



PROPERTY TAX

A REVIEW OF ISSUES IN SOUTH CAROLINA

SC DEPARTMENT OF COMMERCE

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INTRODUCTION

The property tax is the primary source of revenue for local government entities in the state of South Carolina. For instance, in 2008, the property tax represented 53% of all tax collections in South Carolina at the local government level. South Carolina is one of seventeen states that maintains a classified property tax system, in which property is assessed at different percentages of fair market value based on its classification. For example, owner occupied residential property is assessed at 4% of fair market value; whereas, motor vehicles are assessed at 6% of fair market value. In general, the fair market value of property is estimated from an appraisal and then multiplied by an assessment rate to determine assessed value. Finally, a millage rate is applied to the assessed value to calculate the tax liability. In 2008, the average millage rate in South Carolina was 297.6 mills.

Like other states, the state of South Carolina has been under considerable pressure in recent years to provide property tax relief to certain categories of taxpayers. In 1994, South Carolina exempted the first \$100,000 of the fair market value of owner occupied

property from the property tax imposed for school operating purposes, and in 2006, this exemption was increased to 100% of the fair market value of such property. South Carolina has also provided various optional sales and use taxes at the local level that are intended to reduce the property tax burden.

Brief Overview of Economic Models

As a form of taxation, the property tax is appealing for many reasons. First, the property tax is a tax on wealth in the form of real and personal property, and these types of property are highly visible and relatively immobile. In short, it may be difficult or, in the case of real property, impossible to avoid the property tax by relocating to another jurisdiction. Wealth in the form of financial assets, precious metals, and art objects is not subject to the property tax in South Carolina. Second, local government services, including fire and police protection, emergency medical services, waste collection, parking, and sidewalk and road maintenance, directly benefit real and personal property owners. Finally, the property tax base is generally more stable than the income tax or sales tax base.

Inefficiencies and Issues of the Property Tax

Whether at the federal, state, or local level, principles of efficiency and equity apply to all revenue systems. Furthermore, since the property tax is a major component of the local government revenue system, the principles of efficiency and equity should be preserved by the property tax system for that system to be effective. Efficiency refers to the effect a given tax or policy might have on the decisions of individuals. For instance, if a tax that has been implemented leads to unintended changes in individual decisions, the tax in question may be deemed to be inefficient. Equity refers to the fairness of a given tax or policy and may be viewed on interjurisdictional, horizontal, or vertical levels. The first refers to the treatment of individuals across municipalities and counties, and the second refers to the treatment of individuals with similar economic profiles. Finally, vertical equity refers to the treatment of individuals with different economic profiles or who consume different levels of public services. However, on the most basic level, if the property tax system promotes inefficiency or inequity, then the local revenue system will fail to fully benefit those it is intended to serve.

PROPERTY TAX STRUCTURE IN SOUTH CAROLINA

Real property, business personal property, and other types of personal property are subject to ad valorem taxes in the state of South Carolina. Generally, property taxes are assessed by local governments; however, certain categories of property are assessed at the state level. For instance, taxes for real and personal property are valued and collected at the county level; whereas, taxes for motor carriers as well as manufacturing and utility property are valued and collected by the South Carolina Department of Revenue (SCDOR). SCDOR also values business personal property; however, SCDOR does not collect property taxes for this category. SCDOR certifies the assessment of business personal property to county auditors, and the auditors, in turn, compute and distribute the tax amount for billing. Property taxes collected by SCDOR are returned to the counties annually. Calculation of property taxes involves three factors: valuation, assessment, and millage.

Valuation

Excepting agricultural real property and property subject to fee-in-lieu of tax agreements, real property is appraised to reflect fair market value. Reappraisal of real property for tax purposes is prompted by certain transfers of interest, the completion of improvements or additions, and periods of general reassessment. For a definition of qualifying transfers of interest in real property and improvements and additions to real property, see

South Carolina Code §12-37-3130(1) and 3150.

General reassessments of real property are performed every five years under county reassessment programs; although, a county may delay implementation of reassessed values for up to one year by ordinance. Assessors in each county maintain information related to the size, condition, and location of each parcel in their jurisdiction and conduct appraisals on the basis of comparable sales, income, and cost methods. For tax years after 2006, increases in the fair market value of real property as the result of a reassessment program are limited to 15% within a five year period. This restriction does not apply to adjustments to the fair market value of real property as the result of transfers of interest or the completion of improvements in the year those values are first subject to tax. See South Carolina Code §12-37-3140(B).

Time share units operating under a vacation time sharing plan are valued as if the unit was owned by a single owner. Vacation time sharing plans generally include plans in which the purchaser receives an ownership interest as well as the right of use of the property. However, time share units operating under a vacation time sharing lease plan, in which the purchaser generally receives the right of use without ownership, may be valued as other income producing property is valued.

In contrast to other types of real property, agricultural real property is valued according to use value methods. Use value is intended to reflect the ability of agricultural real property to produce farm income and is often much lower

than the fair market value of such property. For example, consider an agricultural parcel that might be worth more than its use value if it was subdivided for residential development. According to SCDOR, average use values of agricultural property range from \$100 to \$200 per acre. When the use of real agricultural property changes, the property is subject rollback taxes to capture the difference between the taxes assessed on the basis of the value for agricultural purposes and the taxes that would have been assessed if the property had been valued according to the new use for the current tax year and the immediately preceding five tax years. Manufacturing and business personal property is valued at historical cost less straight line depreciation allowances, provided the adjusted basis is greater than 10% of historical cost. See South Carolina Code §12-37-930.

Property of regulated utilities is valued according to unit valuation methods. Although not defined by statute, the unit valuation method is generally based on cost, income, and stock and debt methods. Motor vehicles are valued by nationally recognized valuation publications, provided the value in any given year does not exceed 95% of the value from the previous year. There is no state or local property tax on inventories or intangible personal property.

Assessment

Assessment ratios are established in the South Carolina Constitution for each class of property and presented in the following table. See South Carolina Constitution Article X §1. The fair market value of property is multiplied by the

appropriate assessment ratio to calculate the assessed value of the property. Property taxes are then levied on the assessed value. The assessment rate for agricultural real property depends on the form of ownership. Corporate owners with more than ten shareholders; a shareholder, other than an estate, that is not an individual; a nonresident alien as a shareholder; or more than one class of stock are assessed at the rate of 6%. Other owners, including individuals, are assessed at the 4% rate. See South Carolina Constitution Article §1(4).

Assessment Ratios by Property Type

Primary Residence	4.0%
Agricultural (Private)	4.0%
Agricultural (Corporate)	6.0%
Other Real Property ¹	6.0%
Motor Vehicles	6.0%
Other Personal	10.5%
Manufacturing	10.5%
Utility	10.5%
Business Personal	10.5%
Motor Carrier	9.5%

New and expanding businesses meeting certain capital investment requirements may substantially decrease the assessment rate applied to certain property categories by entering into a fee-in-lieu of property taxes (FILOT) agreement with the county in which their business operations are located. For example, a business investing at least \$2.5 million may reduce the assessment ratio for manufacturing or business personal

¹ The other real property category encompasses all real property other than owner occupied primary residential real property, including secondary residences and commercial and rental real property.

property from 10.5% to 6% over a period of twenty years under a FILOT agreement. During the period in which a FILOT agreement is in effect, the value of personal property is depreciated; whereas, the value of real property remains constant and, therefore, is not subject to inflationary increases. Furthermore, the minimum capital investment requirement is reduced to \$1 million for businesses investing in counties in which the average annual unemployment rate for the preceding twenty four months is at least twice the state average over the same period, and businesses committing at least \$45 million may qualify for a 4% assessment ratio for thirty years without inflationary increases.

Millage

Each county determines its tax rate annually by dividing the cost of its budget by the total assessed value of property in the county. The resulting figure is a fraction expressed in thousandths that is commonly referred to as the millage rate. Generally, a county may increase the millage rate year over year only to reflect changes in the resident population of the county or in the Consumer Price Index (CPI) for the preceding twelve months. However, a county may levy an additional millage for certain purposes identified in South Carolina law. See South Carolina Code §6-1-320(B). In 2008, the average millage rate in South Carolina was 297.6 mills.

In years of general reassessment, a special millage rate, referred to as the rollback millage rate, is used in place of the rate from the previous year. The rollback millage rate is calculated by dividing the property

tax revenues from the previous year by the total assessed value of property in the county for the current year, adjusted to reflect the new values from the general reassessment program as well as assessments for improvements or real property not previously subject to tax. This rate is generally lower than the millage rate from the previous year and prevents property tax revenues from increasing dramatically when a general reassessment program is conducted.

PROPERTY TAX HISTORY IN SOUTH CAROLINA

Since its inception in 1915, the property tax has been an important source of general revenue for local governments in the state of South Carolina. The basic principles of the property tax system in South Carolina remain unchanged from those in place when the tax was first enacted. However, many of the more detailed property tax provisions have been amended in recent years.

A Timeline of Changes

In 1975, the South Carolina General Assembly passed Act 208, which required all real property to be valued at fair market value for tax purposes. Although arbitrary in the absence of a transaction, fair market value is intended to approximate the price at which a given piece of property would sell following reasonable exposure to the sales market. Generally, real property in South Carolina is appraised to determine fair market value. Act 208 also required the

classification of real property for assessment purposes.

The General Assembly exempted business inventories from property taxation in 1984 with the phase-in of the merchant's inventory tax exemption. See South Carolina Code §12-37-450. This provision exempted 17% of inventories in 1985, 50% in 1986, and 100% in 1987 and subsequent years. The merchant's inventory exemption also required reimbursement from the state of South Carolina to the counties annually in the amount of the general revenue not collected as a result of the exemption. In 2008, the South Carolina Board of Economic Advisors estimated the annual fiscal impact of the merchant's inventory exemption to be approximately \$40.6 million.

In 1990, the General Assembly passed Act 317, which established the local option sales tax in South Carolina.² See South Carolina Code §4-10-10 (A317, R329, H3739). The local option sales tax is an optional

² In addition to the local option sales tax, other local taxes have been enacted to diversify local government revenues: the local accommodations tax, the local hospitality tax, and the capital projects and transport taxes. The local accommodations tax is a 2% sales and use tax, in addition to the 5% general sales and use tax and the 1% local option sales tax, on transient accommodations. The local hospitality tax is an optional 2% sales and use tax on prepared food, and the capital projects and transport taxes are additional sales and use taxes imposed to pay the debt service for certain capital projects. Restrictions apply to the use of funds collected from these taxes. For example, the state of South Carolina mandates that counties commit revenues from the local accommodations tax in excess of \$25,000 to tourism related projects. However, the imposition of these taxes serves to further diversify local government revenues and, in effect, reduce the total property tax burden.

1% general sales and use tax on nearly all taxable retail sales in a given county imposed to reduce the property tax burden on property owners in that county. A direct vote was held in all forty-six counties in November of 1990, and six counties adopted the local option sales tax immediately. As of 2009, thirty counties in South Carolina have implemented the local option sales tax.

“Act 388 exempted 100% of the value of owner occupied property from the property tax imposed for school operating purposes.”

For participating counties, the General Assembly required at least 67% of the proceeds from the local option sales tax to be used to offset property tax revenues in 1990, and this requirement was scheduled to increase by 1% a year to 71% in 1994 and subsequent years. However, many counties that have implemented the local option sales tax have also elected to apply more than 71% of the proceeds to property tax relief. For example, in 2009, thirteen of the thirty counties imposing the local option sales tax applied 100% of receipts to offset property tax collections. In 2008, the local options sales tax accounted for approximately \$238.9 million of local government revenue across all counties in South Carolina. See table 9 on page 27 for a list of revenue raised in 2008 by the local option sales tax, the local accommodations tax, the local hospitality tax, and the capital

projects and transport taxes for each county.

Proceeds from the local option sales tax are collected by the South Carolina Department of Revenue and returned to participating counties less certain charges. These charges generally include an administrative charge and, for counties generating \$5 million or more from the local option sales tax, a contribution equal to 5% of gross receipts to a fund for the benefit of smaller, rural counties. The property tax relief provided by the local option sales tax is distributed to property owners in proportion to the market value of their property. Therefore, it is important to note that primary residential owners receive more relief proportionally than owners of other property types, since this category of property receives the lowest possible assessment rate.

In 1994, the General Assembly established the school property tax relief fund. See South Carolina Code §11-11-330. This provision exempted the first \$100,000 of all owner occupied property from the portion of the total millage applied for school operating purposes.³ The General Assembly also altered the allowances for the depreciation of manufacturing personal property for property tax purposes in 1996. See South Carolina Code §12-37-935. Under the amended provision, the maximum allowed depreciation percentage for this category was increased from 80% in years prior to 1997 to 83.3% in 1997, 86.6% in 1998, and 90% in 1999 and subsequent years. Similar to the merchant's inventory exemption,

³ After the passage of Act 388 in 2006, the \$100,000 residential homeowners exemption is referred to as tier 1 property tax relief.

these changes created two special purpose funds, the state property tax relief and the depreciation property tax reimbursement funds, to reimburse the counties for lost revenue as a result of the amended legislation. In 2008, South Carolina counties received reimbursements of approximately \$255 million for the \$100,000 residential homeowners exemption and \$40.1 million for the manufacturers' depreciation allowance.⁴ See table 8 on page 26 for a list of state reimbursements received in 2008 for each county.

Property Taxes with the Homestead Exemption Credit

Fair Market Value	\$100,000
Homestead Credit	- 50,000
Taxable Value	50,000
Assessment Ratio	x .0400
Assessed Value	2,000
Millage Rate	x .2976
Property Tax	\$595

The Homestead Exemption Act, originally passed by the General Assembly in 1972, was amended in 2001. The Act historically provided property tax relief in the form of a \$20,000 exemption against the current fair market value of the primary residence of a South Carolina citizen who is age sixty-five or older, legally blind, or permanently disabled. The 2001 amendment increased the credit from \$20,000 to \$50,000 per eligible individual. The preceding table illustrates the calculation of

⁴ Unless otherwise noted, data was obtained from the *Local Government Finance Report* released annually by the South Carolina Budget and Control Board and the *Government Finance Statistics* released annually by the U.S. Census Bureau.

property taxes with the homestead exemption credit.

Counties are also reimbursed from the state of South Carolina for tax revenue not collected as a result of the homestead exemption credit. Since 1998, reimbursements for the homestead exemption, the school property tax relief program, the manufacturer's depreciation tax exemption, and the merchant's inventory tax exemption have been funded through the South Carolina trust fund for tax relief, a special purpose fund that is funded by general appropriations, rather than through general fund expenditures. In 2008, South Carolina counties received approximately \$155.7 million in reimbursement for the homestead exemption.

In 2000, the General Assembly amended certain provisions of the South Carolina Constitution to reduce the assessment rate for personal motor vehicles from 10.5% to 6.0% over a seven year period. See South Carolina Constitution Article X §5(B)(1). As a result, the assessment rate for personal motor vehicles decreased by 0.75% per year from 10.5% in 2001 to 9.75% in 2002, 9.0% in 2003, 8.25% in 2004, 7.5% in 2005, 6.75% in 2006, and 6.0% in 2007 and subsequent years.

Act 388

In 2006, the South Carolina General Assembly ratified Act 388. See South Carolina Code §6-1-320; §11-11-110, 150, and 156; §12-36-11 and 910; §12-37-25, 220, 223(A), 251, and 270; and §12-43-220 (A388, R417, H4449). Act 388 was perhaps the most comprehensive and controversial shift in property tax policy in South Carolina history. Furthermore, in addition to the immediate effects to the property

tax system, the provisions of Act 388 will have important long-term implications for education funding in the state of South Carolina.

A number of major policy changes were enacted by Act 388. First, Act 388 increased the general sales and use tax by 1% and reduced the sales and use tax on unprepared food items from 5% to 3%. The sales and use tax on unprepared food has since been further reduced from 3% to 0%. See South Carolina Code §12-36-910 and 2120. In addition, the act required general fund transfers from the education improvement act fund to offset lost revenues as a result of the reduced sales and use tax on unprepared food. Act 388 also created the homestead exemption fund and provided for the transfer to the fund of the additional revenue received from the 1% sales and use tax increase.

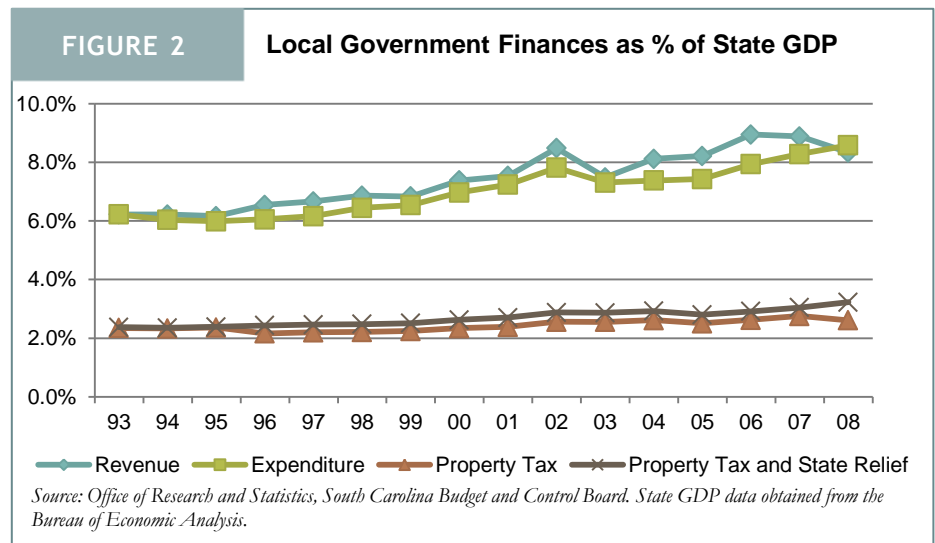
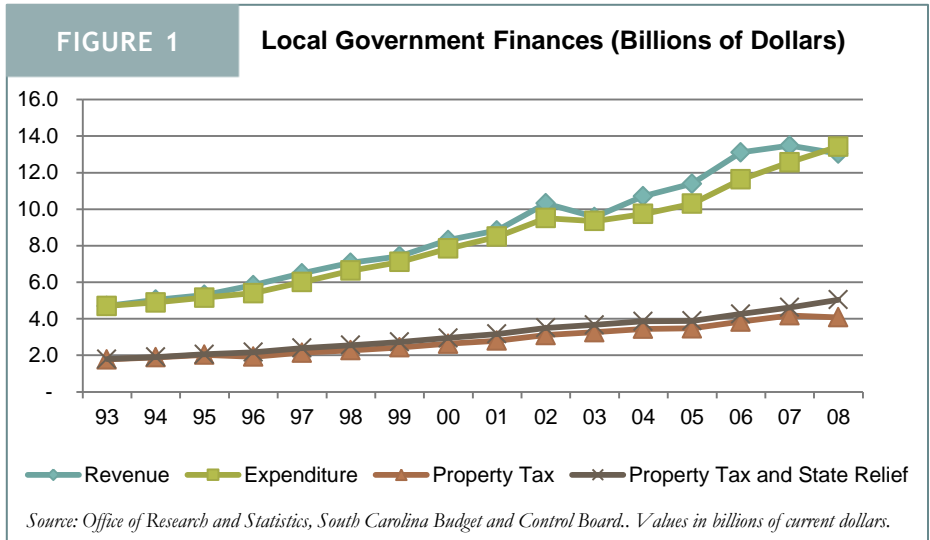
"...other real property accounted for 34.7% of all property in 2008 while paying 41.1% of all property taxes."

Second, Act 388 exempted 100% of the fair market value of owner occupied property from the property tax imposed for school operating purposes, excepting the property tax imposed for payment of general obligation debt. The act also established a two thirds vote requirement to further amend the 100% exemption. Furthermore, Act 388 limited the amount by which the fair market value of real property could increase as a result of a general reassessment program to 15% over a five year period.

However, the limits imposed by the act do not apply to increases in value as a result of an assessable transfer of interest. See South Carolina Code §12-37-3140(B).

Finally, Act 388 established a tiered structure for state level reimbursements from the trust fund for tax relief to counties for certain property tax exemption categories. Tier 1 items include reimbursements for property tax relief related to the \$100,000 residential homeowners exemption established in 1994. Tier 2 items include reimbursements for the homestead exemption, and tier 3 items generally include additional reimbursements for the elimination of the property taxes assessed for school operating purposes under Act 388. Tier 3 items also include a \$2.5 million minimum state level disbursement to each county annually. See table 8 on page 26.

In combination with Act 388, the General Assembly passed the South Carolina Real Property Valuation Reform Act of 2006. This act requires real property to be appraised after an assessable transfer of interest, which includes conveyance by deed, by land contract, to a trust, by distribution from a trust or under a will, and by lease as well as a change of use of agricultural property subject to rollback taxes. As a result of an appraisal that is triggered by an assessable transfer of interest, real property sold between years of general reassessment is appraised for property tax purposes at fair market value at the time of sale. Property owners and local governments are strongly divided over the assessable transfer of interest provisions, and at the present, the South Carolina House

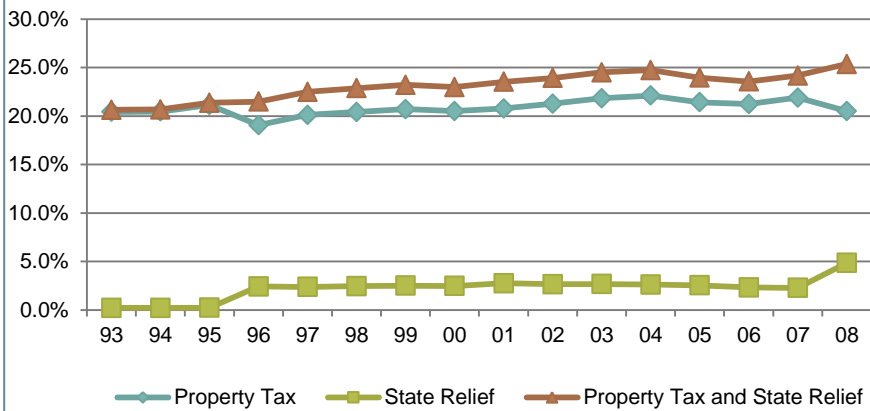


of Representatives is considering legislation to amend the point of sale provisions of Act 388 to postpone the implementation for property tax purposes of the new values as a result of an assessable transfer of interest until the next general reassessment program. See H3272 introduced in the South Carolina House of Representatives on January 14, 2009.

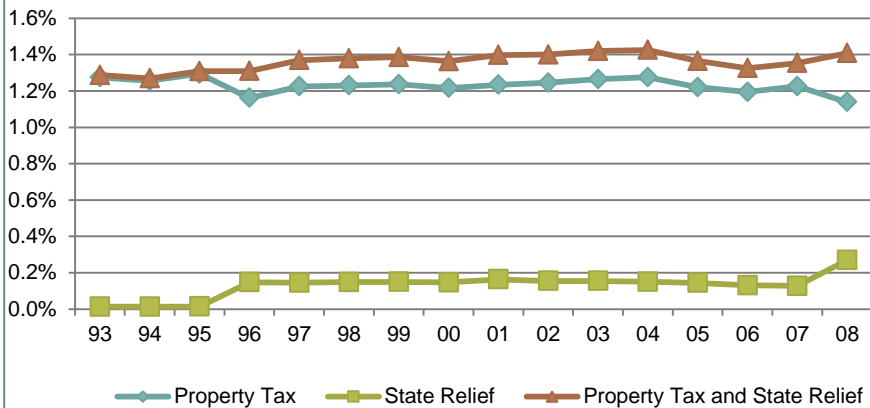
Other Exemptions

A number of exemptions are also available for certain categories of property owners. For example, a

newly constructed detached single family home offered for sale by a residential builder is exempt from property taxes until the earlier of the tax year in which the home is completed and a certificate of occupancy is issued or the tax year in which the home is sold. Further, a discount is available for lots that are in the process of being sold from subdivided acreage, provided the subdivision contains at least ten building lots. See South Carolina Code §12-43-224 and 225. Homeowners' associations may elect to have their property valued at the greater of \$500 per acre or

FIGURE 3 Revenue as % of Assessed Value

Source: Office of Research and Statistics, South Carolina Budget and Control Board.

FIGURE 4 Revenue as % of Fair Market Value

Source: Office of Research and Statistics, South Carolina Budget and Control Board.

apply, the subject property must be five acres or more in size and devoted to the active growth of timber for commercial use. If a given piece of property is used to grow timber but does not meet the five acre minimum, that property will qualify for the agricultural real property classification if it is under the same management as or is contiguous to other pieces of property that are not used to grow timber but otherwise qualify for classification as agricultural real property. See South Carolina Code §12-43-232.

STATE PROPERTY TAX REVENUES

Local government revenues in the state of South Carolina are mainly composed of property tax revenue, various local option taxes, licenses and fees, and aid from state and federal governments. State and federal aid includes both formula appropriations and special grants. Licenses and fees generally include business licenses, law enforcement fines, and fees for special services, including waste collection, parking, and emergency medical services. Other local taxes, including the local option sales tax, the local accommodations tax, and the local hospitality tax, are a small but growing source of revenue for local governments. Revenue from these local option taxes has increased from \$41.4 million in 1993 to \$644.9 million in 2008 or 20.1% compounded annually. However, these sources only represented 4.9% of total local government revenue in 2008. The property tax is the largest single source of local government revenue, representing over half of all revenue from local

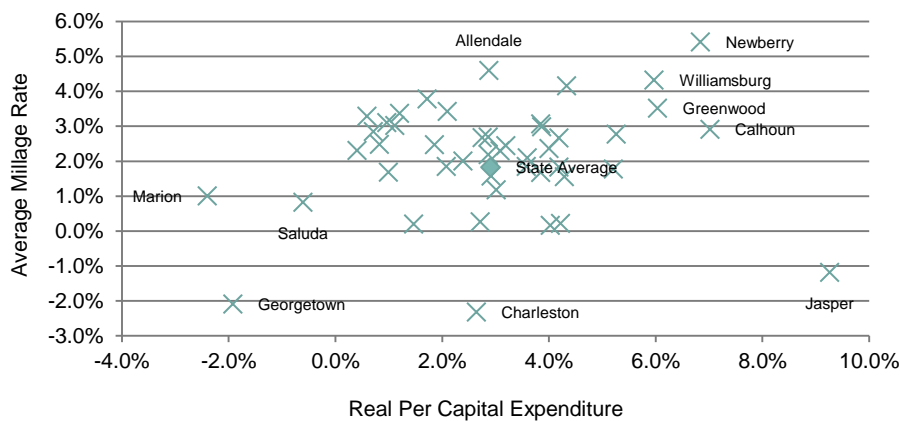
an amount equal to the receipts of the association, not including dues from the members, divided by a capitalization rate of 20%. See South Carolina Code §12-43-227 and 230(d).

Licensed automobile dealers may be eligible to receive a certain number of dealer plates, provided the dealer sold at least twenty vehicles in the previous twelve months. For the first twenty vehicles sold, a given dealer is eligible to purchase two dealer plates at the price of \$20 per plate. For each additional fifteen

vehicles sold, the dealer is eligible to purchase one additional dealer plate. Each dealer plate is valid for the period of one year, and local property taxes are not assessed on vehicles bearing dealer plates. Furthermore, trailers used by motor carriers are subject to an \$87 fee in lieu of all property taxes upon initial registration. See South Carolina Code §12-37-2860 and 2880.

Finally, real property that is used to grow timber may eligible for classification as agricultural real property. For this classification to

FIGURE 5 Average Annual Growth Rates (2000 to 2008)



Source and notes: Office of Research and Statistics, South Carolina Budget and Control Board.

sources, not including state and federal aid, in recent years. In 2008, approximately 62.6% of the total revenue received by local governments in the state of South Carolina went to school districts, 20% to municipalities, and 13.4% to county governments.⁵

Historical Trends

Total local government revenue, expenditure, and current property tax revenue for all South Carolina counties, on an absolute basis and as a percentage of gross state product, are shown in Figures 1 and 2. Since 1993, local revenue items have increased from approximately \$6.8 billion to \$17.8 billion or 6.6% compounded annually; whereas, property tax revenue has increased from approximately \$1.8 billion in 1993 to \$4.3 billion in 2008 or 6% compounded annually. Property tax revenue, including reimbursements

for property tax relief, has increased from approximately \$1.8 billion to \$5 billion or 7% compounded annually. Items of local government expenditure have increased from approximately \$6.6 billion to \$17.9 billion or 6.9% compounded annually.⁶

Two important points emerge from the figures presented above. First, although the dollar value of property tax collections has been increasing, property tax collections as a percentage of total local government revenue have been decreasing. For example, the property tax represented 37.7% of total local government revenue in 1993 and 33.3% of total revenue in 2008. Much of the difference, however, has been made up in the form of state reimbursement for property tax relief. Property tax revenue, adjusted to include state reimbursement for property tax

relief programs, represented 38.1% of local revenue in 1993 and 38.7% in 2008. Revenue collected at the local level for the property tax, however, has remained relatively constant when viewed in terms of both the value of taxable property in South Carolina and the level of state gross domestic product (GDP). Property tax revenue as a percentage of state GDP and as a percentage of the total assessed value and fair market value of taxable property is shown in Figures 2, 3, and 4 respectively.

Second, the level of expenditure by local governments has increased dramatically over the past sixteen years. As shown in Figure 2, total local government expenditure as a percentage of state GDP has increased from approximately 6.2% in 1993 to 8.6% in 2008, and annual percentage increases in the level of expenditure have far out-paced increases in the general price level and the population of the state. In contrast, property tax revenue as a percentage of state GDP and the total value of taxable property has remained fairly constant, varying from 2.2% to 2.8% and 19.1% and 22.1%, respectively.⁷ Although one might expect the various property tax relief efforts to have reduced the total property tax burden, in terms of state output and property values, this does not appear to be the case.

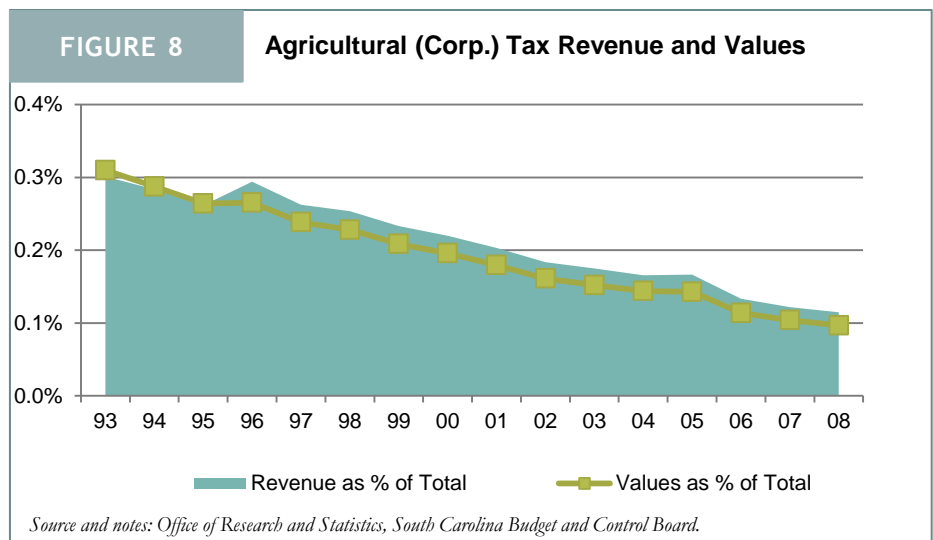
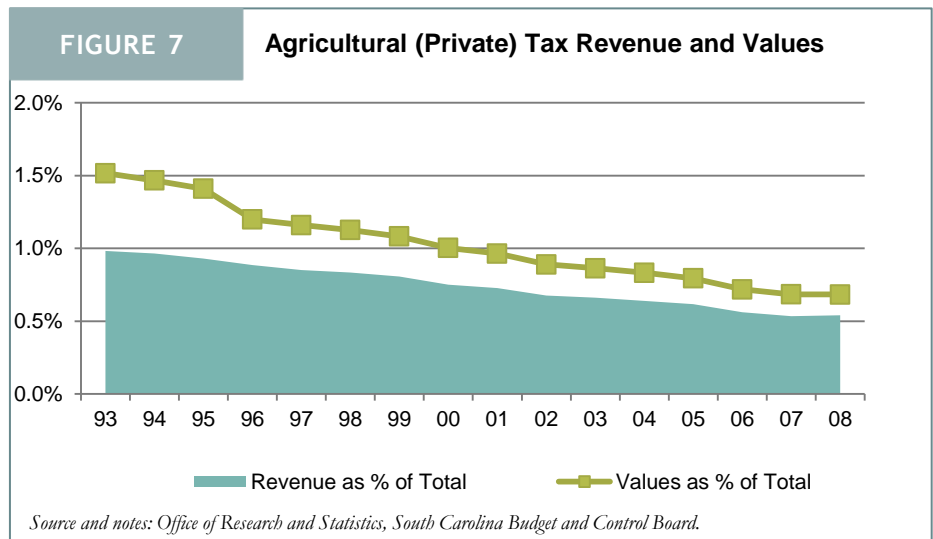
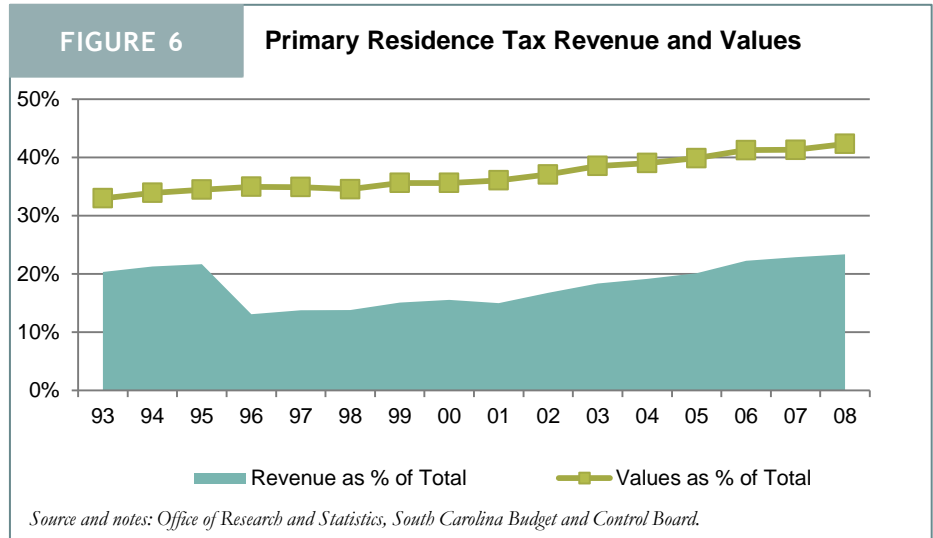
⁵ South Carolina Budget and Control Board, *2009 Local Government Finance Report*. The distribution of local government revenue across school districts, municipalities, and county governments has remained stable over time. In 1999, for example, the percentage distributions were 65.2% to school districts, 22.5% to municipalities, and 12.3% to county governments. Furthermore, over the past fifteen years, the average percentage distributions were 66.3%, 21.6%, and 12.1%, respectively.

⁶ Adjusted for inflation, local revenue items have increased from \$8.7 billion in 1993 to \$16.4 billion in 2008 or 4.3% compounded annually, and property tax revenue has increased from \$2.3 billion to \$4.0 billion or 3.7% compounded annually. Property tax revenue, including reimbursements for property tax relief, has increased from \$2.4 billion to \$5.0 billion or 4.9% compounded annually. Local government expenditure has increased from \$8.4 billion to \$16.5 billion or 4.6% compounded annually.

⁷ Assessed value data was obtained from the South Carolina Budget and Control Board, and taxable value was approximated by dividing the total assessed value of each property category by the assessment rate and adjusting the resulting figure for exemptions applied to the taxable value. Taxable value or fair market for tax purposes may differ from actual fair market value for many reasons, including the 15% assessment cap and point of sale provisions implemented under Act 388 in 2006.

Real, per capita expenditure and average millage rates at the local government level, however, have not remained constant. Across all counties, per capita expenditure in chained 2005 dollars has increased from \$1,649 in 1993 to \$2,762 in 2008, an increase of 67.5% or 3.5% compounded annually. From 2000 to 2008, Georgetown, Marion, Oconee, and Saluda were the only South Carolina counties in which real expenditure per capita did not increase. Furthermore, the average state-wide millage rate increased from 245.7 mills in 1993 to 297.6 in 2008 or 1.3% percent compounded annually. Over this period, only Beaufort, Charleston, Georgetown, and Jasper counties reduced their average annual millage rate. Figure 5 shows the average annual compounded growth of millage rates and per capita expenditure for all forty six South Carolina counties from 2000 to 2008.

It is important to note that the local government revenue system in the state of South Carolina is largely expenditure driven. Local governments set millage rates on the basis of the anticipated level of expenditure for the next fiscal year, provided the millage rate does not increase year over year by more than the sum of the increase in the consumer price index and the increase in the population in the county. However, if state-level reimbursements for property tax relief and other revenue sources are also increasing, the level of local government expenditure can increase more quickly. Therefore, any efforts to reform the property tax system in South Carolina must first address issues related to local expenditure. Ideally, given the increasing diversification of local revenue sources, local government



expenditures should be constrained in relation to the total local tax base, including reimbursement for property tax relief programs from the state, rather than the property tax base alone.

A Detailed View of Property Tax Collections

Total property tax revenue and fair market values for each property category as a percentage of total revenue and values, respectively, are shown in figures 6 through 13.⁸ As illustrated in these figures, the composition of revenue from the property tax changed significantly between 1993 and 2008. In 1993, approximately 20.4% of property tax revenue was collected from primary residences; 1.3% from private and corporate owned agricultural property; 28.6% from second residences and other real property; 14.6% from motor vehicles; and 35.1% from business and other categories of personal property, including fee in lieu of taxes agreements.⁹ However, by 2008, approximately 23.4% of property tax revenue was collected from primary residences; 0.7% from private and corporate agricultural property; 41.1% from second residences and other real property; 10.5% from motor vehicles; and 24.3% from business and other personal property.

Furthermore, the distribution of taxable values across property tax categories changed between 1993 and 2008. However, changes in the

⁸ Taxable values presented in figures 6 through 13 are approximated using data obtained from the South Carolina Budget and Control Board. See footnote 7.

⁹ Since property tax revenue from agricultural property has historically been small, the private and corporate agricultural real property categories are combined in figures 12 and 13.

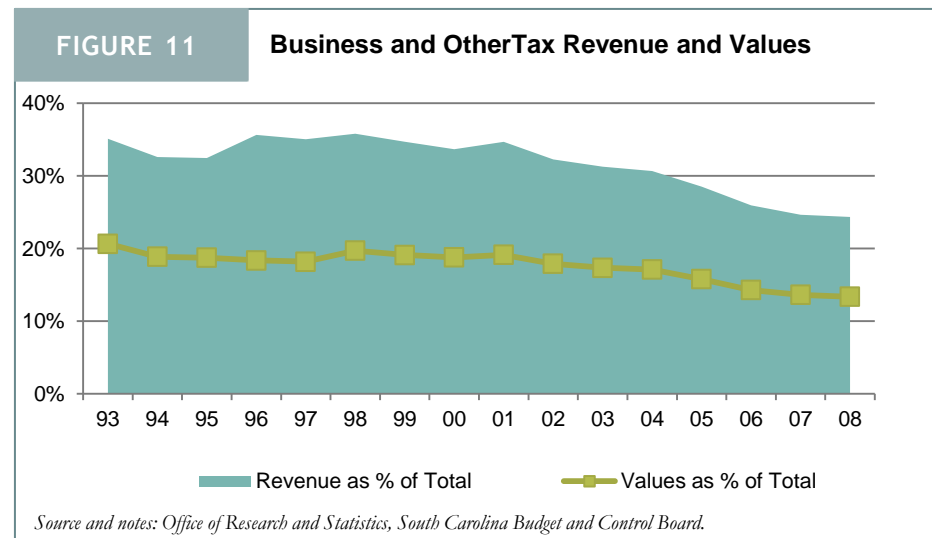
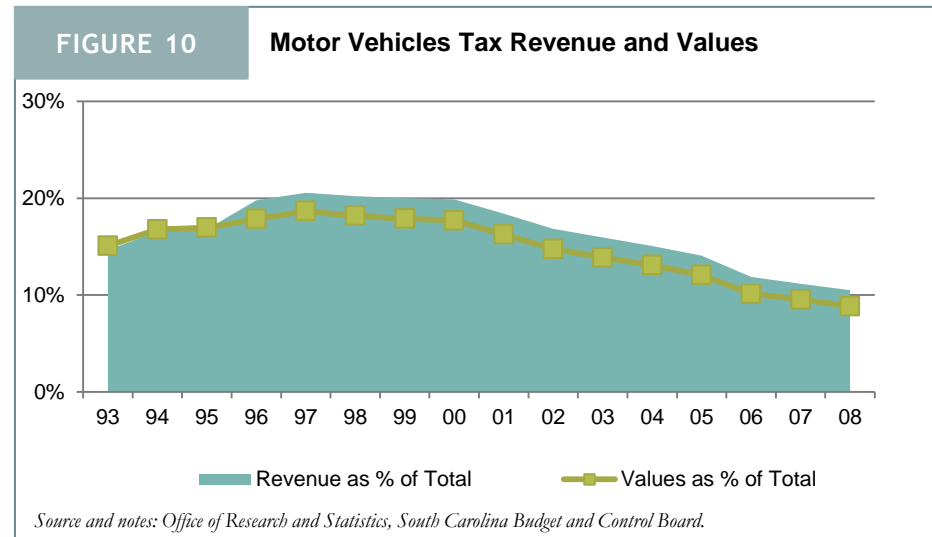
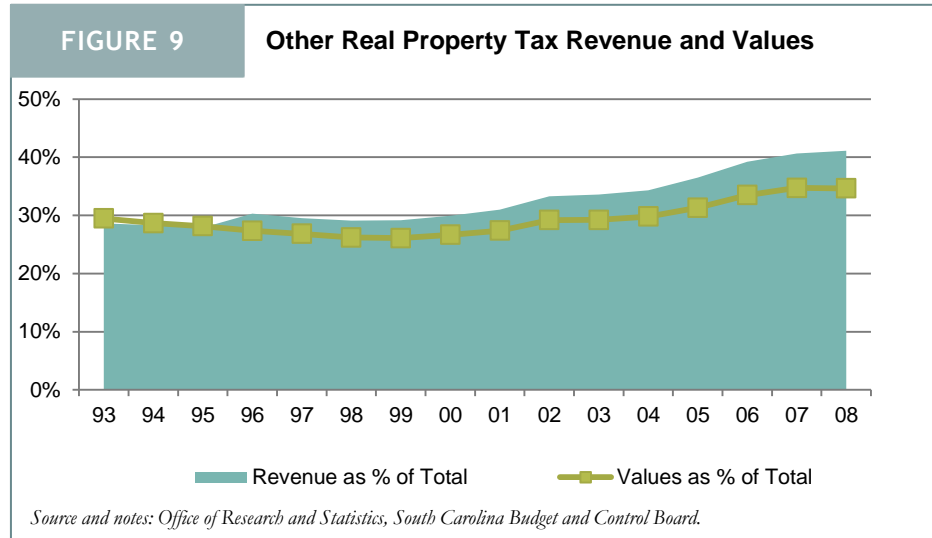
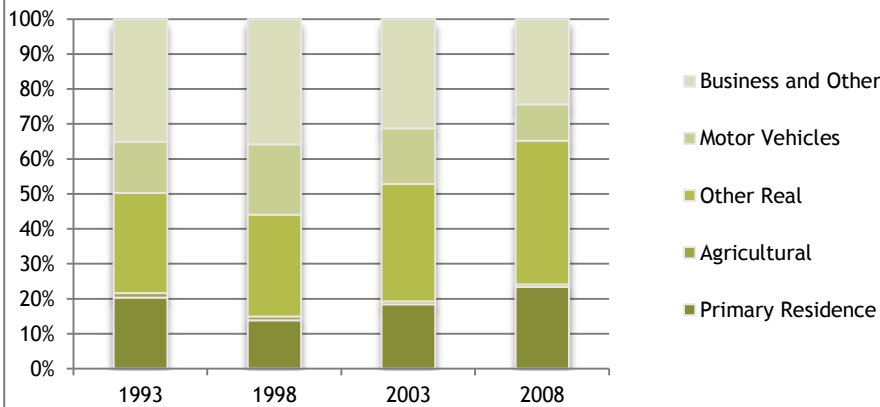
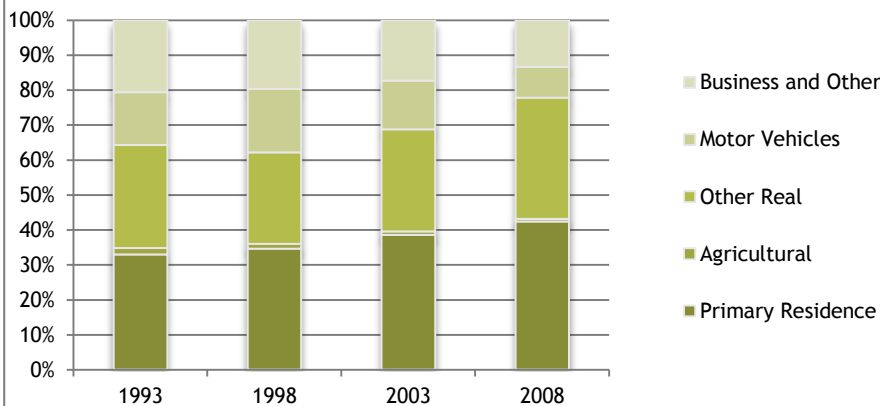


FIGURE 12 Distribution of Property Tax Revenues by Category

Source and notes: Office of Research and Statistics, South Carolina Budget and Control Board.

FIGURE 13 Distribution of Property Values by Category

Source and notes: Office of Research and Statistics, South Carolina Budget and Control Board.

South Carolina Versus Other States

The basic principles of the property tax system do not vary from state to state. For instance, property is generally appraised to determine fair market value and multiplied by an assessment rate to determine assessed value. Finally, a millage rate is applied to the assessed value to calculate the tax liability. However, detailed provisions of the property tax systems in place across states differ significantly. For example, the property tax system in South Carolina differs from the property tax systems in neighboring regional states in many respects. First, although seventeen states nationwide have a classified assessment system, South Carolina has the most individual categories. Second, South Carolina is one of the only states in the southeast that applies a different assessment rate to primary residential real property and other real property types. A brief overview of the property tax systems in effect in neighboring southeastern states is provided in the following sections.

Alabama

Alabama has four primary property classifications for the purpose of tax assessments. Utility property is assessed at a rate of 30% of fair market value. Owner occupied residential, agricultural, and forest property is assessed at a rate of 10%. Private motor vehicles are assessed at a rate of 15%, and all other property is assessed at a rate of 20%. Local governments are the main beneficiaries of the property tax; however, a portion of property tax revenue is collected by the state for other uses. The average county millage rate was 25.1 mills

distribution of revenues and values did not always occur together or even in the same direction. For example, owner occupied primary residences represented 33% of all taxable property in 1993 and 42.3% in 2008. However, this property category only paid 20.4% and 23.4% of all property taxes in 1993 and 2008, respectively. In contrast, the other real property category, which include secondary residences and commercial and rental real property, accounted for 29.5% and 34.7% of all taxable property in 1993 and 2008 but paid 28.6% and 41.1% of all property taxes in these

years. Business and other personal property accounted for 20.6% and 13.4% of all taxable property in 1993 and 2008 but paid 35.2% and 24.3% of all property taxes. The share of property taxes and values for motor vehicles has been roughly in proportion, and in terms of both measures, agricultural property as a percentage of the total has been in decline. Historical differences between the tax revenues and fair market values across property tax categories raise important issues of equity in the property tax system in South Carolina.

in 2008, and the average state millage rate was 6.5 mills. Alabama offers a homestead exemption as well with two tiers. The first tier exempts all homeowners from the first \$4,000 in state property taxes and the first \$2,000 in local taxes. The second tier exempts citizens who are sixty-five or older and have less than \$12,000 of adjusted gross income from an additional \$5,000 in state and local property taxes. The tier two exemption also applies to veterans and those who are disabled. All real property in Alabama is appraised annually for property tax purposes.

Florida

Florida assesses all property at a rate of 100% of fair market value; however, the average county level millage rate was only 21 mills in 2008. Florida offers a homestead exemption of \$50,000, but unlike other states, the exemption applies to all homeowners. An additional exemption of \$50,000 is available for Florida property owners who are age sixty-five or older, subject to certain income limitations. All household personal property and business inventories are exempt from tax. Other items of personal property, including motor vehicles, boats, and airplanes, are not taxable under Florida law. Like South Carolina, Florida has also limited the amount by which the appraised value of real property can increase annually as a result of general reassessment to the lesser of 3% or the annual change in the CPI. Real property in Florida is assessed once each year.

Georgia

Property in Georgia is assessed at the flat rate of 40% of fair market value unless a special assessment

rate has been otherwise specified by law. Several property categories qualify for special treatment for assessment purposes. First, historic property is assessed at a discounted assessment rate based on historical classification. Second, agricultural property is assessed at a rate of 30%. Third, residential transition, conservation, and environmentally sensitive property are assessed on the basis of use value rather than fair market value. Finally, timber is assessed at 100% of fair market value but only at the time of sale. Once the assessed value has been determined, a local millage rate and a state millage rate are applied. In 2008, the average county and municipal millage rate was 30 mills, and the average state millage rate was 0.3 mills. Georgia offers a homestead exemption and the freeport exemption. The first exempts \$2,000 of assessed value for all primary residential owners. The homestead exemption also exempts all property and up to ten adjoining acres of land from taxes for individuals age sixty-five and older and the first \$50,000 of assessed value for individuals who are disabled and veterans. The second exempts inventories from assessment for tax purposes. Real property in Georgia is reassessed every year.

Louisiana

In Louisiana, property is separated into six categories for assessment purposes. All land, both residential and commercial, is assessed at a rate of 10% of fair market value. Residential buildings are assessed at a rate of 10%, and commercial buildings are assessed at a rate of 15%. Personal property is assessed at 15%. All public service property is assessed at 25% of fair market

value; however, certain categories of public service property, which includes the property of airlines, railroads, and utilities, is only assessed at a rate of 15%. Property taxes with respect to all public service property are assessed and collected by the Department of Revenue in Louisiana. Agricultural real property is assessed at a rate of 10% of use value, and use values typically range from \$30 per acre for salt-water marsh land to \$400 per acre for quality timber land. In 2008, the average county millage rate in Louisiana was 101 mills.

“...other real property accounted for 34.7% of all property in 2008 while paying 41.1% of all property taxes.”

All primary residential property owners in Louisiana are eligible to receive a homestead exemption of \$7,500 of the assessed value of the subject property for the duration of ownership. Furthermore, senior citizens, disabled individuals, and widows of certain veterans can apply to have the assessed value of their primary residence frozen for property tax purposes. Finally, a tax exemption is available for new manufacturers in Louisiana as well as for existing manufacturers who make capital additions to existing facilities for a five year period. These agreements are negotiated with the Department of Economic Development, and specific terms of vary based on a variety of factors. All real property in Louisiana is appraised for tax purposes every four years.

Mississippi

Property in Mississippi is classified into five categories for property tax purposes. Single family primary residential property is assessed at a rate of 10% of fair market value. All other real property, except the property of utilities, is assessed at a rate of 15%. Personal property, except motor vehicles, is assessed at a rate of 15%, and property of public utilities is assessed at 30%. Motor vehicles are also assessed at a rate of 30%. In contrast to many neighboring states, Mississippi does not impose a property tax on business

inventories, which are considered personal property under the rates outlined above; however, certain categories of goods that will be shipped out of state are exempt from assessment for tax purposes. In 2008, the average millage rate in Mississippi was 103.2 mills.

All home owners in Mississippi are eligible for a homestead exemption that varies in amount depending on the value of the home in question. Furthermore, home owners over the age of sixty-five are eligible for a homestead exemption of up to \$75,000 from the fair market value

of their property. Disabled citizens and veterans are also eligible for special treatment for tax purposes. Mississippi requires all counties to conduct reassessment programs for real property at least once every four years.

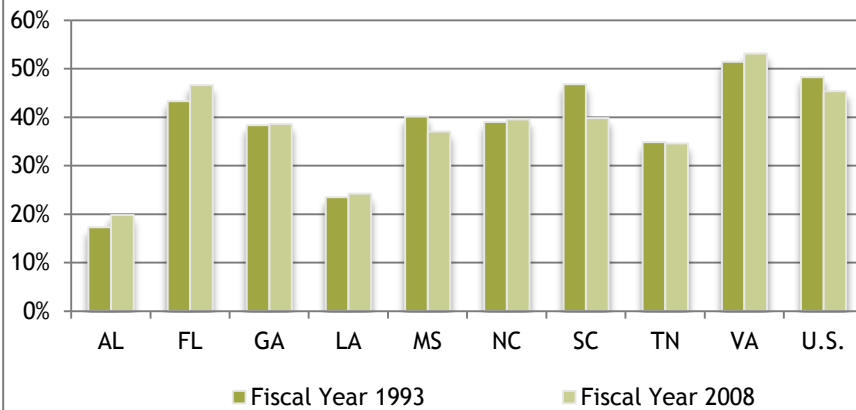
North Carolina

North Carolina makes a distinction between three property categories, real property, motor vehicles, and personal property, but all property is assessed at the rate of 100% of fair market value. Although, the assessment rate is much higher than those in neighboring states, North Carolina local governments typically impose a lower millage rate. For example, in 2008, the average effective county millage rate was 6.2 mills, and the average municipal millage rate was 4 mills. North Carolina provides exemptions to the elderly, veterans, and the disabled. Business inventories and household personal property are exempt from the property tax. The property tax in North Carolina is assessed and collected by local governments; the North Carolina Department of Revenue does not assess or collect property taxes. All counties in North Carolina are required to conduct appraisals of real property at least once every eight years.

Tennessee

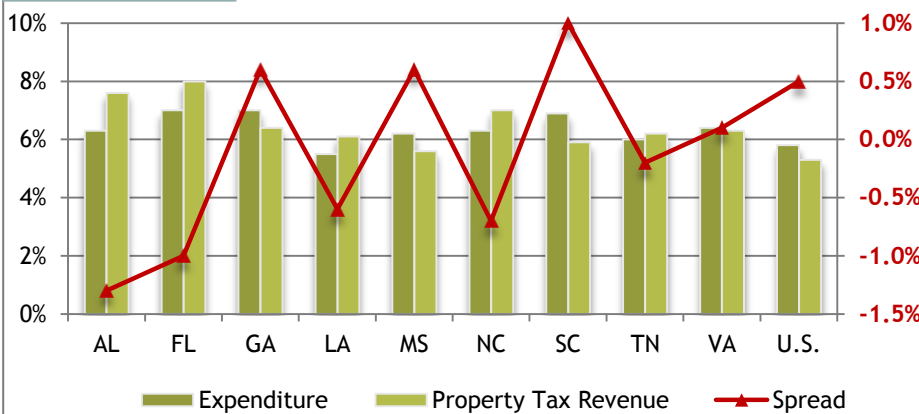
Property in Tennessee is classified into five categories for property tax assessments. Utility property is assessed at a rate of 55% of fair market value. Primary residential property is assessed at a rate of 25%, and commercial and industrial real property is assessed at a rate of 40%. Finally, business personal property is assessed at 30%, and agricultural property is assessed at

FIGURE 14 Property Tax Revenue as % of Local Revenue



Source and notes: 2008 Annual Survey of State and Local Government Finances, U.S. Census Bureau.

FIGURE 15 Annualized Growth Rates (1993 to 2008)



Source and notes: 2008 Annual Survey of State and Local Government Finances, U.S. Census Bureau.

25%. The average millage rate was 31.4 mills in 2008. Tennessee does not offer exemptions for property tax relief, and all property owners are required to pay their property taxes in full. However, the state makes reimbursements directly to certain property owners which, in effect, serves as a form of property tax relief. Eligible property owners include the elderly and disabled.

In November 2006, the Tennessee legislature approved a local option property tax freeze for property owners who are sixty-five or older and have an annual income that is below the limit established by the county in which they reside. See Tennessee Constitution Article II §28. Property taxes for owners who qualify for the program are frozen at the amount owed in the first year of eligibility, and this amount does not change unless the subject property is sold or improved. Real property in Tennessee is appraised for tax purposes every four to six years. Between years of appraisal, fair market values are changed in response to transfers of ownership and completion of improvements.

Virginia

Virginia assesses all property at a rate of 100% of fair market value, and in 2008, the average millage rate was 18.9 mills. Virginia offers tax relief to the elderly and the disabled as well as abatements for certain residential and commercial revitalization projects. In contrast to other states, a large number of Virginia homeowners pay property taxes to their servicer as part of their monthly mortgage payment. Those homeowners who do not pay their property taxes in this manner are billed in equal installments twice each year. Virginia appraises real property annually.

State Comparison Summary

Figures 14 and 15 emphasize two important fiscal trends for local governments in the state of South Carolina relative to other states in the southeastern region. First, figure 14 shows property tax revenue as a percentage of total local government revenue for the years 1993 and 2008. Over this period, South Carolina was the only state in the region that experienced a substantial decrease in property tax revenue as a percentage of local government revenue, and this decrease was also much larger than the national trend. Second, figure 15 shows the compounded growth of local government expenditure and property tax revenue between 1993 and 2008. Again, South Carolina stands in sharp contrast to other states in the southeastern region. From 1993 to 2008, the difference between the growth of expenditure and property tax revenue in South Carolina was greater than all of the other southeastern states and the national average.

“...an increase in the millage rate effectively gives counties a mechanism to increase actual taxes by an amount that is greater than the sum of CPI and population growth.”

Finally, table 7 on page 25 highlights an additional trend relative to the analysis of the property tax system in South Carolina. As mentioned above, residential property owners in the

state of South Carolina pay lower property taxes in proportion to the value of their property than owners of any other property tax category. However, it is also important to note that residential property owners in the state of South Carolina pay some of the lowest taxes when compared to owners in neighboring states. For instance, table 7 shows primary residential property taxes paid as a percentage of both home values and median income for the nine states in the Southeastern region and the nation as a whole. On the basis of both measures, only three states in the region have lower residential property taxes than the state of South Carolina.

RECOMMENDATIONS

The property tax has been the most important source of revenue for local governments in the state of South Carolina. However, a number of opportunities exist to promote a greater degree of equity and efficiency in South Carolina’s property tax system.

1. Limit Millage Rate Increases

At the present, the millage rate in a given county can increase year-to-year by the sum of the annual percentage change in the CPI and the resident population for the past twelve months. However, this approach potentially suffers from two closely related problems. First, the factors from which allowable millage increases are determined certainly impact the property tax base as well. For example, one would expect higher prices to at least partially reflect higher real and personal property prices, and a

larger population would be expected to demand a larger quantity of personal property and greater improvements to real property as well. If rising prices and a larger population lead to higher taxable property values as well as a higher quantity of property demanded, then an increase in the millage effectively gives counties a mechanism to increase actual taxes by an amount that is greater than the sum of CPI and population growth.

“...any efforts to reform the property tax system in South Carolina must address issues related to local government expenditure.”

Second, millage rates are currently allowed to increase over time with no mechanism for decreases other than the express will of county governments or years of general reassessment in which a rollback millage calculation is substituted. Taken at the extreme, if the average state-wide millage rate of 297.6 mills was compounded at 3.9%, the sum of the average annual increase in the CPI of 2.5% and the average annual increase in the resident population in South Carolina of 1.4% over the past fifteen years, then the millage rate would reach 1,000 mills in thirty two years. If the average annual increase in the average millage rate in South Carolina of 1.3% over the past fifteen years was used instead, which would consider adjustments for years of rollback millage rates, then the millage rate would grow to 1,000 mills in ninety four years. Other percentage tax

rates are set at a certain level and adjusted only periodically. As a result, individuals, businesses, and governments are able to form an expectation of their tax liability or tax revenue with a higher degree of confidence. Perhaps these same agents would be better served if property tax rates were considered in the same manner.

2. Eliminate Exemptions

A number of the available property tax exemptions either allow similar categories of property to be treated differently for property tax purposes or are subject to some degree of abusive practices. First, both real and personal property that is owned by a homeowners' association (HOA) should be assessed in the same manner as real and personal property that is owned individually or under some other form of ownership. At the present, an HOA may elect to have its property valued at the greater of \$500 per acre or an amount equal to the receipts of the association, not including dues from the members, divided by a capitalization rate of 20%. See South Carolina Code §12-43-227 and 230(d). However, this method effectively allows owners of identical property types to be treated differently for property tax purposes. For example, if an HOA and an individual each owned a comparable type of swimming pool, their property tax liability would be calculated differently. Given that the principle use of these property types will typically be the same, equity would require that they are assessed under the same methods.

Second, the minimum requirements for real property used to grow

timber to qualify as agricultural real property may allow property owners who are not devoted to the growth of timber for commercial purposes to claim the exemption. To meet the current requirements, timber property must be at least five acres. See South Carolina Code §12-43-232. However, according to the United States Department of Agriculture, the average tract of timber property in South Carolina was approximately fifty six acres in 2008. Increasing the minimum acreage requirement to ten or fifteen acres would further reduce the potential for abusive practices related to the use value treatment of timber property. Finally, if the period of time subject to rollback taxes after a change in use of agricultural real property was increased from five years to ten years or more, the difference between the use value of the subject property and its fair market value based on the change in use would be better captured.

3. Modify Assessment Rate for Real Property

Owner occupied primary residential real property is currently assessed at the rate of 4% while other real property, including residential real property that is not owner occupied, is assessed at the rate of 6%. Furthermore, most of the property tax relief programs that are intended to reduce the property tax burden for residential real property owners are available only to owners of residential real property who also occupy their property. As a result, home owners seem to be favored over landlords and other owners of real property from a policy standpoint.

Many tax systems divide liability at least partially in consideration of the ability to pay of the taxpayer, and for this reason, distributing the property tax burden on the basis of the form of ownership is not without merit. For example, landlords and corporate owners of real property are generally engaged in commercial efforts while home owners are not. Furthermore, although the use of the property is identical in the case of home owners and landlords, home owners may not possess the same general ability to pay as landlords. However, the characteristics of the occupant are as important as the characteristics of the owner in distributing the tax liability for owners of real property.

The comparison of home owners and landlords illustrates some of the problems encountered when certain real property types are treated differently for property tax purposes. All else remaining constant, when landlords are faced with increases in their costs, they will attempt to pass as much of the cost increase as possible to their tenants in the form of higher rents. The degree to which landlords may successfully pass cost increases to their tenants will, over a period of time, depend on the relative sensitivity of the landlord and the tenant to changes in cost. If tenants are less sensitive to cost increases, then landlords will more successfully pass their cost increases to tenants, and as a result, tenants will pay a larger portion of the cost increase than the landlord will.

Since tenants face costs associated with moving to a new apartment, it is fair to assume that landlords are able to pass at least a portion of

their cost increases to tenants. If landlords are assessed at a higher assessment rate than home owners and tenants consequentially face rent increases by some factor of proportionality, then differences in assessment rates will lead to lower ownership costs relative to rental costs for real property. Further, if primary residential owners embody a more affluent demographic than renters or if home owners and renters consume similar levels of local government services, then the current property tax structure is regressive to the lower demographics.

Equity would require that these disparities are eliminated by either increasing the assessment rate for home owners, reducing the assessment rate for owners of other real property, or some combination thereof. In fact, only three states in the Southeastern region, Alabama, Mississippi, and Virginia, assess these two property types differently.¹⁰ Leveling the assessment rates for real property would also limit the potential for abusive practices related to the classification of owner occupied primary residential real property. Currently, owners of primary and second homes who are married may be able to classify both homes as owner occupied by maintaining ownership in the name of both spouses separately, and at the very least, these owners may attempt to claim the home of higher value as

¹⁰ Louisiana also assesses owner occupied primary residential real property and other real property differently; however, the differences are small in comparison to the assessment rates in Alabama, Mississippi, and Virginia. All land in Louisiana, both residential and commercial, is assessed at a rate of 10% of fair market value. Residential buildings are assessed at a rate of 10%, and commercial buildings are assessed at a rate of 15%.

their primary residence to reduce their property tax bill. Further, reducing the assessment rate for owners of other real property would reduce the disincentive for investment in other real property that is promoted by the current policy. Finally, eliminating the disparity between the treatment of these property types would limit the benefits of FILOT agreements, which generally favor new owners and employers at the expense of existing ones.

CONCLUSION

For nearly one hundred years, the property tax system has effectively served as a major revenue source for local governments in the state of South Carolina. However, there are many aspects of this system that could be improved. First, all real property should be treated the same for property tax purposes. Second, several of the available exemptions should be amended to limit the potential for abusive action. Finally, millage rates increases should be limited, and adjustments should only occur periodically. As a result of these changes, the property tax system in South Carolina would promote a greater degree of efficiency and equity for all property owners.

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Appendix

Table 1. Property Tax Revenues by County

{Values in \$000's}

County	2003	2004	2005	2006	2007	2008	5 Year Growth Rate
Abbeville	13,327.1	14,602.0	12,977.8	14,471.6	13,444.1	13,221.5	-0.2%
Aiken	85,617.8	97,640.2	94,292.9	104,301.1	108,562.9	106,711.8	4.5%
Allendale	8,049.9	9,272.7	10,188.1	9,713.6	9,699.6	9,706.1	3.8%
Anderson	119,471.1	131,992.3	129,615.1	139,289.4	139,092.9	130,359.6	1.8%
Bamberg	8,743.2	9,917.4	9,525.5	10,943.2	10,449.1	9,884.9	2.5%
Barnwell	12,845.1	13,959.4	13,042.9	14,415.9	15,542.6	15,743.6	4.2%
Beaufort	166,928.9	177,803.3	192,293.6	221,948.1	247,104.4	237,972.3	7.3%
Berkeley	78,728.5	83,185.9	83,861.0	108,852.9	111,480.8	108,910.6	6.7%
Calhoun	11,317.5	11,523.6	11,196.9	14,240.6	14,529.2	15,648.1	6.7%
Charleston	310,976.5	336,660.2	350,838.4	466,460.8	480,027.4	417,173.1	6.1%
Cherokee	47,480.9	45,409.3	44,257.3	46,067.1	46,020.4	49,719.4	0.9%
Chester	24,705.6	26,125.3	27,242.5	27,759.1	28,658.1	30,219.1	4.1%
Chesterfield	22,124.6	23,139.4	23,547.0	23,710.4	25,236.8	25,815.4	3.1%
Clarendon	16,144.5	17,305.1	17,771.4	19,521.3	19,234.0	19,828.4	4.2%
Colleton	25,115.2	29,275.8	24,415.7	30,494.2	34,525.3	37,095.4	8.1%
Darlington	39,469.7	40,808.9	40,714.3	43,610.5	46,792.6	44,104.1	2.2%
Dillon	11,484.7	12,848.2	11,325.9	13,596.4	14,666.5	14,273.2	4.4%
Dorchester	66,418.2	71,166.9	72,172.0	85,526.1	95,111.9	92,880.2	6.9%
Edgefield	13,405.4	14,736.9	13,945.7	15,134.1	16,843.9	15,781.3	3.3%
Fairfield	32,225.9	32,381.0	32,527.8	37,733.9	37,988.4	38,649.8	3.7%
Florence	77,226.5	81,715.1	82,825.5	88,525.0	95,966.6	84,242.0	1.8%
Georgetown	59,861.4	61,887.6	61,225.4	68,377.9	80,237.8	81,522.6	6.4%
Greenville	308,974.0	323,034.3	326,227.3	270,914.7	350,568.3	325,779.2	1.1%
Greenwood	53,550.4	55,912.8	55,598.4	58,569.8	62,997.7	61,109.4	2.7%
Hampton	12,294.1	14,464.6	15,276.4	15,990.7	16,637.2	17,182.8	6.9%
Horry	223,795.4	239,208.4	234,577.3	291,930.0	322,280.0	350,669.5	9.4%
Jasper	15,989.6	15,884.9	15,734.6	24,600.9	23,459.7	23,547.6	8.0%
Kershaw	34,226.4	32,624.8	32,909.5	37,024.0	38,853.7	41,394.3	3.9%
Lancaster	35,668.2	36,911.8	37,443.0	42,906.5	46,827.0	48,273.7	6.2%
Laurens	30,118.8	29,300.4	29,221.4	32,847.4	30,580.4	31,608.0	1.0%
Lee	8,696.4	8,955.1	8,611.3	9,681.3	10,068.6	10,099.1	3.0%
Lexington	225,744.9	234,852.4	232,910.1	269,787.3	304,051.0	268,139.2	3.5%
Marion	15,803.4	15,532.1	14,896.6	14,498.3	16,347.7	15,461.8	-0.4%
Marlboro	13,811.3	14,281.4	14,143.0	16,044.8	16,123.7	16,027.1	3.0%
McCormick	6,500.3	6,753.6	6,640.1	9,759.9	9,127.4	8,969.0	6.7%
Newberry	28,457.9	29,810.7	27,504.9	31,752.4	41,131.2	38,860.8	6.4%
Oconee	66,015.6	66,415.8	67,161.6	88,087.2	89,303.4	88,622.5	6.1%
Orangeburg	69,642.2	76,679.5	74,550.2	80,381.2	83,423.2	86,487.8	4.4%
Pickens	51,501.6	52,590.6	53,700.6	63,788.0	63,783.2	71,772.1	6.9%
Richland	299,028.7	326,984.0	349,066.4	325,560.7	350,322.7	366,757.0	4.2%
Saluda	9,924.4	9,929.1	9,802.4	10,969.7	12,215.9	10,733.9	1.6%
Spartanburg	210,300.7	208,400.2	209,401.7	216,921.2	241,015.0	233,120.7	2.1%
Sumter	59,736.0	63,120.2	57,537.1	68,424.4	71,714.2	70,952.2	3.5%
Union	16,895.6	16,316.9	16,061.2	15,562.5	16,597.8	16,644.8	-0.3%
Williamsburg	17,394.0	18,956.4	17,321.4	18,807.0	23,397.6	26,518.9	8.8%
York	176,723.1	189,052.4	187,913.3	210,296.6	234,043.0	236,149.3	6.0%
State Total	3,242,461.2	3,429,329.3	3,454,012.5	3,829,800.0	4,166,085.3	4,064,343.2	4.6%

Source: Office of Research and Statistics, South Carolina Budget and Control Board.

Table 2. Percentage Distribution of Property Tax Revenues by County

County	2003	2004	2005	2006	2007	2008	5 Year Average
Abbeville	0.4%	0.4%	0.4%	0.4%	0.3%	0.3%	0.4%
Aiken	2.6%	2.8%	2.7%	2.7%	2.6%	2.6%	2.7%
Allendale	0.2%	0.3%	0.3%	0.3%	0.2%	0.2%	0.3%
Anderson	3.7%	3.8%	3.8%	3.6%	3.3%	3.2%	3.6%
Bamberg	0.3%	0.3%	0.3%	0.3%	0.3%	0.2%	0.3%
Barnwell	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Beaufort	5.1%	5.2%	5.6%	5.8%	5.9%	5.9%	5.6%
Berkeley	2.4%	2.4%	2.4%	2.8%	2.7%	2.7%	2.6%
Calhoun	0.3%	0.3%	0.3%	0.4%	0.3%	0.4%	0.4%
Charleston	9.6%	9.8%	10.2%	12.2%	11.5%	10.3%	10.6%
Cherokee	1.5%	1.3%	1.3%	1.2%	1.1%	1.2%	1.3%
Chester	0.8%	0.8%	0.8%	0.7%	0.7%	0.7%	0.7%
Chesterfield	0.7%	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%
Clarendon	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Colleton	0.8%	0.9%	0.7%	0.8%	0.8%	0.9%	0.8%
Darlington	1.2%	1.2%	1.2%	1.1%	1.1%	1.1%	1.2%
Dillon	0.4%	0.4%	0.3%	0.4%	0.4%	0.4%	0.4%
Dorchester	2.0%	2.1%	2.1%	2.2%	2.3%	2.3%	2.2%
Edgefield	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Fairfield	1.0%	0.9%	0.9%	1.0%	0.9%	1.0%	1.0%
Florence	2.4%	2.4%	2.4%	2.3%	2.3%	2.1%	2.3%
Georgetown	1.8%	1.8%	1.8%	1.8%	1.9%	2.0%	1.9%
Greenville	9.5%	9.4%	9.4%	7.1%	8.4%	8.0%	8.6%
Greenwood	1.7%	1.6%	1.6%	1.5%	1.5%	1.5%	1.6%
Hampton	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Horry	6.9%	7.0%	6.8%	7.6%	7.7%	8.6%	7.4%
Jasper	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%	0.5%
Kershaw	1.1%	1.0%	1.0%	1.0%	0.9%	1.0%	1.0%
Lancaster	1.1%	1.1%	1.1%	1.1%	1.1%	1.2%	1.1%
Laurens	0.9%	0.9%	0.8%	0.9%	0.7%	0.8%	0.8%
Lee	0.3%	0.3%	0.2%	0.3%	0.2%	0.2%	0.3%
Lexington	7.0%	6.8%	6.7%	7.0%	7.3%	6.6%	6.9%
Marion	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%
Marlboro	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
McCormick	0.2%	0.2%	0.2%	0.3%	0.2%	0.2%	0.2%
Newberry	0.9%	0.9%	0.8%	0.8%	1.0%	1.0%	0.9%
Oconee	2.0%	1.9%	1.9%	2.3%	2.1%	2.2%	2.1%
Orangeburg	2.1%	2.2%	2.2%	2.1%	2.0%	2.1%	2.1%
Pickens	1.6%	1.5%	1.6%	1.7%	1.5%	1.8%	1.6%
Richland	9.2%	9.5%	10.1%	8.5%	8.4%	9.0%	9.1%
Saluda	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Spartanburg	6.5%	6.1%	6.1%	5.7%	5.8%	5.7%	6.0%
Sumter	1.8%	1.8%	1.7%	1.8%	1.7%	1.7%	1.8%
Union	0.5%	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%
Williamsburg	0.5%	0.6%	0.5%	0.5%	0.6%	0.7%	0.5%
York	5.5%	5.5%	5.4%	5.5%	5.6%	5.8%	5.6%
State Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	---

Source: Office of Research and Statistics, South Carolina Budget and Control Board.

Table 3. Property Tax Revenues by Property Type and County (Fiscal 2008)

{Values in \$000's}

County	Primary Residence	Agricultural (Private)	Agricultural (Corporate)	Other Real	Motor Vehicles	Motor Carrier
Abbeville	2,330.2	295.9	64.2	2,550.7	2,164.4	79.4
Aiken	28,524.8	1,120.6	91.6	28,626.0	14,858.0	276.6
Allendale	642.7	494.7	239.6	1,172.2	1,052.8	16.3
Anderson	31,245.3	559.5	18.8	41,520.2	18,659.8	93.8
Bamberg	1,538.8	716.3	36.0	2,148.6	1,760.5	215.8
Barnwell	2,535.0	451.0	29.3	3,910.2	2,454.2	251.3
Beaufort	59,735.6	122.4	2.4	146,835.3	13,279.2	196.4
Berkeley	24,093.2	338.7	253.3	39,360.8	11,340.7	409.9
Calhoun	1,083.9	297.6	10.8	1,844.3	1,311.3	143.8
Charleston	110,453.4	291.7	95.7	223,476.7	28,943.8	447.4
Cherokee	8,527.7	255.3	42.3	11,386.6	5,618.9	226.5
Chester	3,529.8	381.0	149.2	5,303.1	3,220.7	216.8
Chesterfield	3,638.4	669.8	19.6	5,429.4	3,843.6	165.8
Clarendon	2,191.0	786.5	134.0	8,369.3	3,278.7	368.1
Colleton	4,251.3	1,012.6	426.3	19,281.1	3,727.4	359.7
Darlington	5,967.4	542.5	29.3	7,221.1	5,620.8	313.1
Dillon	1,688.4	560.6	73.3	4,084.6	2,177.0	225.6
Dorchester	30,163.4	298.1	97.9	33,862.6	11,142.1	243.4
Edgefield	3,862.1	482.0	23.7	4,006.6	2,503.6	244.0
Fairfield	4,287.6	576.6	181.3	7,090.5	2,746.7	275.3
Florence	15,509.7	1,740.9	130.8	25,976.0	11,527.4	406.6
Georgetown	16,345.1	281.8	301.4	49,285.2	5,041.9	257.7
Greenville	90,243.9	311.3	0.7	106,149.2	39,567.5	1,300.8
Greenwood	8,254.5	314.5	50.4	13,745.0	6,972.1	356.4
Hampton	2,534.5	664.2	155.9	4,756.6	2,788.6	197.6
Horry	56,010.4	913.0	149.5	221,141.8	28,891.1	438.4
Jasper	2,640.3	297.2	209.2	7,109.3	1,807.2	137.2
Kershaw	11,225.6	479.6	155.3	10,805.9	5,656.0	374.8
Lancaster	12,246.0	323.2	75.3	17,737.9	5,932.0	268.0
Laurens	4,653.1	332.2	50.2	8,964.1	5,030.6	380.7
Lee	1,098.1	719.9	41.2	2,692.4	1,679.4	234.9
Lexington	88,201.8	666.4	34.5	79,280.7	39,165.5	705.3
Marion	3,170.9	301.7	72.4	6,432.1	2,015.4	427.8
Marlboro	1,346.1	524.4	551.7	3,321.0	1,964.5	231.2
McCormick	2,094.5	207.6	93.6	2,539.8	1,487.4	129.7
Newberry	8,850.7	670.6	145.1	11,072.3	4,639.1	336.2
Oconee	17,740.6	303.2	21.6	26,590.7	6,273.2	481.7
Orangeburg	10,812.2	1,739.6	135.0	21,233.7	9,804.5	473.3
Pickens	18,186.1	136.1	12.9	29,090.6	8,845.9	390.3
Richland	98,329.8	508.1	79.7	127,908.6	38,055.9	628.6
Saluda	1,868.5	441.0	27.4	4,080.2	1,666.9	271.8
Spartanburg	51,993.1	535.2	12.8	67,443.0	27,776.0	1,268.1
Sumter	16,492.3	721.8	130.7	22,056.3	10,020.5	91.9
Union	2,202.5	228.2	91.9	3,352.7	2,563.8	301.1
Williamsburg	1,860.0	1,094.0	288.0	4,400.7	3,273.3	399.8
York	62,259.8	401.1	42.6	63,984.4	25,765.5	494.4
State	936,460.0	25,109.9	5,078.5	1,538,629.7	437,914.9	15,753.7

Source: Office of Research and Statistics, South Carolina Budget and Control Board.

{Table Continued}

{Values in \$000's}

County	Manufacturing	Utility	Business Personal	Other Personal	FILOT	Total
Abbeville	2,867.5	1,944.1	313.4	185.2	426.4	13,221.5
Aiken	12,510.7	9,912.7	3,847.6	1,249.5	5,693.7	106,711.8
Allendale	3,110.1	2,549.9	325.6	43.6	58.7	9,706.1
Anderson	8,495.0	11,281.4	5,698.7	1,815.5	10,971.5	130,359.6
Bamberg	1,091.7	1,799.1	465.4	112.7	---	9,884.9
Barnwell	2,665.4	1,989.3	674.8	271.8	511.2	15,743.6
Beaufort	418.5	5,091.0	6,975.2	5,316.2	---	237,972.3
Berkeley	12,033.8	6,731.9	3,150.2	1,640.3	9,557.6	108,910.6
Calhoun	6,334.3	926.8	311.8	55.0	3,328.5	15,648.1
Charleston	12,798.1	12,851.0	13,115.0	7,600.3	7,100.0	417,173.1
Cherokee	10,059.3	4,519.0	1,779.2	363.3	6,941.2	49,719.4
Chester	7,825.8	4,081.1	1,396.5	288.3	3,826.7	30,219.1
Chesterfield	6,498.6	2,561.8	1,033.0	209.8	1,745.5	25,815.4
Clarendon	1,310.3	1,764.5	772.3	458.3	395.4	19,828.4
Colleton	1,888.4	2,653.0	949.2	568.7	1,977.7	37,095.4
Darlington	6,710.7	11,327.4	2,142.3	911.4	3,318.1	44,104.1
Dillon	2,442.2	1,529.9	889.9	148.3	453.5	14,273.2
Dorchester	6,027.4	4,161.6	1,735.8	931.7	4,216.4	92,880.2
Edgefield	2,031.0	1,743.2	318.9	142.2	423.9	15,781.3
Fairfield	2,047.2	20,589.2	662.9	192.6	---	38,649.8
Florence	11,153.6	5,525.5	4,791.4	1,785.4	5,694.8	84,242.0
Georgetown	5,508.8	1,409.0	1,305.7	1,347.1	438.9	81,522.6
Greenville	26,109.5	16,571.6	19,349.9	4,734.2	21,440.5	325,779.2
Greenwood	11,797.7	3,640.4	2,464.0	756.9	12,757.7	61,109.4
Hampton	1,021.8	3,335.9	1,005.3	187.9	534.4	17,182.8
Horry	4,163.5	8,043.4	12,213.0	12,704.4	6,001.1	350,669.5
Jasper	3,679.0	2,302.3	1,445.1	162.6	3,758.2	23,547.6
Kershaw	5,186.0	3,487.7	1,507.1	563.3	1,953.0	41,394.3
Lancaster	4,568.3	2,622.2	1,344.1	554.4	2,602.2	48,273.7
Laurens	4,483.8	3,506.9	1,827.6	472.1	1,906.8	31,608.0
Lee	1,457.6	1,356.7	642.8	70.1	106.0	10,099.1
Lexington	11,325.9	25,995.3	11,685.4	5,124.4	5,954.0	268,139.2
Marion	774.1	1,653.6	239.3	280.2	94.4	15,461.8
Marlboro	2,533.4	1,431.1	538.0	120.1	3,465.7	16,027.1
McCormick	724.0	955.7	451.4	75.3	210.0	8,969.0
Newberry	4,493.4	3,390.3	1,803.0	503.3	2,956.8	38,860.8
Oconee	3,764.1	27,880.7	1,389.4	1,130.3	3,047.0	88,622.5
Orangeburg	15,472.7	13,795.6	5,126.0	743.4	7,151.9	86,487.8
Pickens	2,801.1	6,077.2	2,450.2	1,097.9	2,683.9	71,772.1
Richland	26,720.5	30,753.7	22,890.0	6,681.7	14,200.3	366,757.0
Saluda	844.5	1,025.0	330.3	178.2	---	10,733.9
Spartanburg	35,946.3	15,974.4	13,595.7	3,789.6	14,786.6	233,120.7
Sumter	7,894.4	4,830.5	4,314.4	697.7	3,701.6	70,952.2
Union	3,318.4	1,723.4	619.4	582.1	1,661.5	16,644.8
Williamsburg	5,592.1	2,893.0	867.7	192.7	5,657.7	26,518.9
York	19,181.6	46,315.9	7,435.6	2,479.7	7,788.8	236,149.3
State	329,682.3	346,504.9	168,189.7	69,519.8	191,499.7	4,064,343.2

Source: Office of Research and Statistics, South Carolina Budget and Control Board.

Table 4. Assessment Ratios by Property Type

Manufacturing Property ¹¹	10.5% of fair market value
Transportation Property ¹²	9.5% of fair market value
Agricultural Property (Private) ¹³	4.0% of use value
Agricultural Property (Corporate)	6.0% of use value
Primary Residence ¹⁴	4.0% of fair market value
Other Real Property	6.0% of fair market value
Inventories (Corporate)	6.0% of fair market value
Farm Machinery and Equipment ¹⁵	5.0% of fair market value
Personal Motor Vehicles ¹⁶	6.0% of fair market value
Other Personal Property	10.5% of depreciated value

¹¹ Includes all real and personal property owned by or leased to manufacturers, utilities, and mining operators and used by any manufacturer, utility, or mining operation.

¹² Includes all real and personal property owned by or leased to companies engaged in transportation for hire of persons or property and used by any company in the conduct of such business (railroads, private carlines, airlines, pipelines, etc.).

¹³ Includes agricultural property owned by certain corporations which do not (i) have more than ten (10) shareholders; (ii) have as a shareholder a person (other than an estate) who is not an individual; (iii) have a nonresident alien as a shareholder; or (iv) have more than one (1) class of stock.

¹⁴ May include up to five (5) acres of contiguous land.

¹⁵ Does not include motor vehicles.

¹⁶ Assessment ratio for personal motor vehicles reduced by 0.75% annually over a seven (7) year period from 10.5% in 2001 to 6.0% in 2007. See S.C. Const. art. X, § 1, cl. 8(B)(1) and S.C. Const. art. X, § 2, cl. b.

Table 5. Average Millage Rates by County

County	2003	2004	2005	2006	2007	2008	5 Year Growth Rate
Abbeville	0.3137	0.3228	0.3295	0.3429	0.3610	0.3452	1.9%
Aiken	0.2598	0.2618	0.2677	0.2732	0.2776	0.2824	1.7%
Allendale	0.4840	0.4860	0.5310	0.5787	0.5270	0.6160	4.9%
Anderson	0.4796	0.3077	0.3051	0.3152	0.3294	0.3181	-7.9%
Bamberg	0.4331	0.4620	0.4612	0.4730	0.4833	0.4994	2.9%
Barnwell	0.3253	0.3688	0.3644	0.3818	0.3898	0.3953	4.0%
Beaufort	0.2435	0.1841	0.1870	0.1989	0.2166	0.2248	-1.6%
Berkeley	0.2619	0.2800	0.2682	0.2622	0.2708	0.2715	0.7%
Calhoun	0.2640	0.2680	0.2680	0.2940	0.2958	0.2955	2.3%
Charleston	0.2399	0.2448	0.2049	0.2039	0.2108	0.2208	-1.7%
Cherokee	0.2451	0.2554	0.2619	0.2584	0.2903	0.3018	4.2%
Chester	0.3931	0.4166	0.4194	0.4265	0.4317	0.4291	1.8%
Chesterfield	0.2671	0.2977	0.2590	0.2794	0.3080	0.3161	3.4%
Clarendon	0.3120	0.3139	0.3177	0.3320	0.3461	0.3444	2.0%
Colleton	0.3427	0.3366	0.2357	0.2767	0.3100	0.3175	-1.5%
Darlington	0.2447	0.2501	0.2400	0.2530	0.2641	0.2739	2.3%
Dillon	0.3025	0.3108	0.3224	0.3340	0.3447	0.3560	3.3%
Dorchester	0.3350	0.3461	0.3074	0.3299	0.3381	0.3577	1.3%
Edgefield	0.3592	0.3632	0.3522	0.3327	0.3337	0.3412	-1.0%
Fairfield	0.3110	0.3163	0.3436	0.3759	0.3846	0.3962	5.0%
Florence	0.2754	0.3974	0.2863	0.2978	0.3063	0.3138	2.6%
Georgetown	0.2399	0.2399	0.2484	0.1935	0.2075	0.2147	-2.2%
Greenville	0.2582	0.2609	0.2670	0.2778	0.2647	0.2736	1.2%
Greenwood	0.2554	0.2788	0.2997	0.3034	0.3256	0.3207	4.7%
Hampton	0.4681	0.4930	0.5204	0.5055	0.5100	0.5235	2.3%
Horry	0.2317	0.2304	0.2215	0.2268	0.2366	0.2365	0.4%
Jasper	0.3490	0.3797	0.3678	0.2940	0.3299	0.3236	-1.5%
Kershaw	0.2357	0.2393	0.2477	0.2237	0.2513	0.2792	3.4%
Lancaster	0.3084	0.3185	0.3292	0.2825	0.2832	0.3096	0.1%
Laurens	0.2636	0.2704	0.2753	0.2940	0.3039	0.3236	4.2%
Lee	0.3249	0.3352	0.4177	0.4237	0.4357	0.4533	6.9%
Lexington	0.3738	0.3771	0.3523	0.3717	0.3964	0.4164	2.2%
Marion	0.2739	0.2804	0.2881	0.3046	0.3134	0.3177	3.0%
Marlboro	0.3341	0.3336	0.3356	0.3403	0.3599	0.3675	1.9%
McCormick	0.2803	0.3069	0.3290	0.3150	0.3193	0.3202	2.7%
Newberry	0.3487	0.3515	0.4228	0.4324	0.4465	0.4543	5.4%
Oconee	0.1960	0.2040	0.2651	0.2525	0.2621	0.2640	6.1%
Orangeburg	0.3589	0.3649	0.3754	0.3852	0.4009	0.4030	2.3%
Pickens	0.2376	0.2580	0.2371	0.2390	0.2739	0.2752	3.0%
Richland	0.3537	0.3674	0.3792	0.4008	0.4174	0.4321	4.1%
Saluda	0.3574	0.3799	0.3896	0.3910	0.3719	0.3785	1.2%
Spartanburg	0.2855	0.2953	0.2990	0.3178	0.3408	0.3371	3.4%
Sumter	0.2984	0.3357	0.3452	0.3157	0.3503	0.3650	4.1%
Union	0.3104	0.3100	0.3210	0.3243	0.3297	0.3303	1.3%
Williamsburg	0.2984	0.2936	0.3030	0.3219	0.3596	0.3686	4.3%
York	0.2793	0.2611	0.2875	0.2985	0.3192	0.3290	3.3%
State Total	0.2844	0.2837	0.2778	0.2785	0.2902	0.2976	0.9%

Source: Office of Research and Statistics, South Carolina Budget and Control Board.

Table 6. Real Per Capital Expenditure by County (Chained 2005 Dollars)

County	2003	2004	2005	2006	2007	2008	5 Year Growth Rate
Abbeville	1,946.1	1,740.9	1,818.7	2,019.5	1,866.6	1,850.5	-1.0%
Aiken	2,151.5	2,205.6	2,159.5	2,360.6	2,481.2	2,424.9	2.4%
Allendale	2,639.2	2,621.5	2,985.2	2,938.3	2,672.2	2,841.0	1.5%
Anderson	2,250.7	1,986.8	2,124.1	2,209.3	2,229.8	2,382.4	1.1%
Bamberg	1,993.0	2,426.8	2,327.6	2,348.4	2,241.3	2,233.0	2.3%
Barnwell	2,708.9	2,699.0	2,535.1	2,647.2	2,593.7	2,633.5	-0.6%
Beaufort	2,928.8	2,946.5	2,801.0	2,728.7	3,036.5	3,038.2	0.7%
Berkeley	2,316.1	2,180.3	2,096.7	2,708.1	2,676.8	2,349.6	0.3%
Calhoun	2,000.1	1,929.5	1,952.1	2,071.8	2,183.5	3,004.8	8.5%
Charleston	3,010.6	2,991.5	2,820.8	3,028.5	3,242.4	3,415.6	2.6%
Cherokee	2,006.9	2,180.8	2,122.2	2,240.0	2,387.1	2,702.4	6.1%
Chester	3,630.0	2,530.5	2,257.4	2,240.9	2,328.0	2,569.2	-6.7%
Chesterfield	2,882.6	2,877.1	2,091.3	2,232.2	2,421.7	2,282.1	-4.6%
Clarendon	2,063.2	2,118.0	2,084.2	2,178.1	2,376.9	2,466.9	3.6%
Colleton	2,004.0	2,159.7	2,166.2	2,618.8	2,624.2	2,829.1	7.1%
Darlington	2,094.7	2,038.5	2,162.9	2,630.7	2,326.7	2,385.0	2.6%
Dillon	2,088.2	2,128.7	2,228.4	2,192.2	2,211.2	2,324.5	2.2%
Dorchester	1,975.9	1,970.4	2,033.8	2,086.2	2,269.0	2,355.1	3.6%
Edgefield	1,937.8	1,923.2	1,874.4	1,925.7	1,946.6	2,439.8	4.7%
Fairfield	2,619.9	2,595.3	2,782.9	2,983.7	2,890.0	2,918.1	2.2%
Florence	2,145.1	2,204.6	2,276.8	2,313.2	2,425.5	2,409.9	2.4%
Georgetown	2,871.6	2,709.2	2,603.4	2,798.9	2,865.7	3,154.0	1.9%
Greenville	2,422.4	2,519.4	2,787.0	2,733.5	2,527.9	2,316.3	-0.9%
Greenwood	2,286.9	2,175.0	2,288.8	2,188.8	2,456.0	3,099.6	6.3%
Hampton	2,320.7	2,475.5	2,513.6	2,536.5	2,529.9	2,947.1	4.9%
Horry	2,962.3	2,808.3	2,887.4	3,216.9	3,511.1	3,433.4	3.0%
Jasper	2,342.6	2,614.0	2,718.9	4,148.8	3,883.1	3,830.7	10.3%
Kershaw	1,994.2	1,820.9	1,920.2	2,114.1	2,263.8	3,021.6	8.7%
Lancaster	1,919.6	1,799.8	1,884.1	2,187.8	2,576.7	2,504.8	5.5%
Laurens	1,648.6	1,619.6	1,582.2	1,719.0	2,077.8	1,813.3	1.9%
Lee	1,933.8	2,145.2	1,975.7	1,941.8	2,130.7	2,357.7	4.0%
Lexington	2,627.3	2,659.2	2,651.1	3,127.5	3,090.3	3,220.7	4.2%
Marion	2,380.9	2,611.6	2,270.3	2,315.7	2,282.0	2,338.6	-0.4%
Marlboro	2,202.3	2,299.6	2,376.9	2,462.9	2,295.5	2,473.0	2.3%
McCormick	1,944.4	2,913.6	2,200.0	2,038.8	1,749.3	1,909.3	-0.4%
Newberry	2,286.4	2,846.7	2,485.5	2,866.8	2,981.9	3,208.2	7.0%
Oconee	2,023.0	2,038.1	2,001.5	2,392.5	2,527.5	2,428.4	3.7%
Orangeburg	2,494.6	2,574.4	3,233.2	2,855.1	2,626.4	2,933.0	3.3%
Pickens	1,630.6	1,923.7	1,718.1	1,814.4	1,891.9	2,033.0	4.5%
Richland	2,378.7	2,346.6	2,468.8	2,981.1	2,932.9	3,006.4	4.8%
Saluda	1,613.9	1,620.9	1,418.4	1,472.7	1,406.6	1,709.4	1.2%
Spartanburg	2,081.3	2,128.6	2,193.2	2,241.0	2,427.3	2,536.5	4.0%
Sumter	2,285.6	2,169.7	2,110.3	2,287.8	2,984.1	2,753.4	3.8%
Union	2,165.1	2,056.5	2,351.0	2,157.2	2,253.1	2,560.3	3.4%
Williamsburg	2,152.0	2,280.0	2,162.0	2,105.4	2,322.4	2,639.2	4.2%
York	2,471.3	2,523.1	2,579.9	2,628.8	2,721.1	3,187.4	5.2%
State Total	2,381.2	2,381.7	2,410.2	2,590.7	2,673.3	2,747.9	2.9%

Source: Office of Research and Statistics, South Carolina Budget and Control Board.

Table 7. Property Taxes on Owner Occupied Housing by State (Fiscal 2008)

State	Property Taxes	Rank	Median Home Value	Taxes as % of Value	Rank	Median Income	Taxes as % of Income	Rank
Alabama	383.0	49.0	121,500.0	0.3%	48.0	52,843.0	0.7%	49.0
Alaska	2,377.0	13.0	237,800.0	1.0%	19.0	83,860.0	2.8%	22.0
Arizona	1,316.0	33.0	229,200.0	0.6%	39.0	61,849.0	2.1%	32.0
Arkansas	534.0	46.0	105,700.0	0.5%	43.0	49,032.0	1.1%	46.0
California	2,829.0	10.0	467,000.0	0.6%	37.0	81,757.0	3.5%	15.0
Colorado	1,395.0	30.0	242,200.0	0.6%	38.0	72,539.0	1.9%	37.0
Connecticut	4,603.0	2.0	306,000.0	1.5%	8.0	87,419.0	5.3%	3.0
Delaware	1,075.0	39.0	250,900.0	0.4%	47.0	68,004.0	1.6%	42.0
Florida	1,860.0	21.0	218,700.0	0.9%	24.0	56,633.0	3.3%	18.0
Georgia	1,298.0	34.0	169,100.0	0.8%	28.0	63,807.0	2.0%	34.0
Hawaii	1,338.0	31.0	560,200.0	0.2%	49.0	82,794.0	1.6%	39.0
Idaho	1,213.0	36.0	183,700.0	0.7%	35.0	55,898.0	2.2%	30.0
Illinois	3,384.0	7.0	214,900.0	1.6%	6.0	70,341.0	4.8%	5.0
Indiana	1,205.0	37.0	125,200.0	1.0%	21.0	58,763.0	2.1%	33.0
Iowa	1,492.0	28.0	120,700.0	1.2%	15.0	59,291.0	2.5%	27.0
Kansas	1,569.0	26.0	125,700.0	1.2%	13.0	61,908.0	2.5%	26.0
Kentucky	823.0	43.0	118,400.0	0.7%	32.0	51,676.0	1.6%	41.0
Louisiana	188.0	50.0	132,400.0	0.1%	50.0	54,062.0	0.3%	50.0
Maine	1,897.0	20.0	180,200.0	1.1%	18.0	57,117.0	3.3%	17.0
Maryland	2,612.0	11.0	341,200.0	0.8%	29.0	86,373.0	3.0%	19.0
Massachusetts	3,406.0	6.0	353,600.0	1.0%	20.0	84,549.0	4.0%	9.0
Michigan	2,191.0	17.0	151,300.0	1.4%	9.0	59,229.0	3.7%	10.0
Minnesota	2,019.0	19.0	213,800.0	0.9%	22.0	69,515.0	2.9%	21.0
Mississippi	468.0	47.0	99,700.0	0.5%	46.0	46,793.0	1.0%	47.0
Missouri	1,236.0	35.0	141,500.0	0.9%	23.0	57,486.0	2.2%	31.0
Montana	1,463.0	29.0	180,300.0	0.8%	26.0	54,100.0	2.7%	23.0
Nebraska	2,175.0	18.0	126,500.0	1.7%	3.0	60,963.0	3.6%	11.0
Nevada	1,714.0	24.0	271,500.0	0.6%	36.0	69,851.0	2.5%	29.0
New Hampshire	4,501.0	3.0	264,700.0	1.7%	5.0	77,222.0	5.8%	2.0
New Jersey	6,320.0	1.0	364,100.0	1.7%	2.0	90,010.0	7.0%	1.0
New Mexico	843.0	42.0	165,100.0	0.5%	42.0	52,861.0	1.6%	40.0
New York	3,622.0	4.0	318,900.0	1.1%	17.0	76,409.0	4.7%	6.0
North Carolina	1,159.0	38.0	154,500.0	0.8%	30.0	57,790.0	2.0%	35.0
North Dakota	1,591.0	25.0	112,500.0	1.4%	10.0	59,599.0	2.7%	25.0
Ohio	1,807.0	23.0	140,200.0	1.3%	12.0	60,493.0	3.0%	20.0
Oklahoma	762.0	44.0	105,500.0	0.7%	31.0	53,873.0	1.4%	44.0
Oregon	2,204.0	16.0	273,300.0	0.8%	27.0	64,095.0	3.4%	16.0
Pennsylvania	2,207.0	15.0	164,700.0	1.3%	11.0	62,082.0	3.6%	12.0
Rhode Island	3,534.0	5.0	286,000.0	1.2%	16.0	75,813.0	4.7%	7.0
South Carolina	678.0	45.0	138,700.0	0.5%	44.0	54,466.0	1.2%	45.0
South Dakota	1,560.0	27.0	126,200.0	1.2%	14.0	57,761.0	2.7%	24.0
Tennessee	924.0	41.0	138,600.0	0.7%	34.0	53,794.0	1.7%	38.0
Texas	2,232.0	14.0	126,800.0	1.8%	1.0	63,850.0	3.5%	14.0
Utah	1,328.0	32.0	236,000.0	0.6%	40.0	67,921.0	2.0%	36.0
Vermont	3,281.0	8.0	214,700.0	1.5%	7.0	62,857.0	5.2%	4.0
Virginia	1,854.0	22.0	269,600.0	0.7%	33.0	75,504.0	2.5%	28.0
Washington	2,595.0	12.0	308,100.0	0.8%	25.0	73,724.0	3.5%	13.0
West Virginia	457.0	48.0	95,900.0	0.5%	45.0	46,105.0	1.0%	48.0
Wisconsin	2,963.0	9.0	173,300.0	1.7%	4.0	64,507.0	4.6%	8.0
Wyoming	1,012.0	40.0	188,200.0	0.5%	41.0	64,279.0	1.6%	43.0
United States	1,897.0	n/a	197,600.0	1.0%	n/a	65,385.0	2.9%	n/a

Source: 2008 Annual Survey of State and Local Government Finances, U.S. Census Bureau.

Table 8. Property Tax Relief by Category (Fiscal 2008)

{Values in \$000's}

County	Manuf. Dep. Reimbursement	Property Tax Relief (Tier 1)	Homestead Ex. (Tier 2)	Property Tax Relief (Tier 3)	TOTAL
Abbeville	490.1	1,322.0	1,427.2	2,389.9	5,629.1
Aiken	435.4	8,147.5	4,826.5	12,854.4	26,263.8
Allendale	344.1	413.4	659.4	---	1,416.9
Anderson	2,189.9	7,970.9	8,426.7	15,299.7	33,887.3
Bamberg	89.9	824.0	986.6	2,350.6	4,251.2
Barnwell	440.5	1,082.0	1,090.3	2,181.6	4,794.3
Beaufort	42.9	7,036.3	3,536.7	39,247.0	49,862.8
Berkeley	1,827.1	7,891.3	3,562.5	19,024.8	32,305.7
Calhoun	1,505.5	785.3	548.6	2,250.0	5,089.4
Charleston	2,215.0	16,955.8	8,255.1	58,976.9	86,402.8
Cherokee	424.4	2,992.4	2,106.9	3,527.8	9,051.4
Chester	910.4	2,027.2	2,202.8	2,500.0	7,640.4
Chesterfield	1,362.6	1,858.3	1,598.1	2,500.0	7,319.0
Claarendon	41.6	1,824.1	3,053.2	1,655.4	6,574.3
Colleton	148.3	2,098.1	1,662.3	2,500.0	6,408.8
Darlington	487.8	3,748.3	2,602.8	3,217.8	10,056.6
Dillon	245.4	1,562.3	975.8	1,369.7	4,153.2
Dorchester	818.7	7,046.1	2,710.6	21,093.8	31,669.2
Edgefield	195.9	1,553.0	982.7	2,250.0	4,981.6
Fairfield	67.0	1,395.6	1,250.0	2,500.0	5,212.7
Florence	3,563.4	5,911.8	4,508.8	13,129.2	27,113.2
Georgetown	1,302.2	4,615.4	1,940.6	7,874.3	15,732.4
Greenville	3,355.1	23,410.3	10,768.7	43,276.8	80,811.0
Greenwood	562.5	3,397.6	3,493.4	3,632.5	11,086.0
Hampton	90.6	1,332.5	1,431.8	1,687.3	4,542.2
Horry	557.5	11,678.7	5,517.2	24,842.7	42,596.1
Jasper	22.8	980.9	655.5	2,500.0	4,159.2
Kershaw	581.8	3,705.4	2,292.0	5,958.3	12,537.5
Lancaster	872.0	3,724.7	2,615.7	5,884.7	13,097.2
Laurens	599.6	2,757.7	3,294.9	1,703.4	8,355.6
Lee	98.1	1,721.7	994.5	2,250.0	5,064.3
Lexington	1,342.5	25,143.9	10,529.7	61,015.9	98,032.0
Marion	832.8	1,588.8	1,427.4	1,186.4	5,035.5
Marlboro	252.3	990.1	1,177.4	2,250.0	4,669.7
McCormick	79.2	404.1	625.9	2,500.0	3,609.2
Newberry	531.8	2,148.6	2,398.7	4,108.9	9,188.0
Oconee	785.0	3,948.1	3,345.8	8,800.1	16,879.1
Orangeburg	1,986.2	6,046.6	4,180.7	3,679.7	15,893.2
Pickens	515.8	5,897.5	4,365.5	8,421.2	19,200.0
Richland	971.8	21,943.7	10,543.1	27,225.6	60,684.3
Saluda	29.1	1,329.4	874.9	1,238.2	3,471.6
Spartanburg	3,095.9	17,189.2	11,643.5	36,654.7	68,583.2
Sumter	992.3	4,260.6	4,113.0	7,392.7	16,758.6
Union	553.7	1,564.2	2,031.7	2,500.0	6,649.6
Williamsburg	279.2	1,366.4	1,678.1	2,500.0	5,823.7
York	1,941.7	19,376.5	6,746.1	30,590.9	58,655.2
State	40,077.5	254,968.2	155,659.5	510,492.7	961,197.9

Source: Office of Research and Statistics, South Carolina Budget and Control Board.

Table 9. Other Local Taxes by Category (Fiscal 2008)

{Values in \$000's}

County	Local Option Sales Tax	Local Hosp. Tax	Local Accom. Tax	Capital/ Trans. Tax	TOTAL
Abbeville	1,585.0	---	2.8	---	1,587.8
Aiken	1,125.5	488.6	638.3	26,655.3	28,907.8
Allendale	497.7	---	1.6	366.6	865.9
Anderson	---	2,228.3	169.2	---	2,397.5
Bamberg	1,072.9	---	---	---	1,072.9
Barnwell	1,671.0	179.9	32.7	---	1,883.6
Beaufort	---	8,618.3	3,703.8	27,076.4	39,398.5
Berkeley	17,339.5	---	---	---	17,339.5
Calhoun	826.5	---	---	---	826.5
Charleston	74,109.3	19,268.3	18,091.5	40,097.1	151,566.2
Cherokee	---	944.7	171.2	---	1,115.9
Chester	3,016.5	18.1	26.3	---	3,060.8
Chesterfield	4,028.2	473.8	65.5	---	4,567.4
Clarendon	2,840.4	246.5	183.1	---	3,270.1
Colleton	4,300.6	906.1	763.5	---	5,970.1
Darlington	5,008.8	609.1	93.7	---	5,711.7
Dillon	2,427.8	408.1	115.7	2,548.4	5,499.9
Dorchester	638.9	2,384.5	185.6	9,601.1	12,810.1
Edgefield	1,124.6	---	---	---	1,124.6
Fairfield	1,456.6	---	28.9	---	1,485.4
Florence	21,071.3	2,809.6	1,348.3	---	25,229.2
Georgetown	9.7	2,599.6	2,141.7	---	4,750.9
Greenville	92.0	15,821.2	2,285.2	---	18,198.4
Greenwood	---	1,246.6	223.3	8,046.6	9,516.5
Hampton	1,379.5	---	4.0	1,551.9	2,935.4
Horry	---	49,097.1	5,340.2	63,537.1	117,974.4
Jasper	3,166.7	363.1	375.1	---	3,904.9
Kershaw	4,412.6	---	131.0	---	4,543.6
Lancaster	2,039.6	700.5	24.7	---	2,764.7
Laurens	3,565.6	579.4	72.2	---	4,217.3
Lee	897.3	---	---	114.1	1,011.4
Lexington	846.5	---	1,198.6	---	2,045.1
Marion	2,504.1	348.4	---	---	2,852.5
Marlboro	1,390.8	223.7	35.5	---	1,650.1
McCormick	527.4	---	122.9	---	650.3
Newberry	---	481.6	79.5	3,523.5	4,084.6
Oconee	---	430.2	186.8	---	617.0
Orangeburg	302.2	1,139.7	360.3	10,020.1	11,822.4
Pickens	10,759.6	2,549.6	416.4	---	13,725.6
Richland	50,824.8	13,997.4	1,521.6	---	66,343.8
Saluda	851.6	---	122.7	---	974.3
Spartanburg	---	5,557.5	1,111.6	---	6,669.1
Sumter	9,995.4	2,295.1	366.2	---	12,656.7
Union	---	222.0	---	---	222.0
Williamsburg	2,082.4	184.9	60.3	---	2,327.7
York	---	5,108.3	1,123.0	25,976.0	32,207.4
State	239,789.1	142,529.7	42,924.7	219,114.2	644,357.7

Source: Office of Research and Statistics, South Carolina Budget and Control Board.

Table 10. List of Available Property Tax Exemptions

The following property is exempt from property taxes in the state of South Carolina:

1. All property owned by the following organizations , as long as the property is used exclusively for the organization's purpose and no profit is realized:
 - A. American Legion, Veterans of Foreign Wars, Spanish American War Veterans, Disabled American Veterans, Fleet Reserve Association and other similar veterans' organizations
 - B. YMCA and YWCA
 - C. Salvation Army
 - D. Boy Scouts and Girl Scouts
 - E. Palmetto Junior Homemakers Association and New Homemakers of South Carolina
 - F. South Carolina Association of Future Farmers of America and New Farmers of South Carolina
 - G. Any fraternal society, corporation or association
 - H. Any religious, charitable, eleemosynary, educational or literary society, corporation or association
 - I. Volunteer fire departments and rescue squads
 - J. Nonprofit museums
 - K. Nonprofit or eleemosynary community theater companies, symphony orchestras, county and community arts councils and commissions, and other similar companies
2. The dwelling house and up to one acre of surrounding land is exempt for:
 - A. a veteran who is permanently and totally disabled from a service-connected disability and the surviving spouse
 - B. the surviving spouse of military personnel killed in the line of duty
 - C. a paraplegic or hemiplegic person and the surviving spouse
3. Two motor vehicles for which special license tags have been issued are exempt if owned by:
 - A. a prisoner of war of World War I, World War II, Korean Conflict or Vietnam Conflict
 - B. a permanently and totally disabled veteran (In lieu of a special tag, certification from the Veterans' Administration that disability is service connected is acceptable.)
 - C. recipients of the Medal of Honor
 - D. persons required to use wheelchairs (in lieu of a special tag, the taxpayer must provide a physician's certification that they are required to use a wheelchair.)
4. All property of the following is exempt:
 - A. the state, counties, municipalities, school districts, water and sewer authorities and other political subdivisions if property is used exclusively for public purposes
Note: No application is necessary to receive this exemption.
 - B. schools, colleges and other institutions of learning when no profit goes to private use
 - C. nonprofit hospitals and institutions caring for the infirmed, handicapped, elderly, children or indigent persons when no profit goes to private use
 - D. public libraries
 - E. churches, parsonages and burying grounds
 - F. charitable trusts and foundations if property is used for charitable and public purposes
 - G. nonprofit corporations providing water supply or sewage disposal
 - H. nonprofit housing corporations providing low-cost housing to the elderly or handicapped (Organization must be authorized by Section 202 of the Housing Act of 1959.)

{Continued on Next Page}

5. The following exemptions pertain to personal effects and the home:
 - A. household goods and furniture used in the owner's home
 - B. household goods and furniture used in a time-share residential unit
 - C. clothing

Note: No application is necessary to receive exemptions discussed in 5 A, B and C.

 - D. a homestead exemption of \$50,000 is available to residents who are 65 years of age, who are totally disabled or who are totally blind. This exemption is granted by the County Auditor. Taxpayer is required to file an application with the County Auditor.
 - E. Up to \$100,000 exemption for legal residences from ordinary school millage.

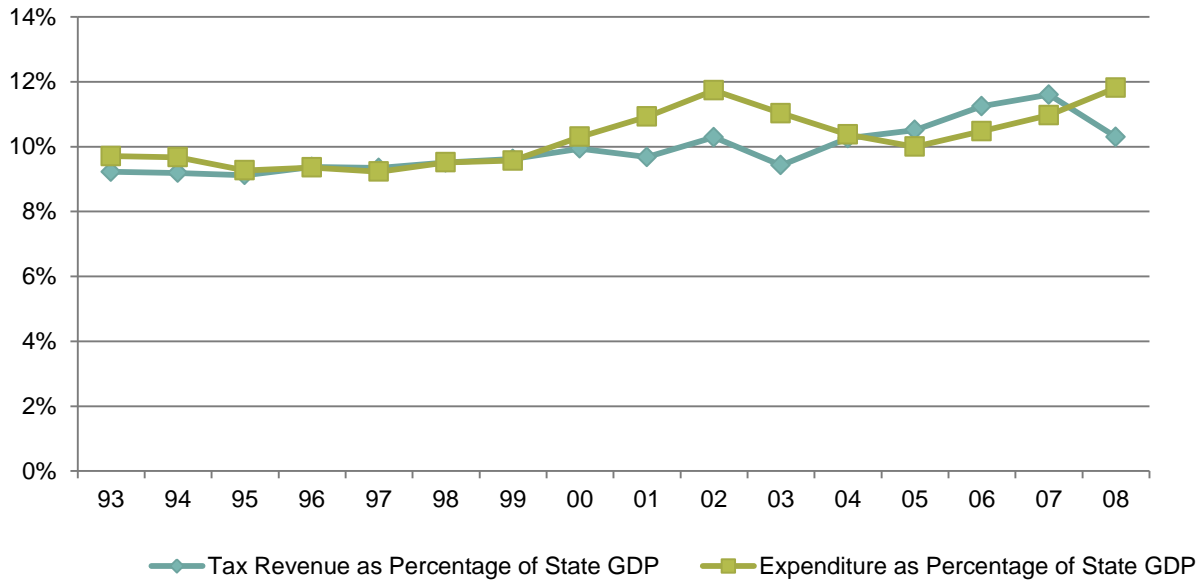
Note: No application necessary for this exemption. amount of exemption may vary from year to year.
6. The following exemptions pertain to the farm:
 - A. all agricultural products owned by the producer
 - B. livestock and poultry
 - C. farm machinery and equipment
 - D. greenhouses

Note: No application is necessary for these exemptions.
7. The following exemptions pertain to business concerns:
 - A. New manufacturing facilities and additions costing at least \$50,000 to existing manufacturing facilities are exempt from the ordinary county taxes for a period of five years
 - B. Corporate headquarters, corporate office facilities and distribution facilities are exempt from ordinary county taxes for a period of five years if the cost of new construction or additions is \$50,000 or more and 75 or more full-time jobs are created
 - C. Manufacturers' inventories
 - D. Merchants' inventories
 - E. Personal property of an air carrier operating a hub in South Carolina is exempt for 10 years
 - F. Water, air or noise pollution equipment and facilities
8. Other property tax exemptions are:
 - A. Real property leased on a nonprofit basis to a state agency, county, municipality or other political subdivision used for a public purpose other than office space or warehousing
 - B. Property leased to and operated by the S.C. Public Service Authority for generating or transmitting electricity
 - C. Personal property used for public display loaned or leased on a nonprofit basis to a state agency, county, municipality or other political subdivision or to an organization exempt from federal income tax under IRC section 501-514
 - D. Carnival equipment owned, leased or used by a foreign corporation or nonresident for a period of less than six months if property tax has been paid in another state
 - E. Other property owned by churches if no income producing ventures are located on the property and no profit or benefit is derived by any individual
 - F. Nonprofit community-owned recreation facilities open to the general public
 - G. Personal property in transit with `no situs' status
 - H. Intangible personal property

Source: South Carolina Department of Revenue.

FIGURE 1A

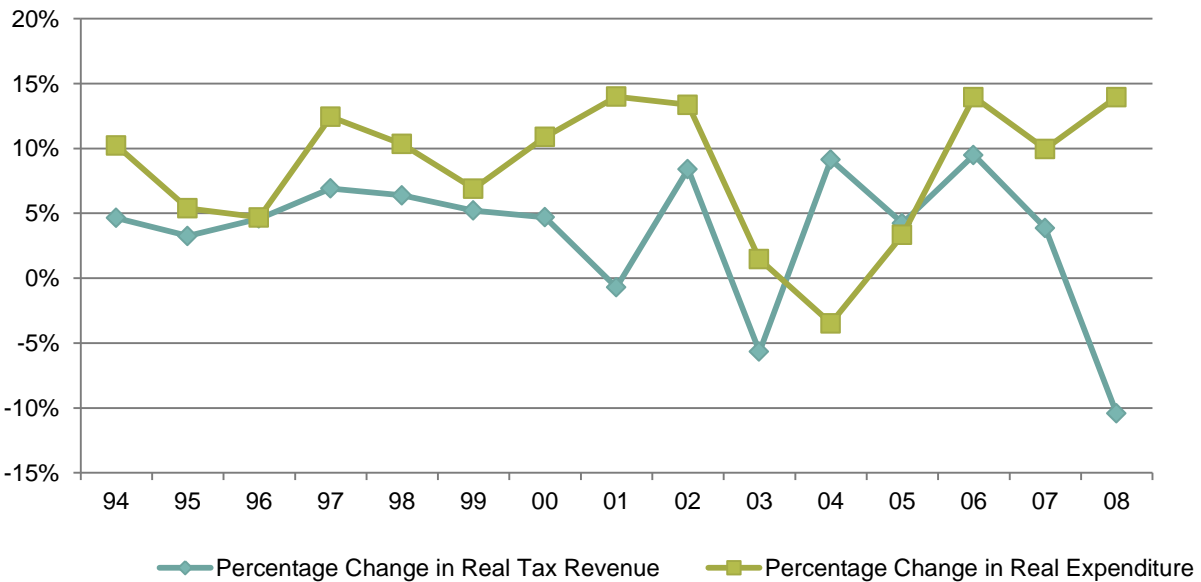
Consolidated State and Local Tax Revenue and Expenditure as Percentage of State GDP



Source and notes: Office of Research and Statistics, South Carolina Budget and Control Board.

FIGURE 2A

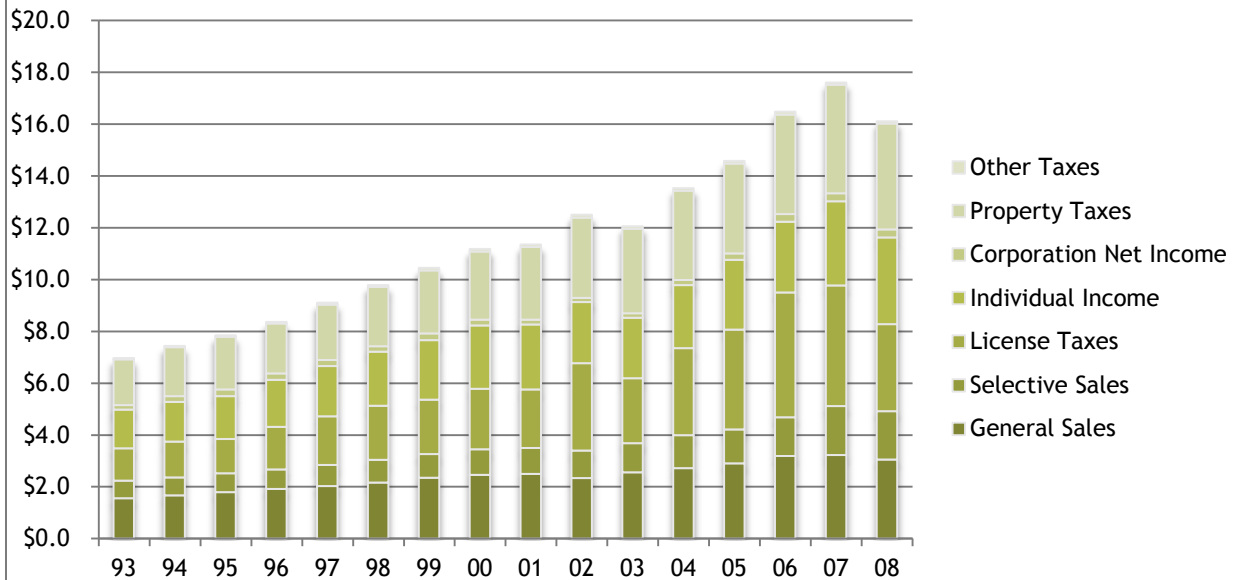
Annual Percentage Change in Consolidated State and Local Tax Revenue and Expenditure



Source and notes: Office of Research and Statistics, South Carolina Budget and Control Board.

FIGURE 3A

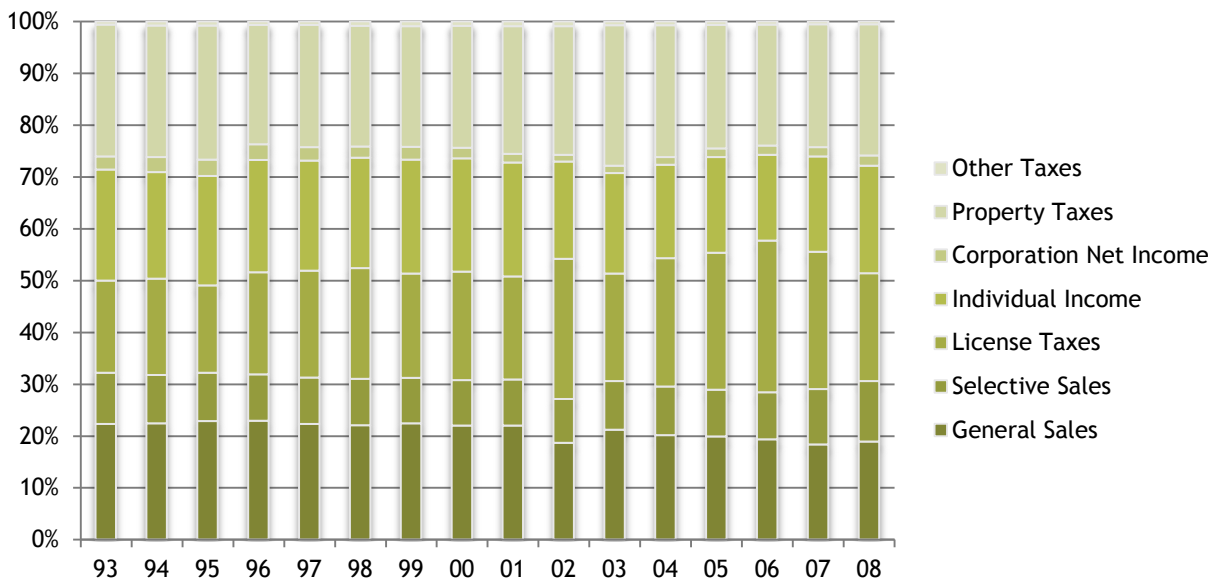
Consolidated State and Local Tax Revenue (Billions of Dollars)



Source and notes: Office of Research and Statistics, South Carolina Budget and Control Board. Values in billions of current dollars.

FIGURE 4A

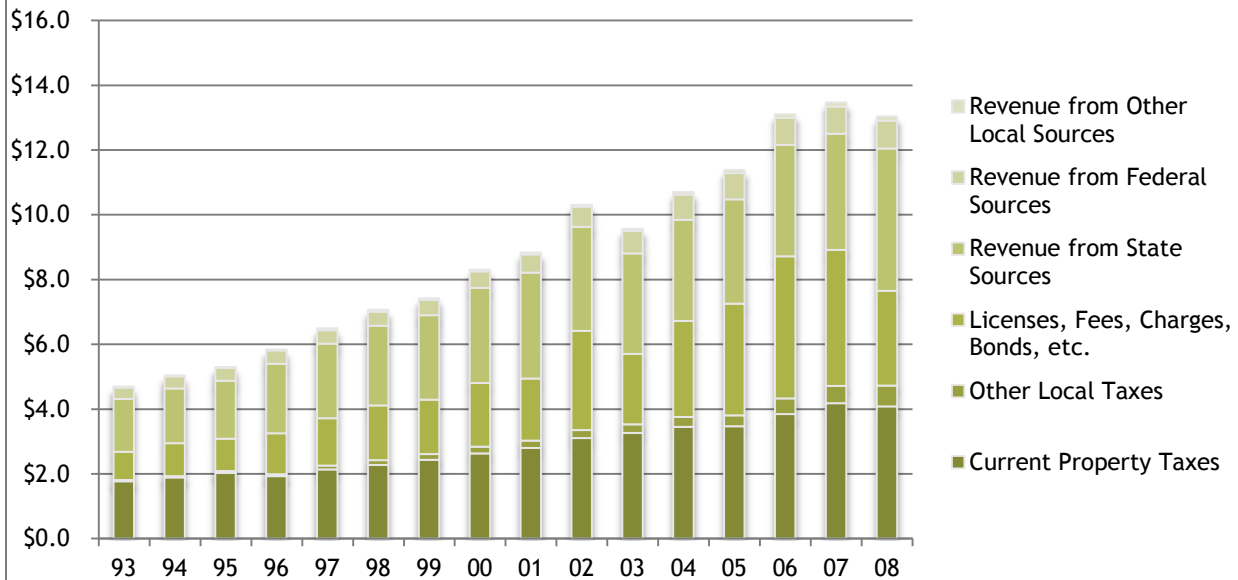
Consolidated State and Local Tax Revenue



Source and notes: Office of Research and Statistics, South Carolina Budget and Control Board.

FIGURE 5A

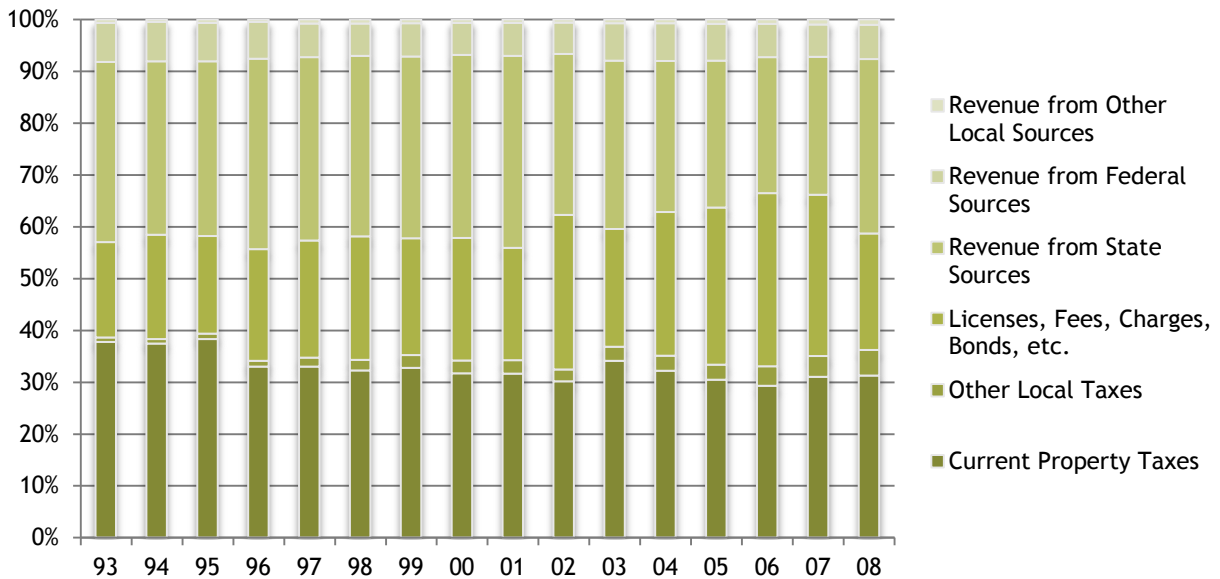
Total Local Government Revenue (Billions of Dollars)



Source and notes: Office of Research and Statistics, South Carolina Budget and Control Board. Values in billions of current dollars.

FIGURE 6A

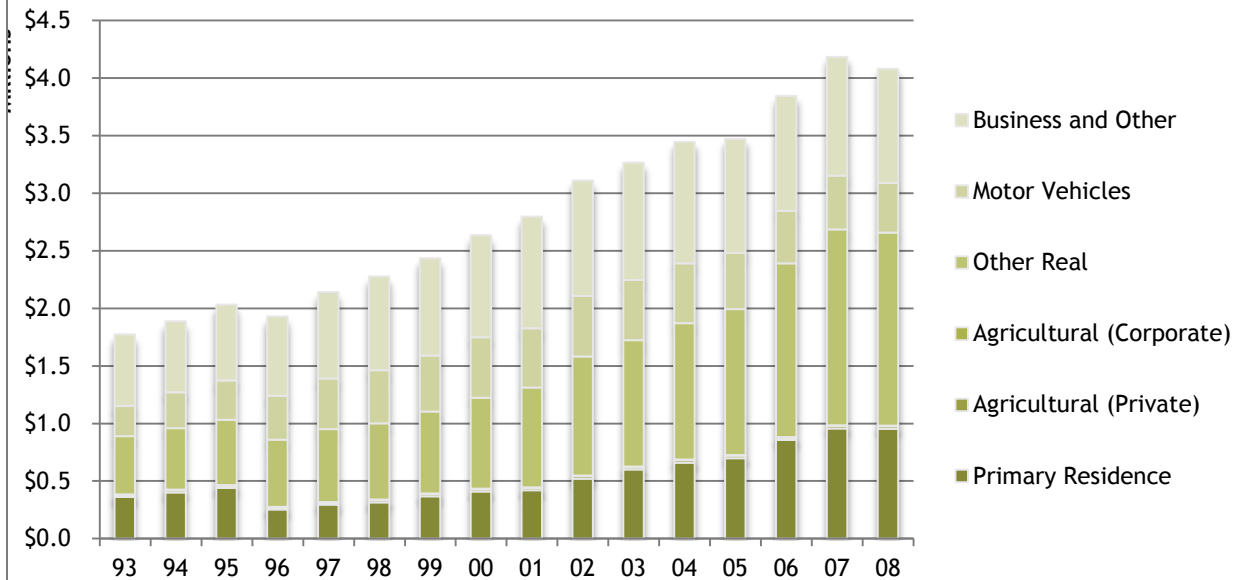
Total Local Government Revenue



Source and notes: Office of Research and Statistics, South Carolina Budget and Control Board.

FIGURE 7A

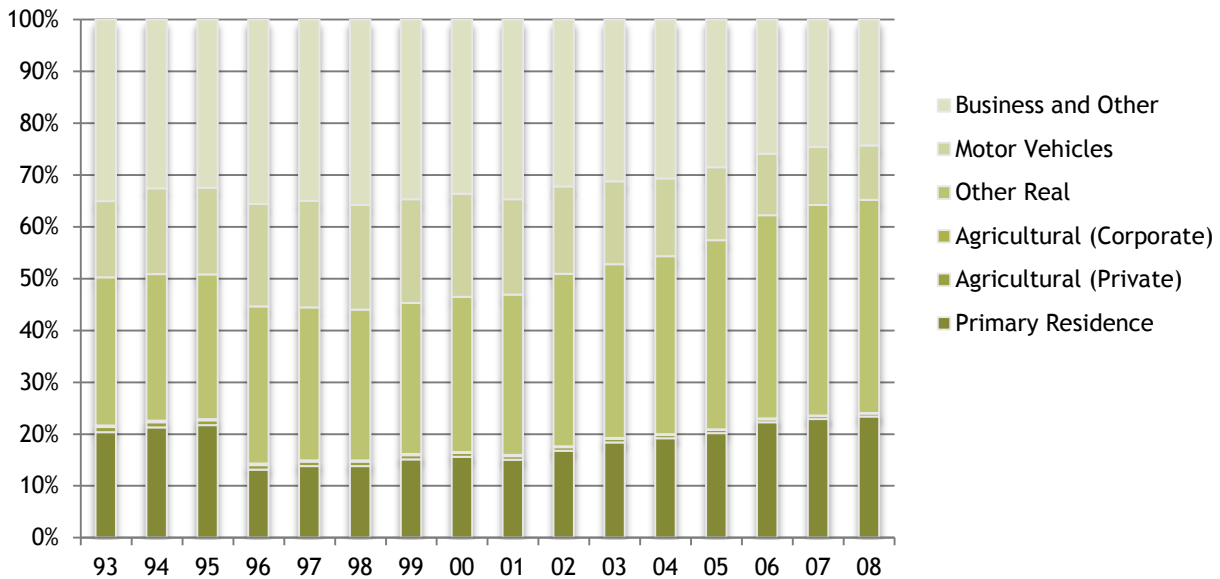
Local Government Property Tax Revenue (Billions of Dollars)



Source and notes: Office of Research and Statistics, South Carolina Budget and Control Board. Values in billions of current dollars.

FIGURE 8A

Local Government Property Tax Revenue



Source and notes: Office of Research and Statistics, South Carolina Budget and Control Board. Values in billions of current dollars.

