



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** S. 0759 Introduced on January 9, 2018  
**Author:** Rankin  
**Subject:** Property Tax Exemption  
**Requestor:** Senate Finance  
**RFA Analyst(s):** Gable  
**Impact Date:** January 29, 2018 - Updated for Revised Analysis and Fiscal Impact

**Estimate of Fiscal Impact**

	<b>FY 2018-19</b>	<b>FY 2019-20</b>
<b>State Expenditure</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
<b>State Revenue</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
<b>Local Expenditure</b>	\$0	\$0
<b>Local Revenue</b>	(\$21,522,000)	\$0

**Fiscal Impact Summary**

The bill will not impact expenditures for the General Fund, Other Funds, or Federal Funds since the Department of Revenue has procedures and staff in place to administer property tax exemptions.

This bill is expected to reduce local property taxes by \$21,522,000 in FY 2018-19. To the extent possible given the millage rate increase limitations, we anticipate that local governments will offset this loss through increased millage rates for all classes of property.

This fiscal impact statement is revised to correct the calculation of the estimated individuals with a traumatic brain injury who are paralyzed or total disabled.

**Explanation of Fiscal Impact**

**Introduced on January 9, 2018**

**Updated for Revised Analysis and Fiscal Impact**

**State Expenditure**

This bill adds a new property tax exemption under Section 12-37-220 for the home of an individual who is at least 50 percent disabled due to a brain or spinal cord injury. In order to receive the exemption, the taxpayer must apply to the Department of Revenue (DOR). The Department of Revenue currently administers similar existing property tax exemptions and has staff and procedures in place. Therefore, the bill is not expected to impact expenditures for the General Fund, Other Funds, or Federal Funds.

## **State Revenue**

N/A

## **Local Expenditure**

N/A

## **Local Revenue**

This bill would allow a property tax exemption for the home and no more than a one acre lot on which the home dwells for individuals who are at least 50 percent disabled as a result of a brain or spinal cord injury. This exemption would also apply to a surviving spouse of the disabled or to a trustee holding the property for the benefit of the disabled.

Currently, individuals who are paraplegic or hemiplegic are allowed a similar exemption from property taxes on a home. Individuals who are totally and permanently disabled are allowed a homestead exemption for the first \$50,000 of home value, and all owner-occupied homes are exempt from school operating property taxes. This new exemption would apply to any property taxes not already exempt under an existing exemption.

In order to estimate the number of individuals expected to qualify for this exemption, we reviewed both national data and South Carolina data extracted by Revenue and Fiscal Affairs from the all-payer hospital data system. There are significant limitations to the available statistics due to a lack of data regarding disability for individuals with a traumatic brain injury. Data from the Veterans Benefits Administration regarding the percentage of disability for recipients are used as a proxy to determine the distribution of disability. Figures 1 and 2 outline these calculations and the associated data sources.

Based upon this analysis, we estimate that there are approximately 3,859 individuals in South Carolina with a spinal cord injury (SCI) who are at least 50 percent disabled. Of these, we estimate that approximately 3,481 are fully exempt due to paralysis, 40 are currently receiving the homestead exemption due to total disability, and 338 are not exempt. For individuals with a traumatic brain injury (TBI), we estimate approximately 68,148 individuals in South Carolina have some form of TBI. We estimate approximately 46.1 percent, or 31,416 are at least 50 percent disabled. Additionally, we estimate 1,159 are fully exempt due to paralysis, 7,224 are currently receiving the homestead exemption due to total disability. This yields a total estimate of 23,033 individuals that are at least 50 percent disabled that are not exempt. This analysis is revised to correct our calculations of the estimated number of individuals with TBI who are fully exempt due to paralysis, who are currently receiving the homestead exemption due to total disability, and who are at least 50 percent disabled and not exempt.

The homeownership percentage for South Carolina is 68.4 percent according to 2016 5-year American Community Survey data from the U.S. Census Bureau. We applied this percentage to the eligible individuals to determine the number expected to live in an owner-occupied home. The remaining individuals are expected to live in a rental property and therefore not qualify for the exemption. Figure 3 outlines these calculations.

For individuals currently receiving the \$50,000 homestead exemption for aged and disabled, we reduced the estimated average home value of \$155,345 for tax year 2018 by \$50,000 to account for the amount currently exempt from all property taxes. The remaining \$105,345 is exempt from school operations and only subject to the remaining millage. For tax year 2018, we estimate that the statewide millage rate is 351.1 and the school operating millage is 172.2, leaving 178.9 mils. Multiplying the home value by the 4 percent assessment ratio and the millage rate, the exemption will reduce property taxes further by approximately \$754 for individuals currently receiving the homestead exemption. Multiplying \$754 times 4,968 individuals (27 SCI; 4,941 TBI) yields an estimated local property reduction of \$3,746,000 for this group.

For individuals not currently receiving a homestead exemption, the exemption will apply to the full home value for all non-school operating millage since school operating millage is fully exempt for owner-occupied property. Using the home and millage values cited above, we estimate that this exemption will reduce local property taxes for these individuals by an average of \$1,112 each. Multiplying \$1,112 by 15,986 individuals (231 SCI; 15,755 TBI) yields an estimated local property tax reduction of \$17,776,000.

Combined, this bill is expected to reduce local property taxes by \$21,522,000 in FY 2018-19. To the extent possible giving the millage rate increase limitations, we anticipate that local governments will offset this loss through increased millage for all classes of property.

**Figure 1. Estimated SC Individuals with 50 Percent or Greater Disability Due to Spinal Cord Injuries**

(All calculations are rounded to the nearest whole number)

Column	Notes	Spinal Cord Injuries		
1	<i>a</i>	Spinal Cord Injuries (Excludes fatalities) (1996-2016)		3,578
2				
3	<i>b</i>	Spinal Cord Injury Prevalence in U.S.	276,000	
4		S.C. Population as a % of U.S.	1.5%	
5		Estimated S.C. Spinal Cord Injury Prevalence		4,140
6				
7		Average Estimate from S.C. and U.S. data (c 1 and c 5)		3,859
8	<i>a</i>	Severed Spinal Cord	332	
9	<i>c</i>	Quadriplegic/Paraplegic Estimate	3,149	
10		<b>Estimated Fully Exempt due to Paralysis (c 8 + c 9)</b>		<b>3,481</b>
11		Estimated Individuals not Fully Exempt (c 7 - c 10)	378	
12				
13	<i>d</i>	Estimated % Homestead Exempt for total disability	10.6%	
14		<b>Estimated Homestead Exempt (c 11 *c 13)</b>		<b>40</b>
15				
16		<b>Estimated Individuals not Exempt (c 11 - c 14)</b>		<b>338</b>

**Figure 2. Estimated SC Individuals with 50 Percent or Greater Disability Due to Traumatic Brain Injuries**

(All calculations are rounded to the nearest whole number)

Column	Notes	Traumatic Brain Injuries		
1	<i>a</i>	TBI with 50% likelihood of long-term disability (1996-2016)	26,470	
2		Annual Estimate based upon S.C. data (c 20/20 years)		1,324
3				
4	<i>e</i>	Annual U.S. Estimate of TBI with Permanent Damage	80,000	
5		S.C. Population as a % of U.S.	1.5%	
6		Annual S.C. Estimate based upon U.S. data		1,200
7				
8		Average Estimate from S.C. and U.S. data (c 21 and c 25)		1,262
9				
10		Life Expectancy	79	
11	<i>f</i>	Reduction related to injury	7	
12		Resultant life expectancy		72

13		Less 18 years for minors	18	
14		Resultant adult life span		54
15				
16		<b>Estimated Number TBI with Long-term Disability (c 27 * c 33)</b>		<b>68,148</b>
17				
18	<i>g</i>	Estimated % with Paralysis	1.7%	
19		<b>Estimated Fully Exempt due to Paralysis (c 16 * c 19)</b>		<b>1,159</b>
20				
21	<i>d</i>	Estimated % Homestead Exempt for Total Disability	10.6%	
22		<b>Estimated Homestead Exempt (c 16 * c 21)</b>		<b>7,224</b>
23				
24	<i>d</i>	Estimated % of Long-term Disability at 50% or Greater	46.1%	
25		<b>Estimated Number with at least 50% Disability (c 16 * c 24)</b>		<b>31,416</b>
26				
27		<b>Estimated Individuals w at least 50% Disability not Exempt (c 25 - c 19 - c 22)</b>		<b>23,033</b>

Notes:

- a* Figure determined from South Carolina All-payer Hospitalization data using algorithm developed using S.C. TBI Registry data
- b* Spinal Cord Injury Facts and Figures at a Glance, National SCI Statistical Center  
<https://www.nscisc.uab.edu/Public/Facts%202015%20Aug.pdf>
- c* Percentage of paralysis upon hospital Discharge <http://www.brainandspinalcord.org/spinal-cord-injury-statistics/>
- d* Veterans Benefits Administration, Annual Benefits Report, FY 2013; Combined Degree of Disability for all compensation recipients  
<https://www.benefits.va.gov/REPORTS/abr/ABR-Combined-FY13-09262014.pdf>
- e* CDC.gov Report to Congress: Traumatic Brain Injury in the United States  
[https://www.cdc.gov/traumaticbraininjury/pubs/tbi\\_report\\_to\\_congress.html](https://www.cdc.gov/traumaticbraininjury/pubs/tbi_report_to_congress.html)  
(70,000 brainandspinalcord.org)
- f* Mortality following rehabilitation in the Traumatic Brain Injury Model Systems of Care. [Harrison-Felix C1](#), [Whiteneck G](#), [DeVivo M](#), [Hammond FM](#), [Jha A](#). NeuroRehabilitation. 2004;19(1):45-54.  
<https://www.ncbi.nlm.nih.gov/pubmed/14988587>
- g* <https://www.christopherreeve.org/living-with-paralysis/stats-about-paralysis>

### Figure 3. Estimated Property Tax Reduction

(All calculations are rounded to the nearest whole number)

Column	Notes	Description	Estimated Currently Fully Tax Exempt	Estimated Currently Homestead Exempt	Estimated Currently Not Exempt	Total
1	<i>a</i>	Spinal Cord Injuries (SCI)	3,481	40	338	3,859
2	<i>a</i>	Traumatic Brain Injuries (TBI)	1,159	7,224	23,033	31,416
3	<i>a</i>	Total Eligible Individuals	4,640	7,264	23,371	35,275
4						
5	<i>b</i>	Estimated Homeownership	68.40%	68.40%	68.40%	68.40%
6		Homeowners (SCI)	2,381	27	231	2,639
7		Homeowners (TBI)	793	4,941	15,755	21,489
8		Estimated Total Homeowners	3,174	4,968	15,986	24,128
9						
10		Average Home Value	\$155,345	\$155,345	\$155,345	\$155,345
11		Exempt Home Value	\$155,345	\$50,000	\$0	n/a
12		Remaining Home Value	\$0	\$105,345	\$155,345	n/a
13						
14		Total Statewide Millage	351.1	351.1	351.1	351.1
15		School Operating Millage (Fully Exempt)	172.2	172.2	172.2	172.2
16		Remaining Millage	178.9	178.9	178.9	178.9
17						
18		Remaining Assessed Value (4% of Home Value)	\$0	\$4,214	\$6,214	n/a
19		Average Property Tax (Assessed Value * Remaining Millage)	\$0	\$754	\$1,112	n/a
20						
21		<b>Property Tax Reduction (rounded to thousands)</b>	<b>\$0</b>	<b>\$3,746,000</b>	<b>\$17,776,000</b>	<b>\$21,522,000</b>

Notes:

- a* See Figures 1 and 2 for Calculations
- b* U.S. Census Bureau, 2016 5-year American Community Survey, S.C. Owner Occupied Housing Units as a % of Occupied Housing Units

## **Introduced on January 9, 2018**

### **State Expenditure**

This bill adds a new property tax exemption under Section 12-37-220 for the home of an individual who is at least 50 percent disabled due to a brain or spinal cord injury. In order to receive the exemption, the taxpayer must apply to the Department of Revenue (DOR). The Department of Revenue currently administers similar existing property tax exemptions and has staff and procedures in place. Therefore, the bill is not expected to impact expenditures for the General Fund, Other Funds, or Federal Funds.

### **State Revenue**

N/A

### **Local Expenditure**

N/A

### **Local Revenue**

This bill would allow a property tax exemption for the home and no more than a one acre lot on which the home dwells for individuals who are at least 50 percent disabled as a result of a brain or spinal cord injury. This exemption would also apply to a surviving spouse of the disabled or to a trustee holding the property for the benefit of the disabled.

Currently, individuals who are paraplegic or hemiplegic are allowed a similar exemption from property taxes on a home. Individuals who are totally and permanently disabled are allowed a homestead exemption for the first \$50,000 of home value, and all owner-occupied homes are exempt from school operating property taxes. This new exemption would apply to any property taxes not already exempt under an existing exemption.

In order to estimate the number of individuals expected to qualify for this exemption, we reviewed both national data and South Carolina data extracted by Revenue and Fiscal Affairs from the all-payer hospital data system. There are significant limitations to the available statistics due to a lack of data regarding disability for individuals with a traumatic brain injury. Data from the Veterans Benefits Administration regarding the percentage of disability for recipients are used as a proxy to determine the distribution of disability. Figure 1 outlines these calculations and the associated data sources.

Based upon this analysis, we estimate that there are approximately 3,859 individuals in South Carolina with a spinal cord injury (SCI) who are at least 50 percent disabled. Of these, we estimate that approximately 3,481 are fully exempt due to paralysis, 40 are currently receiving the homestead exemption due to total disability, and 338 are not exempt. For individuals with a traumatic brain injury (TBI), we estimate approximately 31,416 individuals are at least 50 percent disabled. Of these, we estimate that approximately 534 are fully exempt due to paralysis, 3,330 are currently receiving the homestead exemption due to total disability, and 27,552 are not exempt.

The homeownership percentage for South Carolina is 68.4 percent according to 2016 5-year American Community Survey data from the U.S. Census Bureau. We applied this percentage to the eligible individuals to determine the number expected to live in an owner-occupied home.

The remaining individuals are expected to live in a rental property and therefore not qualify for the exemption. Figure 2 outlines these calculations.

For individuals currently receiving the \$50,000 homestead exemption for aged and disabled, we reduced the estimated average home value of \$155,345 for tax year 2018 by \$50,000 to account for the amount currently exempt from all property taxes. The remaining \$105,345 is exempt from school operations and only subject to the remaining millage. For tax year 2018, we estimate that the statewide millage rate is 351.1 and the school operating millage is 172.2, leaving 178.9 mils. Multiplying the home value by the 4 percent assessment ratio and the millage rate, the exemption will reduce property taxes further by approximately \$754 for individuals currently receiving the homestead exemption. Multiplying \$754 times 2,305 individuals (27 SCI; 2,278 TBI) yields an estimated local property reduction of \$1,738,000 for this group.

For individuals not currently receiving a homestead exemption, the exemption will apply to the full home value for all non-school operating millage since school operating millage is fully exempt for owner-occupied property. Using the home and millage values cited above, we estimate that this exemption will reduce local property taxes for these individuals by an average of \$1,112 each. Multiplying \$1,112 by 19,077 individuals (231 SCI; 18,846 TBI) yields an estimated local property tax reduction of \$21,214,000.

Combined, this bill is expected to reduce local property taxes by \$22,952,000 in FY 2018-19. To the extent possible giving the millage rate increase limitations, we anticipate that local governments will offset this loss through increased millage for all classes of property.

**Figure 1. Estimated SC Individuals with 50 Percent or Greater Disability Due to Spinal Cord or Traumatic Brain Injury**

(All calculations are rounded to the nearest whole number)

Column	Notes	<b>Spinal Cord Injuries</b>		
1	<i>a</i>	Spinal Cord Injuries (Excludes fatalities) (1996-2016)		3,578
2				
3	<i>b</i>	Spinal Cord Injury Prevalence in U.S.	276,000	
4		S.C. Population as a % of U.S.	1.5%	
5		Estimated S.C. Spinal Cord Injury Prevalence		4,140
6				
7		Average Estimate from S.C. and U.S. data (c 1 and c 5)		3,859
8	<i>a</i>	Severed Spinal Cord	332	
9	<i>c</i>	Quadriplegic/Paraplegic Estimate	3,149	
10		<b>Estimated Fully Exempt due to Paralysis (c 8 + c 9)</b>		<b>3,481</b>
11		Estimated Individuals not Fully Exempt (c 7 - c 10)	378	
12				
13	<i>d</i>	Estimated % Homestead Exempt for total disability	10.6%	
14		<b>Estimated Homestead Exempt (c 11 *c 13)</b>		<b>40</b>
15				
16		<b>Estimated Individuals not Exempt (c 11 - c 14)</b>		<b>338</b>
17				
18				
19				
<b>Traumatic Brain Injury</b>				
20	<i>a</i>	TBI with 50% likelihood of long-term disability (1996-2016)	26,470	
21		Annual Estimate based upon S.C. data (c 20/20 years)		1,324
22				
23	<i>e</i>	Annual U.S. Estimate of TBI with Permanent Damage	80,000	
24		S.C. Population as a % of U.S.	1.5%	
25		Annual S.C. Estimate based upon U.S. data		1,200
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27		Average Estimate from S.C. and U.S. data (c 21 and c 25)		1,262
28				
29		Life Expectancy	79	
30	<i>f</i>	Reduction related to injury	7	
31		Resultant life expectancy		72
32		Less 18 years for minors	18	

Figure 1 Continued				
33		Resultant adult life span		54
34				
35		Estimated Number TBI with Long-term Disability (c 27 * c 33)		68,135
36	<i>d</i>	Estimated % of Long-term Disability at 50% or Greater	46.1%	
37		<b>Estimated Number with at least 50% Disability</b> (c 35 * c 36)		<b>31,416</b>
38				
39				
40	<i>g</i>	Estimated % with Paralysis	1.7%	
41		<b>Estimated Fully Exempt due to Paralysis</b> (c 37* c 40)		<b>534</b>
42				
43	<i>d</i>	Estimated % Homestead Exempt for Total Disability	10.6%	
44		<b>Estimated Homestead Exempt (c 37 *c 43)</b>		<b>3,330</b>
45				
46		<b>Estimated Individuals not Exempt (c 37- c 41 -c 44)</b>		<b>27,552</b>

Notes:

- a* Figure determined from South Carolina All-payer Hospitalization data using algorithm developed using S.C. TBI Registry data
- b* Spinal Cord Injury Facts and Figures at a Glance, National SCI Statistical Center  
<https://www.nscisc.uab.edu/Public/Facts%202015%20Aug.pdf>
- c* Percentage of paralysis upon hospital Discharge <http://www.brainandspinalcord.org/spinal-cord-injury-statistics/>
- d* Veterans Benefits Administration, Annual Benefits Report, FY 2013; Combined Degree of Disability for all compensation recipients  
<https://www.benefits.va.gov/REPORTS/abr/ABR-Combined-FY13-09262014.pdf>
- e* CDC.gov Report to Congress: Traumatic Brain Injury in the United States  
[https://www.cdc.gov/traumaticbraininjury/pubs/tbi\\_report\\_to\\_congress.html](https://www.cdc.gov/traumaticbraininjury/pubs/tbi_report_to_congress.html)  
(70,000 brainandspinalcord.org)
- f* Mortality following rehabilitation in the Traumatic Brain Injury Model Systems of Care.  
[Harrison-Felix C1](#), [Whiteneck G](#), [DeVivo M](#), [Hammond FM](#), [Jha A](#). NeuroRehabilitation. 2004;19(1):45-54.  
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**Figure 2. Estimated Property Tax Reduction**

(All calculations are rounded to the nearest whole number)

Column	Notes	Description	Estimated Currently Fully Tax Exempt	Estimated Currently Homestead Exempt	Estimated Currently Not Exempt	Total
1	<i>a</i>	Spinal Cord Injuries (SCI)	3,481	40	338	3,859
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3	<i>a</i>	Total Eligible Individuals	4,015	3,370	27,890	35,275
4						
5	<i>b</i>	Estimated Homeownership	68.40%	68.40%	68.40%	68.40%
6		Homeowners (SCI)	2,381	27	231	2,639
7		Homeowners (TBI)	365	2,278	18,846	21,489
8		Estimated Total Homeowners	2,746	2,305	19,077	24,128
9						
10		Average Home Value	\$155,345	\$155,345	\$155,345	\$155,345
11		Exempt Home Value	\$155,345	\$50,000	\$0	n/a
12		Remaining Home Value	\$0	\$105,345	\$155,345	n/a
13						
14		Total Statewide Millage	351.1	351.1	351.1	351.1
15		School Operating Millage (Fully Exempt)	172.2	172.2	172.2	172.2
16		Remaining Millage	178.9	178.9	178.9	178.9
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18		Remaining Assessed Value (4% of Home Value)	\$0	\$4,214	\$6,214	n/a
19		Average Property Tax (Assessed Value * Remaining Millage)	\$0	\$754	\$1,112	n/a
20						
21		<b>Property Tax Reduction (rounded to thousands)</b>	<b>\$0</b>	<b>\$1,738,000</b>	<b>\$21,214,000</b>	<b>\$22,952,000</b>

Notes:

*a* See Figure 1 for Calculations

*b* U.S. Census Bureau, 2016 5-year American Community Survey, S.C. Owner Occupied Housing Units as a % of Occupied Housing Units



Frank A. Rainwater, Executive Director