open to members of the general public which has been made available for at least ten days. For purposes of this section, an immediate family member is a spouse, parent, sibling, or child of a forfeited land commission member.” /

Renumber sections to conform.

Amend title to conform.

HUGH K. LEATHERMAN, SR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Fiscal Impact Summary**

This bill will not impact State expenditures or revenues. The bill is not expected to significantly impact local expenditures as long as proceeds from the sale of forfeited lands are sufficient to cover payments on any issued special revenue bonds. For those counties that do elect to use the provisions of the bill, sales of forfeited lands may be accelerated but would not likely alter the total local revenue impact for a county over time. Due to the permissive nature of the bill and the many uncertain factors that could potentially alter the timing of the local revenue impact, we are unable to determine if there will be any accelerated local revenue impact as a result of the bill.

**Explanation of Fiscal Impact**

**Local Expenditure**

The Revenue and Fiscal Affairs Office contacted twenty-five county governments concerning the impact of this bill. Charleston, Florence, and Richland Counties responded and indicate there would be no significant impact to county governments as long as proceeds from the sale of forfeited lands are sufficient to cover payments on any issued special revenue bonds.

**Local Revenue**

This bill creates the Forfeited Lands Emergency Development Act, which would allow local governments special provisions for disposing of properties held by the counties’ forfeited lands commissions. In order for a county to use the provisions of this bill, the county council and the county’s forfeited land commission must petition its legislative delegation and show that the properties bid into the commission have a significant adverse effect on county ad valorem tax and a significant adverse effect on economic development. If the delegation approves the petition, the forfeited land commission would then be able to establish a revolving fund to pay for legal and other expenses as follows: compensation of a secretary to the commission, payment of legal expenses to accept or reject a property and to obtain clear title to properties, payment of a real estate commission, and advertising the sale of the forfeited lands. The county council would also be permitted to issue special revenue bonds for the purpose of the initial funding of the revolving fund. Payment of the revenue bonds would be from the sale of the forfeited lands.

The impact of this bill on local revenue will depend upon the number of counties that elect to use this provision, the value of land bid into the forfeited land commission for those counties, and the ultimate sale of the forfeited lands. Currently, counties have the ability to dispose of properties held by the forfeited land commission. Based upon a limited number of responses, few counties anticipate using the provisions of this bill. For those counties that do elect to use these provisions, the bill may accelerate the sale of forfeited lands but would not likely alter the total revenue impact for a county over time. Due to the permissive nature of the bill and the many uncertain factors that could potentially alter the revenue impact, we are unable to determine the timing of any accelerated revenue impact as a result of the bill.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND ARTICLE 1, CHAPTER 59, TITLE 12 OF THE 1976 CODE, RELATING TO FORFEITED LANDS, BY ADDING SECTION 12‑59‑140, SO AS TO ENACT THE “FORFEITED LANDS EMERGENCY DEVELOPMENT ACT”, AND TO PROVIDE FOR THE AUTHORITY OF COUNTY COUNCILS AND FORFEITED LAND COMMISSIONS TO PETITION LEGISLATIVE DELEGATIONS FOR THE USE OF THE SPECIAL AUTHORITIES PROVIDED IN THIS ACT.

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

SECTION 1. This act may be referred to and cited as the "Forfeited Lands Emergency Development Act."

SECTION 2. Article 1, Chapter 59, Title 12 of the 1976 Code is amended by adding:

"Section 12‑59‑140. (A) The county council and the forfeited land commission of a county may petition its legislative delegation for authority to use the procedures provided for in this section when the number and percentage of subdivided properties in the county that have been bid into the commission have, and are reasonably continued to have:

(1) a significant adverse effect on county ad valorem tax collections that severely affect continued essential public services in the county; or

(2) a significant adverse effect on economic development and employment in the county resulting from the limited number of properties available for sale and improvement.

(B) The petition to the legislative delegation must provide for:

(1) all necessary documentation to support the past and anticipated future adverse impacts, including historical data on the number and percentage of properties bid into the forfeited land commission;

(2) the loss of ad valorem tax revenues associated with these properties;

(3) the impact of any millage increases imposed by the county to compensate for such lost ad valorem tax revenues;

(4) the past and projected future impact on the ability of the county to deliver essential public services; and

(5) the past and projected future impact on county development and employment opportunities.

(C) If a majority of the county’s legislative delegation votes to approve the petition, the county’s forfeited land commission is authorized to utilize the emergency procedures contained in this section for a period not to exceed five years from the date of approval. This authorization may be extended for additional one‑year increments, not to exceed two one‑year extensions. Petitions for extensions must contain the same types of documentation specified in paragraph (B) of this section.

(D) Notwithstanding any other provision of law:

(1) The forfeited land commission of any county may, at its discretion, establish a revolving fund to pay for its legal and other expenses. This fund shall be established and maintained by the county treasurer from a portion of the proceeds of the sale of forfeited lands in an amount not exceeding fifty percent of the sale price of any forfeited land, in whole or in part. Legal and other expenses for which the funds may be expended may not include compensation to any members of the commission, but may include:

(a) compensation of a secretary to the commission in Section 12‑59‑20;

(b) payment of legal or other expenses in connection with the commission’s decision to accept or reject a forfeited land to be held as an asset of the county;

(c) payment of legal or other expenses in connection with the commission’s decision to obtain clear title to a forfeited land pursuant to Section 12‑61‑10;

(d) payment of a commission to a certified realtor or broker not to exceed three percent of the sales price of any forfeited land, in whole or in part; and

(e) the cost of advertising the sale of forfeited lands, including the cost of any multiple realty listing established or provided by commercial realtors or brokers.

(2) The acquisition of clear title to forfeited lands shall be considered an industrial or commercial development project under Chapter 29, Title 4, for which a county council may issue special revenue bonds for the purpose of initial funding of revolving funds under this section. Payment of the principal and interest for such bonds may be made from the proceeds of the sale of the forfeited lands.

(3) The forfeited land commission of a county that has established a revolving fund under this section shall dissolve or reduce the amount of funds held by the county treasurer in the fund when it is no longer required for the timely and effective marketing and sale of forfeited lands or the expiration of the authorization of the county’s legislative delegation, whichever occurs first. The released funds will be deposited into the general fund of the county not later than thirty days from the date of decision by the commission or the date of the expiration of the authorization and, if necessary, may be used to complete any payment of principal and interest remaining from the sale of any special revenue bonds used for the initial establishment of the revolving fund.

(4) The authorized representative of a forfeited land commission that elects to clear tax titles under Section 12‑61‑10 may bring multiple actions to the court of common pleas in a single suit, if all of the properties included in the suit were previously owned by a single, individual, partnership, or corporation.

(5) The payment of the expenses of forfeited land commissions exercising authority under this section shall include the collection of its expenses as a part of the sale price of forfeited lands by former owners under Section 12‑59‑60 and the disposition of the proceeds of land sales under Section 12‑59‑100.

(6) Deductions from ‘value’ under Section 12‑24‑30(B) shall include any lien or encumbrance on realty in possession of a forfeited land commission which may subsequently be waived or reduced after the transfer under a signed contract or agreement between the lien holder and the buyer existing before the transfer.

(7) Investments by county treasurers under Section 12‑45‑220(A) may include sums held by the treasurer on behalf of a forfeited land commission under this section."

SECTION 3. This act takes effect upon approval by the Governor.

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