



**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. 3821	Introduced on January 26, 2023
<b>Author:</b>	Elliott	
<b>Subject:</b>	Online Auctions	
<b>Requestor:</b>	House Judiciary	
<b>RFA Analyst(s):</b>	Tipton	
<b>Impact Date:</b>	March 10, 2023	

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### **Fiscal Impact Summary**

This bill allows local officers charged with the collection of delinquent taxes to sell real or personal property for the recovery of delinquent taxes by electronic means, provided that certain requirements are met. Additionally, the bill states that any property sales pursuant to the section may include an additional fee of no more than \$250 over the winning bid which includes, but is not limited to, a buyer's premium. Currently, auctions of real or personal property for the recovery of delinquent taxes must be held at public auction at the courthouse or other convenient place within a county.

The Revenue and Fiscal Affairs Office (RFA) anticipates this bill will have an undetermined impact on local expenditures, depending upon the number of counties that choose to implement electronic auctions. RFA contacted all counties to determine the potential impact of this bill. Based on responses from Charleston, Chesterfield, and Dorchester counties, there would be an unknown increase in expenses as a result of implementing electronic auctions. However, given the permissive nature of the bill, Clarendon County has no plans of implementing electronic auctions, resulting in no impact to expenditures for Clarendon.

RFA also anticipates this bill will also have an undetermined impact on local revenues. Depending on whether a county chooses to implement electronic auctions, there may be an additional \$250 fee charged for each sale of delinquent property. For example, Beaufort County records show 240 properties listed at the 2022 tax sale, which, if all were sold at electronic auction under this bill and if the county does not currently charge a buyer's premium, would result in as much as \$60,000 of additional fee revenue. Chesterfield county reported that last fiscal year, 145 delinquent properties were sold, which, if all were sold at electronic auction under this bill and if the county does not currently charge a buyer's premium, could have resulted in as much as \$36,250 of additional revenue. However, Dorchester and Charleston counties expressed concern regarding whether the \$250 limit encompassed all ancillary fees assessed during the sale of a delinquent property, including, but not limited to, title abstract fees, deed preparation, certified letters, document fees, and deed recording fees. If this limit applies to those fees, the counties may be required to absorb the difference for transactions where the aforementioned fees are in excess of \$250, which could reduce overall fee revenue. However, it is unclear whether this limit applies to such fees.

## **Explanation of Fiscal Impact**

**Introduced on January 26, 2023**

### **State Expenditure**

N/A

### **State Revenue**

N/A

### **Local Expenditure**

This bill allows local officers charged with the collection of delinquent taxes to sell real or personal property for the recovery of delinquent taxes by electronic means, given that the electronic auctions may be accessed by computer terminals at a public location and electronic proxy bidding may be allowed with a deposit requirement to place a bid as determined by the delinquent tax collector. Additionally, the bill states that any property sales pursuant to the section may include an additional fee of no more than \$250 over the winning bid which includes, but is not limited to, a buyer's premium. Currently, auctions of real or personal property for the recovery of delinquent taxes must be held at public auction at the courthouse or other convenient place within a county.

RFA contacted all counties to determine the potential impact of this bill. The bill is permissive in nature and provides counties the ability to conduct the sale of delinquent properties electronically, as an alternative option to the current practices. Based on responses from Charleston, Chesterfield, and Dorchester counties, there would be an unknown increase in expenses as a result of implementing electronic auctions for the sale of delinquent properties under this bill. However, given the permissive nature of the bill, Clarendon County has no plans of implementing electronic auctions, resulting in no fiscal impact to county expenses. Based on these responses, RFA anticipates this bill will result in an undetermined increase in local expenditures in FY 2023-24, depending upon the number of counties that choose to implement electronic auctions.

### **Local Revenue**

This bill allows local officers charged with the collection of delinquent taxes to sell real or personal property for the recovery of delinquent taxes by electronic means. Additionally, the bill states that any property sales pursuant to the section may include an additional fee of no more than \$250 over the winning bid which includes, but is not limited to, a buyer's premium. The addition of this fee may increase county fee revenue if electronic sales are implemented and depending upon the number of delinquent properties sold in a given year. For example, Beaufort County records show 240 properties listed at the 2022 tax sale, which, if all were sold at electronic auction under this bill and if the county does not currently charge a buyer's premium, could have resulted in as much as \$60,000 of additional fee revenue. Chesterfield county reported that last fiscal year, 145 delinquent properties were sold, which, if all were sold at electronic auction under this bill and if the county does not currently charge a buyer's premium, would have resulted in as much as \$36,250 of additional revenue. We anticipate that this fee revenue would be used to cover expenses related to the implementation of electronic auctions.

However, Dorchester and Charleston County expressed concerns regarding whether the fee limit of \$250 established by the bill would encompass other necessary fees required of a purchaser of delinquent property, including, but not limited to, title abstract fees, deed preparation, certified letters, document fees, and deed recording fees. If this limit applies to those fees, the counties may be required to absorb the difference for transactions where the aforementioned fees are in excess of \$250, which could reduce overall fee revenue. However, it is unclear whether this limit applies to such fees.



Frank A. Rainwater, Executive Director