



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	H. 3710	As signed by the Governor on June 6, 2016
Author:	Hixon	
Subject:	Multiple lot discount	
Requestor:	House of Representatives	
RFA Analyst(s):	Jolliff	
Impact Date:	June 7, 2016	

Estimate of Fiscal Impact

	FY 2016-17	FY 2017-18
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	Undetermined	\$0
Local Revenue	(\$800,000) to (\$1,600,000)	\$0

Fiscal Impact Summary

The bill as amended will have a minimal impact on local expenditures for administration of the extension of the multiple lot discount, but the exact amount is undetermined. We estimate extending the discount for an additional tax year for qualifying properties will reduce local property tax revenue by \$800,000 to \$1,600,000 in FY 2016-17.

Explanation of Fiscal Impact

Explanation of Amendment by the Senate on June 1, 2016

State Expenditure

N/A

State Revenue

N/A

Local Expenditure

This bill as amended would extend the property tax multiple lot discount in Section 12-43-225 for one additional tax year through 2016. Revenue and Fiscal Affairs previously contacted all forty-six counties regarding the impact of this bill. Sixteen counties responded to our inquiry. Based upon the responses, we anticipate that the bill as amended will have a minimal impact on local expenditures for administration of the extension, but the exact amount is undetermined.

Local Revenue

This bill as amended would extend the property tax multiple lot discount in Section 12-43-225 for one additional tax year. Currently, a developer may receive a multiple lot discount on property taxes for five years after the plat is recorded or until a certificate of occupancy is issued for the improvement on the lot or the improvement is occupied, whichever occurs first. The discount is also extended to a homebuilder who purchases a qualifying lot for an additional tax year after the date of purchase.

In addition to the exemption periods allowed for all lots, the discount for developers is currently extended specifically for lots that received the discount on December 31, 2011, and for builders that received the discount between December 31, 2008, and January 1, 2012. In both instances, the discount is extended through tax year 2015 under current law. This bill as amended would further extend the discount for the same properties for one additional year through tax year 2016.

We surveyed all forty-six counties and received responses from sixteen, representing approximately 44.9% of state population. Based upon the responses, we estimate total property tax exempted for multiple lot discounts was approximately \$15,969,000 for tax year 2014. We further asked respondents about the percentage of the properties receiving the discount that are on an extension past five years. Most respondents were not able to easily identify properties on extension since the extension is not a part of most data systems. Of those that did give a response, the responses ranged from 0 on extension to approximately 55%. Based upon this information, we estimate extending the discount for an additional tax year for qualifying properties will reduce local property tax revenue by \$800,000 to \$1,600,000 in FY 2016-17.

Explanation of Amendment by the House of Representatives on April 28, 2015**State Expenditure**

N/A

State Revenue

N/A

Local Expenditure

This bill as amended would extend the property tax multiple lot discount in Section 12-43-225 for additional years. Revenue and Fiscal Affairs contacted all forty-six counties regarding the impact of this bill. Sixteen counties responded to our inquiry. Based upon the responses, we anticipate that the bill as amended will have a minimal impact on local expenditures for administration of the extension.

Local Revenue

This bill as amended would extend the property tax multiple lot discount in Section 12-43-225 for additional years. Currently, a developer may receive a multiple lot discount on property taxes for five years after the plat is recorded or until a certificate of occupancy is issued for the improvement on the lot or the improvement is occupied, whichever occurs first. The discount is also extended to a homebuilder who purchases a qualifying lot for an additional tax year after the date of purchase.

In addition to the exemption periods allowed for all lots, the discount for developers is currently extended specifically for lots that received the discount on December 31, 2011, and for builders that received the discount between December 31, 2008, and January 1, 2012. In both instances, the discount is extended through tax year 2015. This bill as amended would further extend the discount for the same properties through tax year 2019.

We surveyed all forty-six counties and received responses from sixteen, representing approximately 44.9% of state population. Based upon the responses, we estimate total property tax exempted for multiple lot discounts was approximately \$15,969,000 for tax year 2014. We further asked respondents about the percentage of the properties receiving the discount that are on an extension past five years. Most respondents were not able to easily identify properties on extension since the extension is not a part of most data systems. Of those that did give a response, the responses ranged from 0 on extension to approximately 55%. Based upon this information, we estimate extending the discount for an additional four tax years for qualifying properties will reduce local property tax revenue by \$800,000 to \$1,600,000 per tax year. Given the recent improvement in the housing market, the impact is expected to decline over the four year period, assuming properties are developed and sold.



Frank A. Rainwater, Executive Director