South Carolina Office of Research and Statistics
Statement of Estimated Local Revenue Impact

Date: April 5, 2011
Bill Number: H.B. 3934
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Committee Requesting Impact: House Ways and Means

Bill Summary
A bill to amend Section 12-43-224, Code of Laws of South Carolina, 1976, relating to the assessment of undeveloped acreage subdivided into lots, so as to provide that the discount applies to a developer that has five lots instead of ten lots, and to provide that if application for the discounted rate comes after May first but before June first, the owner shall receive the discounted rate but the discount shall be reduced; and to amend Section 12-43-225, as amended, relating to multiple lot discounts, so as to provide that the discount applies to a developer that has five lots instead of ten lots, to provide that if application for the discounted rates comes at a certain time after May first the assessor still shall grant the discount if all other requirements are met, to provide that application for the discounted rate only must be made in the first year, and to toll time limitations for certain property.

REVENUE IMPACT
Local property tax revenues are expected to decrease by $5.8 million in FY 2011-12.

Explanation
Under current law the application due date for the multiple lot discount is May 1. This bill allows the application to be submitted after May 1 but before June 1 and still get the discount. If the application is received after May 1 the discount rate is reduced by ten percent. This bill also allows the discount to stay with the property not the real property owner until terminated by existing law. Also, under current law in order for a subdivision to be eligible for the multiple lot discount, the recorded plat must contain at least ten building lots. This bill lowers the requirement to five building lots. Finally, under current law, the discounted value applies for five property tax years. This bill changes the time limit on property that becomes eligible for the discount allowed by this Section after December 31, 2005 and before January 1, 2014 by allowing the property to continue receiving the discounted value until January 1, 2014. Also the time limitations are tolled and the time for the discount does not begin to accrue until January 1, 2014. Based on conversations with county assessors, we estimate this bill will reduce local property tax revenues by $5.8 million in FY 2011-12.

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This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(8) for an estimate of the shift in local property tax incidence by the Office of Economic Research.