



# 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.*

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<b>Bill Number:</b>	H. 5134	Introduced on March 15, 2022
<b>Author:</b>	McCabe	
<b>Subject:</b>	Property Tax Exemption	
<b>Requestor:</b>	House Ways and Means	
<b>RFA Analyst(s):</b>	Boggs	
<b>Impact Date:</b>	March 29, 2022	

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### Fiscal Impact Summary

This bill exempts all farm buildings and agricultural structures owned by a producer in this State that are used to house livestock, poultry, crops, farm equipment, or farm supplies beginning in tax year 2022. Currently, all farm machinery and equipment, excluding motor vehicles licensed for use on the highways, are exempt.

The Revenue and Fiscal Affairs Office (RFA) anticipates this bill may have a nonrecurring local expenditure impact for local governing entities to implement this exemption.

RFA contacted county assessors to determine the potential local property tax revenue reduction due to this bill. Dorchester County estimates approximately 23 percent of agricultural property value is attributable to the structures and will become exempt. Due to the limited data, RFA anticipates this bill will have an undetermined local property tax reduction due to this bill. RFA estimated a range of the potential property tax revenue impact assuming 10 percent to 50 percent of agricultural property becomes exempt. This results in a range of property tax revenue reduction from \$5,452,000 and \$27,262,000 statewide beginning in tax year 2022. Also, RFA assumes local entities may increase millage rates, within the allowable millage rate increase limitations, to offset any reduction in property tax revenue.

### Explanation of Fiscal Impact

#### Introduced on March 15, 2022

##### State Expenditure

N/A

##### State Revenue

N/A

##### Local Expenditure

This bill adds all farm buildings and agricultural structures owned by a producer in this State that are used to house livestock, poultry, crops, farm equipment, or farm supplies to the list of

property tax exemptions. RFA anticipates this bill may result in an undetermined nonrecurring expenditure impact for counties to implement this exemption.

### **Local Revenue**

This bill exempts all farm buildings and agricultural structures owned by a producer in this State that are used to house livestock, poultry, crops, farm equipment, or farm supplies beginning in tax year 2022. RFA contacted local assessors to determine the value of this type of property. Dorchester County responded and estimated that approximately 23 percent of their agricultural property as of tax year 2021 would qualify for this exemption.

Due to the small sample size and between the various counties, the potential property tax revenue reduction could vary for each county. Also, the value of structures on agricultural property may vary greatly. For example, a pole barn for housing tractors versus a stable for horses. RFA estimates that the total assessed value for agricultural property statewide for tax year 2022 will be approximately \$152,047,000. This is approximately 0.5 percent of total statewide assessed value.

The following chart estimates potential local property tax revenue loss statewide based on the range of 10 percent to 50 percent and a statewide millage rate of 358.6 beginning in tax year 2022.

<b>Estimated Statewide Agricultural Structure Property Tax Exemption beginning TY 2022</b>	
<b>Percent Agricultural Property Exempt</b>	<b>Property Tax Loss</b>
10%	\$5,452,000
20%	\$10,905,000
30%	\$16,357,000
40%	\$21,810,000
50%	\$27,262,000

Assuming 50 percent of the total statewide estimated agricultural assessed value is exempt due to this bill, the reduction to property taxes statewide would be less than 1.0 percent of the projected property taxes for tax year 2022. RFA assumes local entities may increase millage rates, within the allowable millage rate increase limitations, to offset any reduction in property tax revenue.



Frank A. Rainwater, Executive Director