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**S. 125**

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Summary: Property tax exemption

**HISTORY OF LEGISLATIVE ACTIONS**

 Date Body Action Description with journal page number

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**VERSIONS OF THIS BILL**

[12/11/2024](https://www.scstatehouse.gov/sess126_2025-2026/prever/125_20241211.docx)

A bill

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 12‑37‑220, RELATING TO PROPERTY TAX EXEMPTIONS, SO AS TO PROVIDE THAT THE EXEMPTION FOR CERTAIN PROPERTY OF A NONPROFIT HOUSING CORPORATION ONLY APPLIES TO THE PERCENTAGE OF PROPERTY THAT EQUALS THE CORPORATION’S OWNERSHIP INTEREST IN THE PROPERTY, TO PROVIDE AN EXCEPTION, AND TO PROVIDE CERTAIN CERTIFICATION AND NOTICE REQUIREMENTS.

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

SECTION 1. Section 12‑37‑220(B)(11) of the S.C. Code is amended to read:

 (11)(a) all property of nonprofit housing corporations devoted exclusively to providing below‑cost housing for the aged or for handicapped persons or for both aged and handicapped persons as authorized by Section 202 of the Housing Act of 1959 and regulated in part by 24 C.F.R. Part 885;

 (b) all property of nonprofit housing corporations devoted exclusively to providing below‑cost supportive housing for elderly persons or households as authorized by Section 202 of the Housing Act of 1959 as amended under Section 801 of the National Affordable Housing Act of 1990 and regulated in part by 24 C.F.R. Part 889;

 (c) all property of nonprofit housing corporations devoted exclusively to providing below‑cost supportive housing for persons with disabilities as authorized by Section 811 of the National Affordable Housing Act of 1990 and regulated in part by 24 C.F.R. Part 890;

 (d) all property of nonprofit housing corporations devoted exclusively to providing rental or cooperative housing and related facilities for elderly or handicapped persons or families of low or moderate income as authorized by Section 515 of Title V of the Housing Act of 1949;

 (e)(i) all property of nonprofit housing corporations or instrumentalities of these corporations when the property is devoted to providing housing to low or very low income residents. A Except as otherwise provided in this subitem, a nonprofit housing corporation or its instrumentality must satisfy the safe harbor provisions of Revenue Procedure 96‑32 issued by the Internal Revenue Service for this exemption to apply. For purposes of this subitem, property of nonprofit housing corporations or instrumentalities of these corporations includes all leasehold interests in property owned by an entity that provides housing accommodations to persons of low or very low income, and in which a wholly owned affiliate or wholly owned instrumentality of a nonprofit housing corporation is the general partner, managing member, or the equivalent. However, except as otherwise provided in this subitem, the exemption allowed by this subitem only applies if the property of nonprofit housing corporations or instrumentalities of these corporations satisfies the safe harbor provisions of Revenue Procedure 96‑32 issued by the Internal Revenue Service;

 (ii) the exemption allowed by this subitem must be proportionate to the nonprofit housing corporation’s percentage of direct or indirect ownership in the qualifying property, except that if:

 (A) the nonprofit housing corporation’s percentage of direct or indirect ownership interest in the qualifying property exceeds fifty percent; or

 (B) notwithstanding the unit mix prescribed by the safe harbor provisions of Revenue Procedure 96‑32, all of the units in the property are devoted to providing housing to residents who qualify as low income under Revenue Procedure 96‑32, then the exemption allowed by this subitem equals one hundred percent;

 (iii) to claim the exemption allowed by this subitem, the nonprofit housing corporation or its instrumentality must apply to the department and certify the nonprofit housing corporation’s percentage of direct or indirect ownership in the property and provide a rent roll or other suitable documentation evidencing compliance with the requirements of Revenue Procedure 96‑32, as applicable. Such initial certification must be made by the first penalty date for the property tax year in which the exemption is first claimed for the property. In each subsequent year in which the exemption allowed by this subitem is claimed, the nonprofit housing corporation or its instrumentality must submit an annual certification to the department by October first. The annual certification must provide the current percentage of the nonprofit housing corporation’s direct or indirect ownership in the property and current rent roll or other suitable documentation evidencing compliance with the requirements of Revenue Procedure 96‑32, as applicable. The department shall prescribe the form of the application and certification required by this subitem as well as the penalties for noncompliance. The eligibility and transition rules provided in the safe harbor provisions of Revenue Procedure 96‑32 must be taken into account by the department in determining compliance. Compliance with this subitem does not require displacement of any tenant before the termination of the tenant’s lease agreement;

 (iv) no later than sixty calendar days following the notification to any nonprofit housing corporation or its instrumentality of an approved exemption under this subitem, the department shall also notify the chief administrative officer of any county and, as applicable, any municipality with jurisdiction over property determined to be exempt under this subitem;

SECTION 2. This act takes effect upon approval by the Governor and applies prospectively to property of nonprofit housing corporations or their instrumentalities eligible and first making application for the exemption for property tax years beginning after 2025. This act shall not apply to any project that, prior to approval by the Governor of this act, had submitted an application or been approved for an exemption under Section 12‑37‑220(B)(11)(e). Provided, however, all exempt projects under Section 12‑37‑220(B)(11)(e) are required to submit the required annual certifications to the department.

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