



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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|                        |                                                      |                               |
|------------------------|------------------------------------------------------|-------------------------------|
| <b>Bill Number:</b>    | S. 0793                                              | Introduced on January 9, 2018 |
| <b>Author:</b>         | Sheheen                                              |                               |
| <b>Subject:</b>        | Property Tax Procedure Act                           |                               |
| <b>Requestor:</b>      | Senate Finance                                       |                               |
| <b>RFA Analyst(s):</b> | Mitchell                                             |                               |
| <b>Impact Date:</b>    | January 18, 2018 - Updated to Include Revenue Impact |                               |

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**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>             | See below         | \$0               |

**Fiscal Impact Summary**

This bill is not expected to have an expenditure impact on the General Fund, Federal Funds, or Other Funds, as the revisions in the bill are not expected to significantly increase the number of cases brought before the Administrative Law Court or materially alter the Department of Revenue's responsibilities.

The bill also limits any refund to the three tax years immediately preceding the determination unless the ALC approves the refund. Limiting refunds to three years could reduce the total amount of refunds required. However, the number of instances in which an appeal extends past three years is expected to be low, thereby minimizing the instances in which this refund limitation would apply. Additionally, the bill permits the ALC to approve a refund beyond three years which, if exercised, would not significantly change the amount of refunds required under the current process. Therefore, this bill is not expected to impact local property tax funds significantly.

This fiscal impact statement has been updated to include a response from the Department of Revenue and a revenue impact on local governments.

**Explanation of Fiscal Impact**

**Introduced on January 9, 2018**

**State Expenditure**

This bill amends the duties of the Department of Revenue (DOR), as related to property tax appeals. The bill requires DOR to issue a determination no later than one year after the date a

written protest is filed. Unless granted an extension, failure to issue a department determination within one year requires that the department notify the taxpayer and any affected county of the right to request a contested case hearing before the Administrative Law Court. This bill further stipulates that a refund can only be granted for a maximum of three tax years preceding the final determination, unless otherwise approved by the Administrative Law Court.

Currently, DOR is required to issue a determination in response to a property tax appeal within nine months and DOR is not required to provide notification to any taxpayer or county of the right to request a contested case hearing in the event that a determination is not issued by the department within that time.

**Administrative Law Court.** The Administrative Law Court (ALC) currently has jurisdiction to hear contested cases related to property taxes. This bill is not expected to significantly increase the number of cases brought before the ALC. This bill is anticipated to have no expenditure impact on the General Fund, Federal Funds, or Other Funds.

**Department of Revenue.** This bill alters the duties of the department, as related to property tax appeals. The revised duties of the department are procedural in nature. As such, we do not expect that the bill will have an expenditure impact to the General Fund, Federal Funds, or Other Funds.

#### **State Revenue**

N/A

#### **Local Expenditure**

N/A

#### **Local Revenue**

This bill requires DOR to notify all affected counties of department determinations regarding property tax appeals, written protests of a department assessment or denial of an exemption, and claims for refunds upon determination that a refund is due as a result of an appeal. The department does not expect these changes to impact local property tax collections. Requiring notification of local governments regarding property tax appeals is expected to improve the communication with local governments, but will not impact the determination of the department or the ALC.

The bill also limits any refund to the three tax years immediately preceding the determination unless the ALC approves the refund. Limiting refunds to three years could reduce the total amount of refunds required. However, the number of instances in which an appeal extends past three years is expected to be low, thereby minimizing the instances in which this refund limitation would apply. Additionally, the bill permits the ALC to approve a refund beyond three years which, if exercised, would not significantly change the amount of refunds required under the current process. Therefore, this bill is not expected to impact local property tax funds significantly.



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Frank A. Rainwater, Executive Director