



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

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

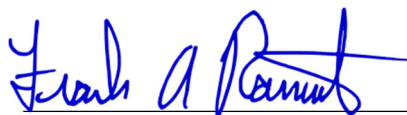
Local Revenue

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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