



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: S. 0527 **Introduced on** February 4, 2021
Author: Alexander
Subject: Property Tax Assessment Ratio
Requestor: Senate Finance
RFA Analyst(s): Miller
Impact Date: February 19, 2021

Fiscal Impact Summary

This bill will have no property tax revenue impact because it reflects the current application and removal process for the special four percent assessment for owner-occupied properties.

Explanation of Fiscal Impact

Introduced on February 4, 2021

State Expenditure

N/A

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

This bill defines legally separated for purposes of determining members of a household for a special four percent assessment ratio for owner-occupied property, pursuant to §12-43-220(c). This bill defines legally separated as a party that has filed a complaint for separate support and maintenance with the appropriate family court and are living separate and apart in difference households.

Currently, the owner-occupant's spouse is considered a member of the household and would not be eligible to claim a four percent assessment on a different residence than that of the owner-occupant unless the couple is legally separated but legally separated is not specifically defined in §12-43-220(c). According to legal counsel within family court, a family court issued separation agreement is currently recognized by most counties as grounds to be classified as legally separated in order to allow each spouse the right to claim the four percent assessment for their separately owned residences. Therefore, the new definition of legally separated for purposes of allowing each member of a married and separated couple living in separately in owner-occupied property reflects current practices. However, there may be incidences where a county has not allowed two separate properties to receive the special four percent assessment for a legally

separated couple. Rather, one of the two properties would be assessed as commercial/rental property at six percent.

The average home value in the state is \$166,383. Changing a property classification from commercial/rental to owner-occupied based on the statewide average millage rate of 350.30 and statewide average millage rate without school operating millage of 156.15 results in a loss of property tax revenue of \$2,308 per property.

However, RFA assumes the incidences where the second property for a legally separated couple does not receive the special four percent assessment are isolated incidences and therefore this bill will not result in a reduction in property tax revenue for counties.

Additionally, this bill requires either party of a previously legally separated couple that has since reconciled and vacated a special four percent assessed property, to notify the county assessor that the four percent assessment ratio is no longer applicable for the vacated property. Currently, there is no requirement of notice. This bill may result in a county becoming aware that a property no longer qualifies for the special four percent assessment more quickly and thereby allowing the county to apply a six percent assessment and school operating millage to the property in more timely manner. However, as the property no longer qualifies for the special four percent assessment at the time it is no longer owner-occupied, RFA assumes this bill would not result in an increase in property tax revenues.



Frank A. Rainwater, Executive Director