



## Property Tax Guide

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## South Carolina Department of Revenue

# Homeowner=s Guide to Property Taxes in South Carolina

The property tax was created in South Carolina in 1915 and until the late 1920s was the major source for state and local revenue. Today, property tax represents about 20 percent of all state and local taxes. It continues to be a main source of revenue for our state=s public schools.

### Why do we pay property tax?

Property tax is collected by local governments to provide for the many services most of us take for granted. Schools, police and fire protection and public libraries are possible because of revenue from the property tax. We are all asked to pay our fair share of the cost of these services by paying tax in proportion to the value of our property.

### Definitions of common property tax terms

*Real Property* - All land and the buildings, structures or improvements on that land

*Personal Property* - All things other than real estate which have value such as cars, trucks, boats, motorcycles and airplanes, and items used in a business such as furniture, fixtures and equipment

*Fair Market Value* - The amount for which property can reasonably be expected to

sell on the open market with a willing buyer and a willing seller

*Assessment Ratio* - The percentage of your property's value which is subject to taxation. For example, the assessment ratio of residential property is 4%. Multiply your home's fair market value by the assessment ratio of 4% to determine assessed value.

*Assessed Value* - An appraisal or fair market value of real or personal property multiplied by the appropriate corresponding ratio equals the assessment or assessed value. Assessed value times the millage rate equals the amount of property tax due.

*Reassessment* - Process required by state law to determine the change in market value of property over a certain period of time in order to provide equity among taxpayers. Reassessment is a revaluation of real estate.

*Millage Rate* - The amount of mills levied in order to meet the budget of a school district, county, city or other political subdivision. One mill equals 1/1000 of a dollar or 1/10 of a cent. If the tax rate is 256 mills, multiply .256 by the assessed value to determine the amount of property tax due.

*Tax Year* - The year that the tax bill is received payable by January 15 of the next year

### **How is the value of my property determined?**

The county assessor maintains information on each property located in the county, including size, square footage, location and certain amenities. The assessor also has copies of building permits which provide additional information on the property.

To find the value of any piece of property, the assessor must know the price properties similar to it are selling, what it would cost today to replace, how much it takes to operate and repair,

what rent the property may earn, and other facts affecting its value, such as the current rate of interest charged for borrowing the money to buy or build properties.

Along with this information, the assessor will determine the property's value considering three different approaches:

**\$ Sales Comparison Approach** - This method compares property to others which have sold recently. These prices are analyzed to determine if the sales were accurate. One property may have sold for more than it is really worth because the buyer was in a hurry and was willing to pay any price. Another may have sold for less money than it was actually worth because the owner needed cash quickly.

When using the sales comparison approach, the assessor analyzes many sales to arrive at a fair valuation of your property. Size, quality, condition, location and time of sale are important facts which are considered.

The sales comparison approach usually is the most reliable way of determining value of residential property.

**\$ Cost Approach** - A second way to value property is based on how much money it would take, at current material and labor costs, to replace the property with one that is similar. If the property is not new, the assessor must also determine how much it has depreciated. Also, the assessor must determine how much the land would be worth if it was vacant.

**\$ Income Approach** - Another way to value property is to evaluate how much income the property would produce if it were rented as an apartment house, a store or other sort of business. The assessor considers what rent a property may earn, vacancy rates, operating expenses, maintenance costs, and the current interest rate charged for borrowing money.

All county assessors receive training in appraisal techniques and must be licensed or certified by the South Carolina Appraisers Board. It is important to remember that the assessor does not create value, only the market place can do that. The principle of supply and demand is the

largest single factor in determining a property's worth.

### **How is property taxed?**

The property tax is determined by multiplying the fair market value by the assessment ratio by the millage rate.

For example, the tax on your home is determined in this way:

\$50,000 Fair market value of home

x 4% Assessment ratio

= 2,000 Assessed value

x .250 Millage rate (250 mills)

= \$500 Taxes due

The South Carolina Constitution provides for the following ratios to be applied to the market or use value of property to arrive at the assessed value:

Your home (legal residence) 4%

Second home (or any residential property where you do not live) 6%

Agricultural real property (privately owned) 4%

Agricultural real property (corporate owned) 6%

Commercial real property 6%

Manufacturing real and personal property 10.5%

Utility real and personal property 10.5%

Personal property 10.5%

Motor Carriers, Railroads, Airlines and Pipelines real and personal property 9.5%

### **How do I get the best tax rate for my home?**

If you own a home, you want to be sure to obtain the 4% assessment rate if you live in the home as your legal residence. Otherwise, your tax rate will be 6%. To obtain the lower rate, you will need to complete an application with the county assessor. This should be done as soon as you move into your house, but may be filed anytime before January 15, when taxes are due. Once you file this application, you will not need to complete another one, unless ownership changes or use of the property changes.

### **What is the personal property tax?**

Personal property tax is collected annually on motor vehicles, recreational vehicles, watercraft (includes boats, wave runners, jet skis, etc.) and airplanes. Personal property tax also applies to equipment, furniture, fixtures and machinery primarily used by businesses. Household goods in your residence are exempt from personal property tax.

The value of your motor vehicle is determined by the South Carolina Department of Revenue using standards and guidelines established by the auto industry. The Department of Revenue prepares a manual each year for the county auditor to use in preparing your personal property tax bill. The manual lists each model and make of all available motor vehicles. The value of your vehicle is multiplied by the assessment ratio (10.5% or .105) to determine the assessed value of your vehicle. The millage rate is multiplied by the assessed value of your vehicle to determine the amount of personal property tax you owe.

Vehicles with unusually high mileage may qualify for a reduced value. Your county auditor will require you to prove your mileage by showing a vehicle inspection receipt, by signing an affidavit, by completing an application, by visual inspection or some other method. In order to receive the high-mileage reduction, you must call or visit your county auditor's office no later than the day your personal property taxes are due.

Personal property taxes on motor vehicles and recreational vehicles must be paid before your license plates can be renewed. Taxes are due throughout the year on a staggered monthly schedule. Taxes on watercraft and airplanes are due no later than January 15 of the following year.

### **Does the value of my property ever change?**

South Carolina's Constitution requires that property be taxed fairly and equitably. When similar properties in the same taxing district are taxed differently, the system is unequal and unfair. From the time your real property first becomes taxable, the tax assessment does not change unless physical changes have been made or a new reassessment program is implemented.

The South Carolina Department of Revenue authorizes a reassessment program to correct such inequities. Only real property values are affected by reassessment. Values of personal property such as cars, boats and motorcycles are kept current through annual updates by the Department of Revenue.

If you add a room to your house or make other major improvements, your property value will increase to reflect the improvements. If your home is damaged, the value may be reduced.

### **How often does reassessment occur?**

State law requires that counties reassess property every five years. Counties are on a staggered annual schedule.

### **How is my property reassessed?**

A data collector from the assessor's office visits your property and measures the structures to determine square footage. The data collector also notes other information, such as age, type of construction, type of heating and air conditioning, number of floors, and whether the structure has a garage, deck, swimming pool or other amenities.

An appraiser then considers this information along with selling prices of similar properties in the area, how much it would cost to replace the property at current costs, and the general physical condition of the property. For rental or commercial property, an evaluation is made on how much income the property produces, what the operating expenses are and what kind of investment return can be reasonably expected. The appraiser also will visit the property to verify the information. With all of this information, the appraiser then sets the value of your property.

### **How will I know if my property value changes?**

Counties must mail a property tax assessment notice to all property owners whose property's fair market value increases by \$1,000 or more. Assessment notices must be sent to the person listed as property owner as of December 31 of the prior year.

The assessment notice is **NOT** a tax bill. The notice is simply to notify taxpayers of a change in their property's value.

Tax bills are mailed usually in October and must be paid by January 15.

The assessment notice includes your market value, the new assessment value, the assessment ratio, number of acres or lots, location of property, tax map number and the appeals procedure.

When the reassessment program is completed, counties must mail the assessment notices by February 1 of the year the reassessment program will be implemented. If most of the assessment notices are not mailed by February 1 in a year of reassessment, the prior year's property tax assessment must be used to calculate taxes for the current year.

### **What if I disagree with my property value?**

If after receiving your assessment notice, you disagree with the new value assigned your property, you have the right to appeal. An appeal must be filed in writing within 30 days of receiving the assessment notice. You must file your appeal with the county assessor. Don't wait until your tax bill arrives to appeal your new value; it's too late then.



If you appeal your property value and the appeal is not settled by December 31, you will be billed for at least 80% of the assessed value for the current year. You may request in writing that you be billed for more than 80% in order to avoid paying interest should your appeal not be successful. The tax must be paid by January 15.

Once the appeal is resolved, you may receive a refund or be expected to pay additional tax, depending on how the appeal is resolved. You must pay interest at the current prevailing rate on any outstanding taxes owed. Likewise, if your appeal is successful and your taxes are less than what you paid, the county will pay you interest.

### **Will my taxes increase because of reassessment?**

Some property owners will notice a decrease in their tax, some will stay the same and some will pay more tax. Reassessment is not intended to raise taxes, it is intended to distribute the tax burden fairly among all property owners.

Because of reassessment, typically you will see that real property values have increased. Unless a property is badly in need of repair, rarely do property values decrease. Because of the increase in property values throughout the county, the millage rate can then be lowered without decreasing the total amount of taxes collected in the county.

If it has been a long time since your home has been reassessed, you will likely see an increase in your taxes. That's because your home has been taxed at less than its fair market value.

### **How do I pay my property tax?**

The county treasurer or tax collector mails property tax bills during the fall of each year. You can pay your taxes by mail or in person at the county treasurer's or tax collector's office. Property taxes are due no later than January 15 of the following year. If you itemize your federal income tax deductions, be sure to pay your property tax before December 31 in order to claim the deduction for this year.

If a lending company holds the mortgage to your house, the county treasurer or tax collector

may bill the mortgage company for your property tax. You may call the county treasurer or tax collector to make sure the mortgage company has paid the tax in your behalf.

### **Are there any available property tax breaks?**

#### ***For all homeowners***

Each homeowner is allowed an exemption of up to \$100,000 of the home's fair market value from property taxes for school operating costs. The amount of the savings will vary depending upon the millage rate for school operating costs in the school district where you live. This exemption applies only to your legal residence, not to second homes, vacation homes or rental homes. No application is needed for this exemption. It will automatically be reflected in your tax bill.

#### ***For homeowners age 65 and older, disabled or blind***

If you are 65 or older, totally disabled or legally blind and have lived in South Carolina for at least one year, you may qualify for the homestead exemption. The homestead exemption excludes the first \$20,000 from the fair market value of your legal residence. Application for the homestead exemption should be made at the county auditor's office.

#### ***For certain military veterans, veterans killed in the line of duty, paraplegics and hemiplegics***

A house and up to one acre of land on which the house is located is exempt from property tax for veterans who are totally disabled from a service-related disability or the surviving spouse, for the surviving spouse of a military person killed in the line of duty, and for paraplegics, hemiplegics or their surviving spouses. Application should be made through the South Carolina Department of Revenue. Call (803) 898-5480 for information.

#### ***For POWs, disabled veterans, Medal of Honor recipients, and people required to use wheelchairs***

Up to two motor vehicles are exempt from property tax for prisoners of war, disabled veterans, Medal of Honor recipients and people required to use wheelchairs. Application should be made through the South Carolina Department of Revenue. Call (803) 898-5480 for information.

### ***Discounts and installment payments***

Counties may allow a discount if you pay your property taxes before January 15 of the following year. Counties may allow property taxes to be paid in installments so long as all payments are made by the January 15 deadline. Both of these provisions must be approved by the county council before they may be implemented. Call your county treasurer's office to determine if your county allows discounts or installment payments.

### ***Local option sales tax***

In counties where voters have approved the local option sales tax (LOST), 71% of the revenue collected from that additional 1% tax must be earmarked for property tax relief. This will be shown on your property tax bill if your county has the local option sales tax.

## **Property Tax Calendar**

October 1 - Property tax bills are mailed

January 15 - Property taxes for the prior year must be paid to the county treasurer no later than this date

January 16 through February 1 - Property taxes for the prior year paid during this period are subject to a penalty of 3%

February 2 through March 16 - An additional penalty of 7% is added to taxes for the prior year paid during this period

March 17 and later - An additional penalty of 5% is added to taxes for the prior year paid after March 16 and the county treasurer or the delinquent tax collector begins steps to sell the property to collect the delinquent taxes.

If you are mailing your property tax payment, it must be postmarked no later than the due date to avoid penalty. If the due date falls on a weekend or a state holiday, the due date is extended to the next business day afterwards.

### **Where do I call if I have questions about property tax?**

The *county council, school board, city council, fire districts, etc.* determine how much money must be collected to fund the budget and the rate of tax necessary to meet the budget. For many governments, property taxes make up only a portion of the total amount of revenue needed to fund the budget. Fees and other sources of income make up the remainder.

The *county auditor* is responsible for preparing the tax roll for all real property and maintaining tax records for motor vehicles and other personal property.

The *county assessor* is responsible for maintaining tax records on all real property and for appraising property not valued by the Department of Revenue or the county auditor.

The *county treasurer* or *tax collector* collects taxes on real property, personal property and motor vehicles.

The *South Carolina Department of Revenue* provides technical assistance to counties and has general oversight responsibilities for the administration of the property tax. The department also determines the value for manufacturing property, utilities and certain other property.

For telephone numbers for county offices, check the blue pages or government listings in your local telephone directory.

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**[www.sctax.org](http://www.sctax.org)**

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