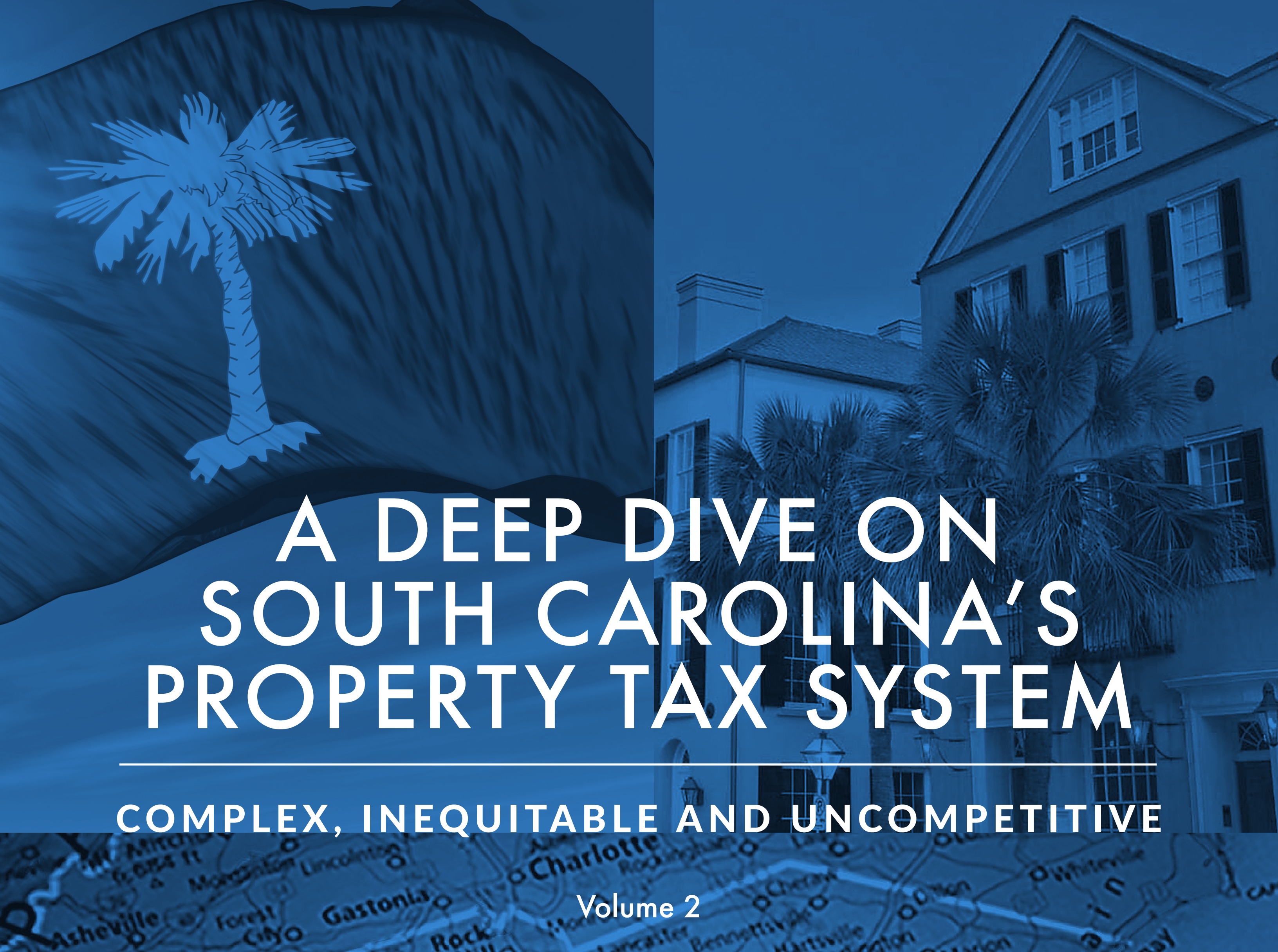

A DEEP DIVE ON SOUTH CAROLINA'S PROPERTY TAX SYSTEM

COMPLEX, INEQUITABLE AND UNCOMPETITIVE

Volume 2

SOUTH CAROLINA CHAMBER FOUNDATION

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LINCOLN INSTITUTE OF LAND POLICY

A Deep Dive on South Carolina's Property Tax System

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A Deep Dive on South Carolina's Property Tax System

Complex, Inequitable and Uncompetitive

Volume 2[1]

[1] Volume 1 summarizes the chapters in Volume 2. Volume 1 also includes key findings, the executive summary, and policy options. Some material, such as the definitions section, appears in both volumes.

Chapter 1:

Introduction and Overview of South Carolina's Property Tax System

by

Daphne A. Kenyon, Ph.D. and Bethany P. Paquin

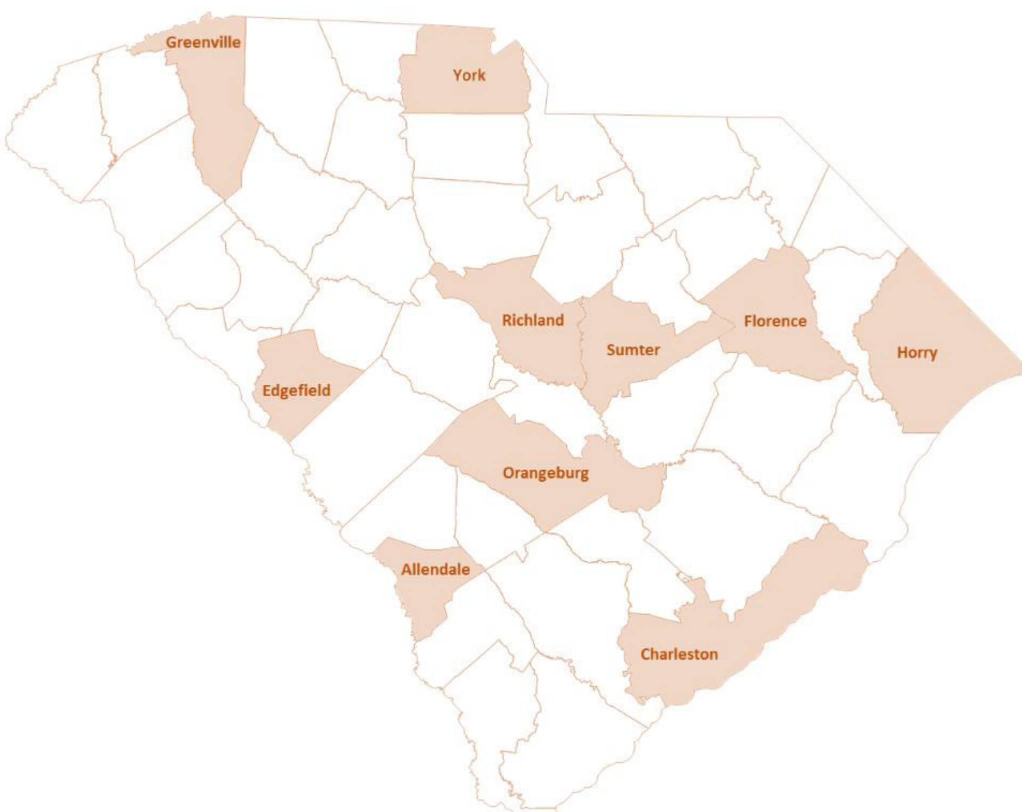
With Appendices D & E by Alannah Shute

Introduction

South Carolina has a property tax system that is unique among the 50 states.[1] As this report will show, South Carolina's property tax system is complex, nontransparent, inequitable, and noncompetitive. Act 388 passed in 2006 with the ostensible aim of providing property tax relief to homeowners, but it has exacerbated the problems with South Carolina's property tax system.

This introductory chapter first presents criteria for a good tax system. Next, it provides an overview of the South Carolina property tax system and Act 388. Third it describes revisions to the property tax since Act 388. The final section discusses outcomes of Act 388 and South Carolina's property tax system, paying special attention to effective tax rates. Some of the data illustrate how the property tax has changed since Act 388 went into effect.

Figure 1.1 South Carolina Focus Counties



This analysis includes data from 10 focus counties: Allendale, Charleston, Edgefield, Florence, Greenville, Horry, Orangeburg, Richland, Sumter, and York. These counties vary in size, geography, and economic status and provide a representative cross-section of South Carolina's property tax systems.[2]

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[1] The body of this chapter focuses on South Carolina's disparate effective property tax rates. Appendix C compares South Carolina's property tax system to the systems in other states more broadly.
[2] Appendix A provides a description and comparison of these ten focus counties.

Criteria for a Good Tax System

Studies of state and local tax systems traditionally present principles of sound tax policy as a benchmark for comparison. South Carolina policymakers should evaluate any reform proposals in the context of these principles. While policy goals may overlap or conflict, policymakers should aim for a tax system characterized by equity, efficiency, stability, and transparency. Adopting any tax policy involves tradeoffs, and the citizens of each state and local government are best suited to choose the policies that achieve their aims.

Equity. Equity or fairness are fundamental to sound tax policy. Two theories of tax fairness, the *benefit principle* and the *ability-to-pay principle*, present distinct approaches to equity.

The benefit principle ties equity to benefits received. Under this theory, taxes are the cost paid for public services. In an equitable system, taxes will be proportional to demand for services and taxes will fund the public services citizens desire (Musgrave 2005).

The ability-to-pay principle ties equity to each taxpayer's financial resources. The terms *horizontal equity* and *vertical equity* describe two components of the ability to pay principle. Horizontal equity implies that taxpayers in similar situations face similar tax liability. We see horizontal equity when neighbors who own homes with similar values owe about the same amount in property taxes. We observe vertical equity when an owner of a high-value property pays a higher tax than an owner of a low-value property. Vertical equity implies that taxpayers in dissimilar situations face dissimilar tax liability (Cordes 2005 and Ebel 1990). In other words, equitable tax systems impose higher tax rates on taxpayers with more income and wealth and similar tax rates on taxpayers with similar resources.

When evaluating equity, analysts often describe a tax as *regressive*, *progressive*, or *proportional*. A regressive tax imposes a higher tax burden on taxpayers whose income, or other measures of ability to pay, is less. For example, lower-income taxpayers tend to spend a higher percentage of their income on sales taxes than high-income taxpayers, which makes the sales tax regressive. A progressive tax imposes a higher tax burden on taxpayers whose income or ability to pay is greater. For example, federal income tax rates are graduated, so a higher marginal tax rate applies as income rises. A proportional tax is one that is imposed at a constant rate regardless of income level. (Almy, Dornfest, and Kenyon 2008).

Efficiency. An efficient revenue system is marked by neutrality. An efficient tax minimizes unintended interference with markets by avoiding policies that alter personal or business behaviors and decisions. In aiming for neutrality, governments should minimize tax preferences and favor policies that uniformly apply low rates to a broad base (Ebel 1990). While a state may intentionally enact a policy to encourage a desired behavior, policymakers should attempt to avoid unintended interference when choosing between reform options (Minnesota Tax Study Commission 1986). Efficient systems also minimize the costs of administering and complying with taxes for governments and taxpayers respectively.

Stability. Tax revenues increase and decrease by varying degrees as government needs and economic conditions fluctuate. The more stable a tax or system of taxes is, the steadier the revenue stream will be in times of economic change (Almy, Dornfest, and Kenyon 2008). For example, during the Great Recession, income and sales taxes experienced greater volatility than the property tax. Income tax revenues declined when incomes fell, and sales tax revenues reflected lower consumer spending. In contrast, property tax revenues remained relatively stable.

Transparency. A tax is transparent when the process of taxation is easily understandable, and all information is publicly disclosed. Taxpayers should clearly understand what is taxed (the tax base), what they must pay, and when a tax is payable. Uniformity contributes to simplicity and transparency, which are hallmarks of an efficient tax system. For example, it is easy to understand property tax liability if all types of property are uniformly assessed at full market value and subject to a uniform rate. Under such a system, calculating the tax on a business or home of a given value is simple and easy to understand.

Overview of South Carolina Property Taxes and Act 388

South Carolina's Property Tax System

The method by which South Carolina tax bills are calculated reveals the complexities of the state's property tax system. In very basic terms, a South Carolina property tax bill is determined in three steps:

(1) The property is first appraised at its fair market value. Three different entities appraise properties. The county assessor values property that is owner-occupied, agricultural, commercial, or rental. The county auditor assesses personal property including vehicles. The Department of Revenue assesses manufacturing, utility, business personal, and motor carrier properties.
(2) The property is then assigned an assessment ratio. South Carolina has a classified property tax system under which different types of property are taxed at different ratios of assessed value. Owner-occupied primary residences[3] and private agriculture receive the lowest assessment ratio—4 percent—while manufacturing, utility, and personal property receive the highest assessment ratio—10.5 percent (table 1.1). The fair market value is multiplied by the assessment ratio to produce the assessed value. The assessment ratio for primary residences in South Carolina is 4 percent, so a homeowner's primary residence valued at $100,000 would be assigned an assessed value of $4,000.
(3) Assessed value is multiplied by the total millage rate to derive the property tax bill. The total millage rate is the sum of the tax rates of the county, municipality, school district, and other taxing entities.

Table 1.1 Constitutional Assessment Ratios by Property Classification

Property Classification	Tax Rate (%)
Owner-Occupied	4.0
Agricultural (Private)	4.0
Agricultural (Corporate)	6.0
Commercial/Rental	6.0
Personal Property (Vehicles)	6.0
Other Personal Property	10.5
Manufacturing	10.5
Utility	10.5
Business Personal	10.5
Motor Carrier	9.5

Source: South Carolina State Constitution

Table 1.2 presents a simplified property tax bill calculation for two South Carolina residential properties, both with a fair market value of $150,000. The owner-occupied primary residence has an assessment ratio of 4 percent while the rental property has an assessment ratio of 6 percent. Even if the two properties are

[3] Throughout this report "owner-occupied" will mean the same as "primary residence." Definitions of these terms and others can be found in the Definitions section at the end of the report.

in the same taxing jurisdiction, they will not be subject to the same total millage rate because the owner-occupied property is exempt from millage for school operating costs. So, in this stylized example, the total millage rate for the owner-occupied primary residence is 0.2022 and the millage rate for the rental property is 0.4590. As of result of varying assessment ratios and the school exemption, these two properties with identical market values face two very different tax rates and tax bills. The tax on the rental property of $4,131 is approximately three-and-a-half times that of the owner-occupied property ($1,213).

Table 1.2 Comparison of Tax Bills for Two South Carolina Residential Properties

	Owner-Occupied	Rental
Fair Market Value	$150,000	$150,000
Assessment Ratio	4%	6%
Assessed Value	$6,000	$9,000
Millage Rate	0.2022	0.4590
Property Taxes	$1,213	$4,131
Effective Tax Rate	0.81%	2.75%

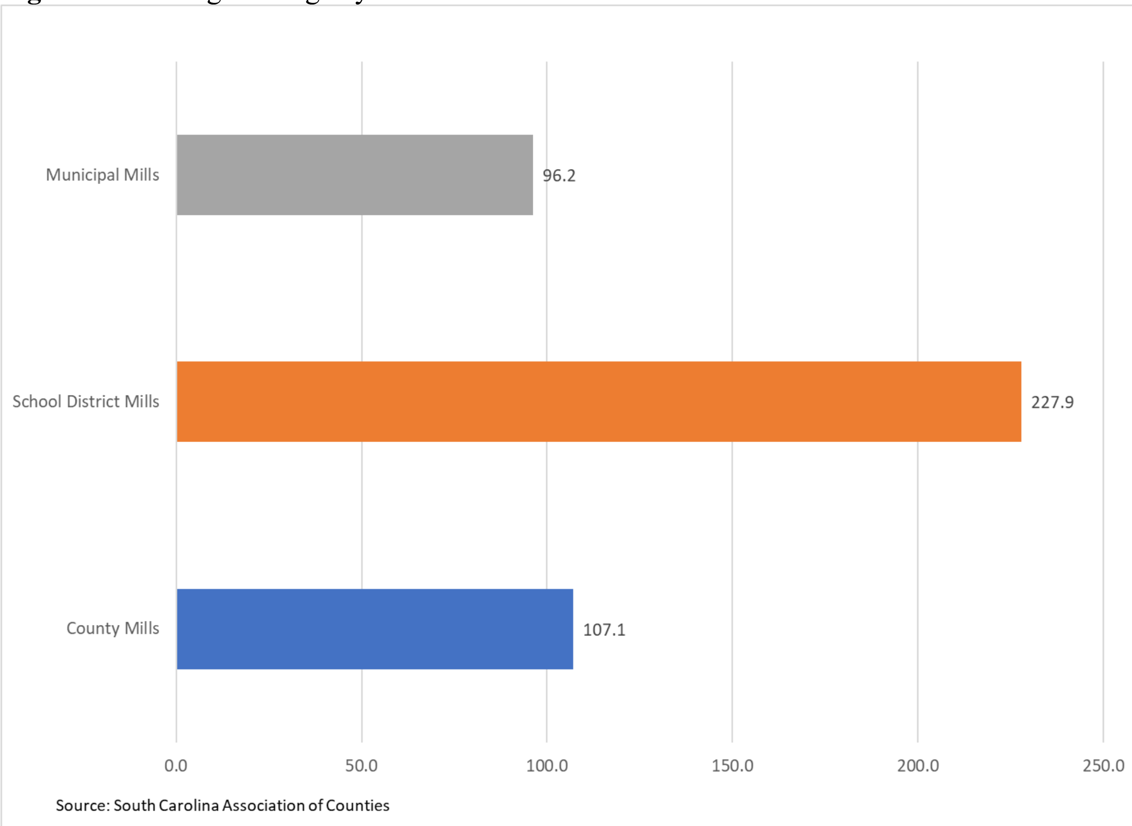
Source: Author's calculation

Note: Owner-occupied primary residences have an assessment ratio of 4.0% and rental property has an assessment ratio of 6.0%. Owner-occupied property is exempt from property taxes for school operating costs and so is subject to a lower millage rate.

Differentially high taxation of rental property compared to primary residential property is inequitable for two reasons. First, homeowners typically have higher incomes than renters.[4] Thus, the differentially heavy taxation of renters fails the ability-to-pay principle. Second, homeowners are the primary beneficiaries of school spending. Thus, exempting primary residences from paying for school operating costs fails the benefit principle. In South Carolina, more than half of all property taxes collected go to school districts (South Carolina Department of Revenue). This holds true in the 10 focus counties as illustrated by figure 1.2.

[4] In South Carolina the median household income of homeowners is nearly twice that of renters. In 2018, median household income for owner-occupied houses was $63,482 and for renter-occupied houses was $33,813 (U.S. Census Bureau).

Figure 1.2 Average Millage by Source for 10 South Carolina Counties



Source: South Carolina Association of Counties

Act 388

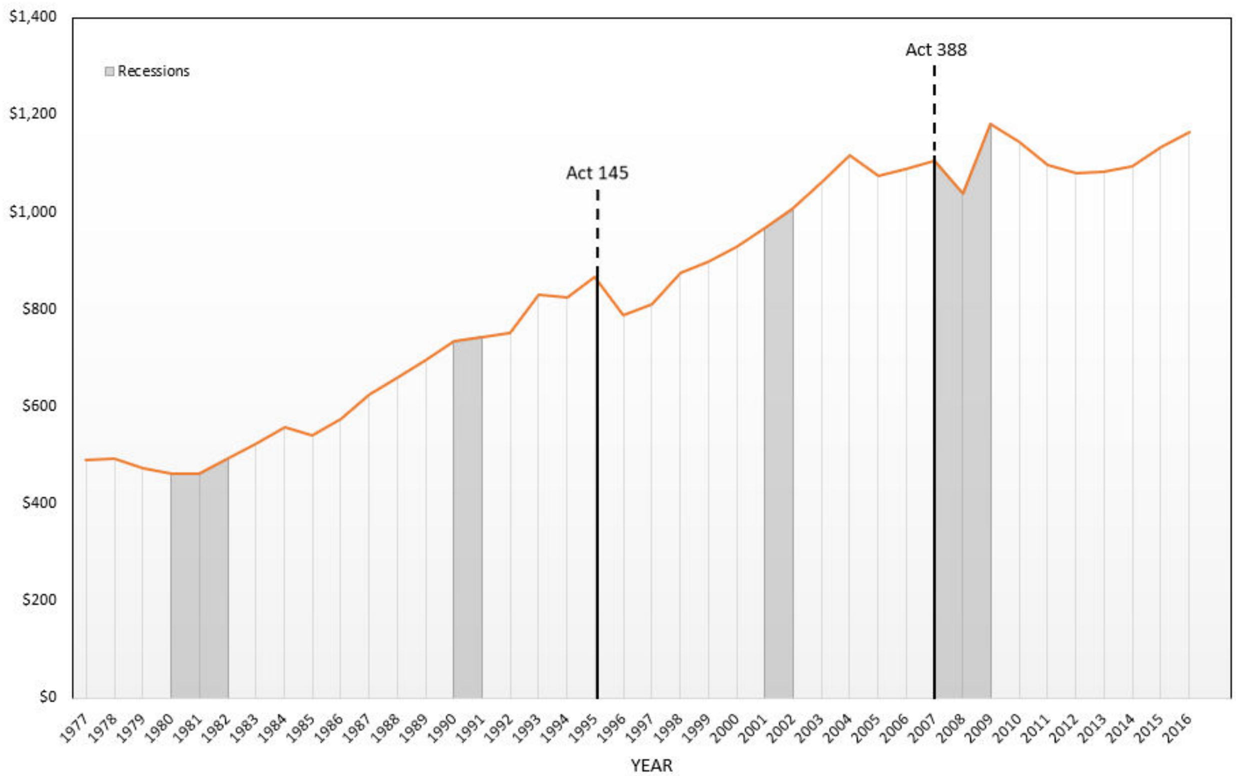
Act 388, passed in 2006, limits property tax revenue in three major ways:

- It eliminated property tax liability on owner-occupied primary residences for school operating costs. This is known as the "O&M" (operations and maintenance) exemption. Homeowners are still liable for property taxes for school debt service. So, homeowner property taxes do support school capital spending, but non-homestead property owners bear the burden of school operating costs funded by property taxes. Act 388 raised the sales tax one cent to offset the revenue loss, mandating state reimbursement of local government tax loss. *Tax swap* is a term used to describe such a policy, whereby a government reduces or eliminates one tax (in the case of South Carolina, the property tax), and replaces the lost revenue by increasing or establishing another tax, such as a sales tax.
- It placed a 15 percent cap on the growth of property tax appraisals (fair market value) over a five-year period unless the property is sold. This cap was enacted as a constitutional amendment. When a property is sold, it is revalued at its full fair market value. This provision for reappraisal upon sale is called ATI (assessable transfer of interest).
- It placed a cap on the rate of growth of jurisdiction-specific property tax rates. The *Maximum Millage Cap* limits increases in local millage rates for operating purposes. Under the law, a locality may not increase its millage rate by more than the increase in the consumer price index

plus its population growth percentage in the previous year except in very limited conditions (Significant Features of the Property Tax).[5]

All else being equal, one would expect these three measures to either reduce the rate of growth of property taxes or reduce property tax revenues compared to what revenues would have been otherwise. However, one must account for the impact of the Great Recession, which reduced economic activity and likely depressed property tax revenues. The Great Recession began in December 2007 and officially ended in June 2009, although state and local tax revenue did not reach prerecession levels until 2015. Before 2007, South Carolina's real per capita state and local own-source property tax revenue grew at an average annual rate of 2.4 percent; between 2009 and 2016, the average annual growth rate fell to 1.6 percent (figure 1.3).[6]

Figure 1.3 South Carolina Real Per Capita State and Local Own-Source Property Tax Revenue 1977–2016



Source: Tax Policy Center
*Values for 2001 and 2003 are estimates.

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[5] For example, the millage rate limitation may be overridden by a 2/3rd majority of the local council in the case of a natural disaster or if required to comply with a court order (S.C. Code Ann. § 6-1-320).

[6] In Act 145, passed in 1995, the legislature enacted a $100,000 homestead exemption from school operating property taxes. Because the exemption amount exceeded the median 1995 median home value, the law exempted most homeowners from school property taxes (State-by-State Property Tax at a Glance).

Revisions to South Carolina's Property Tax System Post-Act 388

Since enactment of Act 388, South Carolina has made a number of legislative and administrative revisions to its property tax system. No attempt has been made to provide a comprehensive list of these changes, however, some of the most important ones are highlighted.

The fees in lieu of taxes programs (FILOTs), which reduce property tax liabilities for firms that make new investments and create jobs in the state, predates Act 388. However, the use of FILOTs has expanded considerably since Act 388 was enacted. Nominally, industrial property is assessed at 10.5 percent while commercial property is assessed at 6 percent. But under the FILOT program, industrial property can obtain an assessment rate of 6 percent, and sometimes 4 percent, as well as other property tax relief. Data analysis and interviews conducted during this study provided convincing evidence that without the FILOT program, South Carolina would be uncompetitive in attracting new manufacturing investment. However, FILOTs are time consuming for both counties and companies. FILOTs do not directly address the sticker shock that multistate companies face when comparing nominal property tax rates in South Carolina to other states.

Recent legislation used a phase-in plan to exempt 14.3 percent of manufacturing property from property taxation and reduce the effective assessment rate on manufacturing property to 9 percent. This statutory change targets investment not eligible for FILOTs. This is a backdoor way of effectively reducing the 10.5 percent assessment rate that the constitution applies to manufacturing property.

When property is sold in South Carolina, the ATI law requires that the property be reappraised at market value. Because of the state's long, 5-year assessment cycle, this means that recently sold property can be valued much higher than similar property that has not been recently sold. There is a special exemption of 25 percent of market value for properties assessed at a 6 percent rate that would otherwise qualify as ATIs. However, the property owner must apply to receive this exemption and apparently many taxpayers are unaware of this provision (Baker 2018).

The O&M deduction exempts owner-occupied homes, which are also the primary residence of the homeowner, from paying property taxes for school operating expenses. This creates an incentive for homeowners to declare their South Carolina homes as primary residences. It also creates an administrative burden for the counties, who often need to hire additional staff to monitor homeowners' residency status.

These changes to the property tax system attempted to reduce the differentially heavy property tax burden on manufacturing and commercial properties. However, each of these revisions can be considered "patches" as they increase the complexity of the property tax system and reduce its transparency.

South Carolina's Property Tax is Characterized by Disparate Tax Rates

Effective Tax Rates

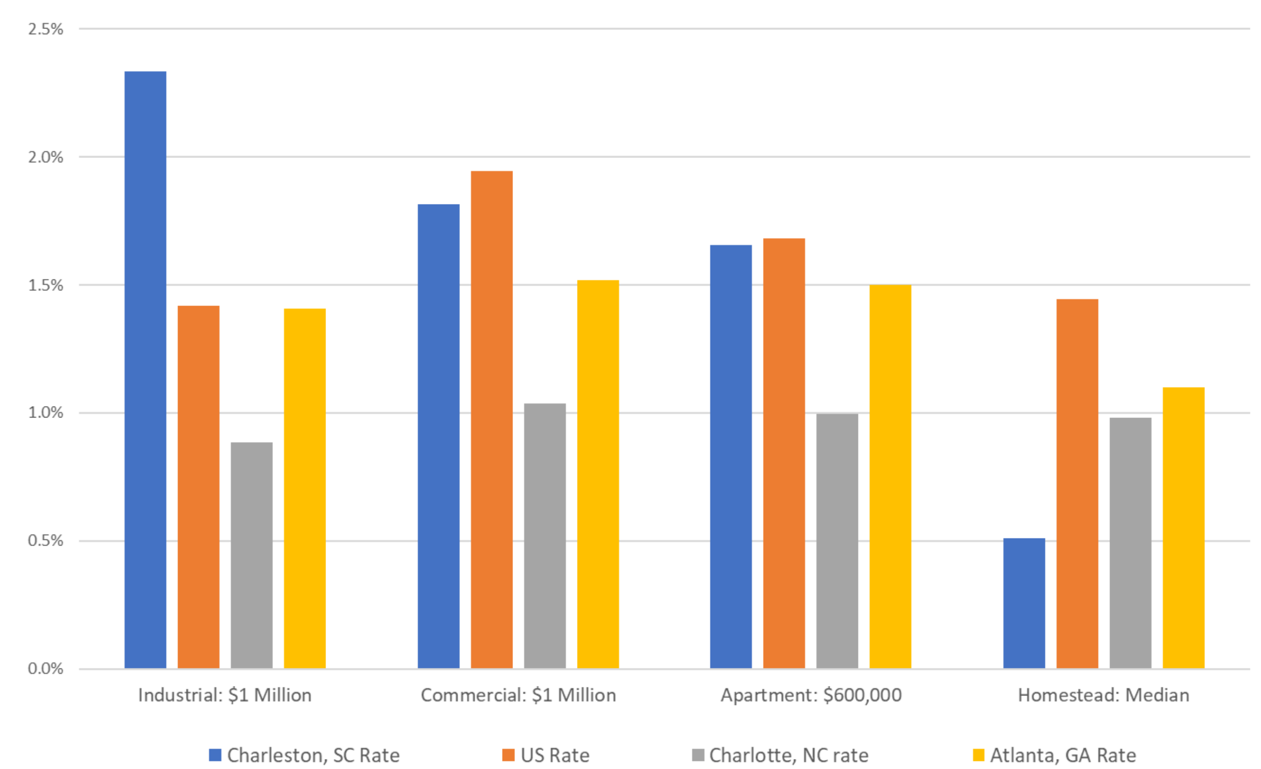
Common measures of property tax burden suggest a skewing of South Carolina's property tax system. While the state's overall property tax burden is about average by common measures, the state ranks very low for effective property tax rate on owner-occupied homes.[7] The effective tax rate compares the tax

[7] Appendix B provides a comparative analysis of South Carolina's property tax burden in table B9.

paid (tax liability) to the market value of the property on which the tax is levied (tax base). Another way to think of effective tax rate is the tax bill as a percent of the property's market value.

Fortunately, a data source is available that examines effective property tax rates by type of property: homestead, apartment, commercial, and industrial. Much of the analysis in this chapter relies on an annual report examining the effective property tax, by category of property, for the largest city in each state (Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence 2018).[8] This data source reports effective property tax rates for cities within states, and not for states as a whole. Nevertheless, for many states, examining the property tax in the largest city in the state, as these data do, provides a reasonable measure of the property tax burden for the state as a whole.

Figure 1.4 Effective Property Tax Rates by Property Type, 2018



Source: Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence 2019
Note: Median home values vary across states. The median home value for Charleston was $344,600; the median home value in Charlotte was $215,500; and the median home value in Atlanta was $299,400.

As figure 1.4 shows, Charleston, South Carolina's effective tax rate for industrial property is markedly high compared to the U.S. average and counterpart cities in neighboring North Carolina and Georgia. In the commercial and apartment categories, effective tax rates are close to the U.S. average but higher than the comparison cities. The homestead effective tax rate is exceptionally low compared both to the U.S. average and that of neighboring comparison cities.

[8] In addition to published estimates, the staff of the Minnesota Center for Fiscal Excellence calculated additional estimates for the purposes of this report.

Charleston ranks fourth highest in the U.S. with respect to its effective property tax rate for industrial property. In contrast, Charleston ranks fifty-first with respect to its effective property tax rate for homeowners.[9] It is important to note that the study does not include FILOTs in its calculations of South Carolina's industrial effective tax rates.

None of South Carolina's neighbors have a pattern of effective tax rates that is skewed in this way. For example, Virginia Beach, Virginia's effective tax rates for all types of property rank low—between forty-first to fifty-third. (See Appendix table B10.) A high or low property tax burden does not necessarily mean the state's overall tax burden is high or low. It does, however, indicate the relative importance of the property tax in the state's mix of taxes. Virginia's rankings reveal that it relies very little on the property tax and that all types of property are taxed at a low rate relative to other states. South Carolina's pattern of widely disparate effective tax rates is unusual.

Comparisons of commercial-to-homestead, apartment-to-homestead, and industrial-to-homestead ratios of effective property tax rates show the disparity in tax rates between different property classes. Some states, like North Carolina, tax all property at the same rate. Therefore, in Charlotte, North Carolina, commercial-to-homestead and apartment-to-homestead ratios both equal 1. It is not unusual to tax either apartment or commercial property categories at a higher rate than homestead property as Florida, Georgia, and Tennessee do. However, it is unusual to tax apartment or commercial property at a rate that is three times higher than homestead property as South Carolina does.

Among the group of largest cities in the comparison states, Jacksonville, Florida, has the next highest commercial-to-homestead and apartment-to-homestead ratios compared to Charleston, South Carolina. Jacksonville taxes apartment and commercial property at about twice the rate that it taxes homestead property. But Charleston, South Carolina, taxes apartment and commercial properties at about three times the rate of homestead property. Thus, when states are ranked by their apartment-to-homestead and commercial-to-homestead ratios in the largest city in each state, South Carolina ranks among the top five states in the nation and higher than all of its comparison states.

Effective tax rates can vary within a property category such as industrial. For the U.S. as a whole, industrial properties valued at $100,000 are typically taxed at a somewhat lower rate than those properties valued at $25 million. The effective property tax rate in Charleston, South Carolina, for industrial property always ranks fourth among the largest cities in each of the 50 states (very high). Its effective tax rate for commercial property ranks from twenty-fourth to twenty-seventh (about average), its effective tax rate for apartments ranks nineteenth (somewhat lower than average), and its effective tax rate for residential ranks either fiftieth or fifty-first (very low).[10] Even after adjusting for sales ratios,[11] South Carolina has the highest or second-highest industrial-to-homestead ratio for effective tax rates in the nation (Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence).[12]

Table 1.3 demonstrates the disparity in effective property tax rates for industrial property in South Carolina compared to selected states using an independent data source (anonymously provided by the tax director of a large multistate company). South Carolina's property tax rate on the company is three times

[9] See Appendix B for a comparison of ETRs by property type for South Carolina and comparison states in table B10.
[10] See the appendix for effective tax rates and rankings by property type for South Carolina, the U.S., North Carolina, and Georgia in table B11.
[11] The ratio of a property's appraised value compared to its sales price is called a sales ratio. Sales ratios are used to measure the accuracy of appraisals and equalize values among jurisdictions. Even if it is assumed that appraised values are overstated by 10 to 20 percent, South Carolina's ratio of industrial-homestead effective tax rates is among the highest in the nation.
[12] See appendix F for a discussion of business property tax burden in South Carolina.

higher than the next highest rate among the seven states in the table and more than 30 times higher than the lowest rate in neighboring North Carolina.

Table 1.3 Average Effective Property Tax Rates for a Large Multistate Company

State	Average Effective Tax Rate (%)
South Carolina	30.7
North Carolina	0.9
Florida	1.6
Tennessee	2.8
Indiana	1.7
Kentucky	1.0
Ohio	10.2

Source: Confidential

Note: Effective property tax rates are calculated by dividing property taxes by appraised value.

County Effective Property Tax Rate Comparison

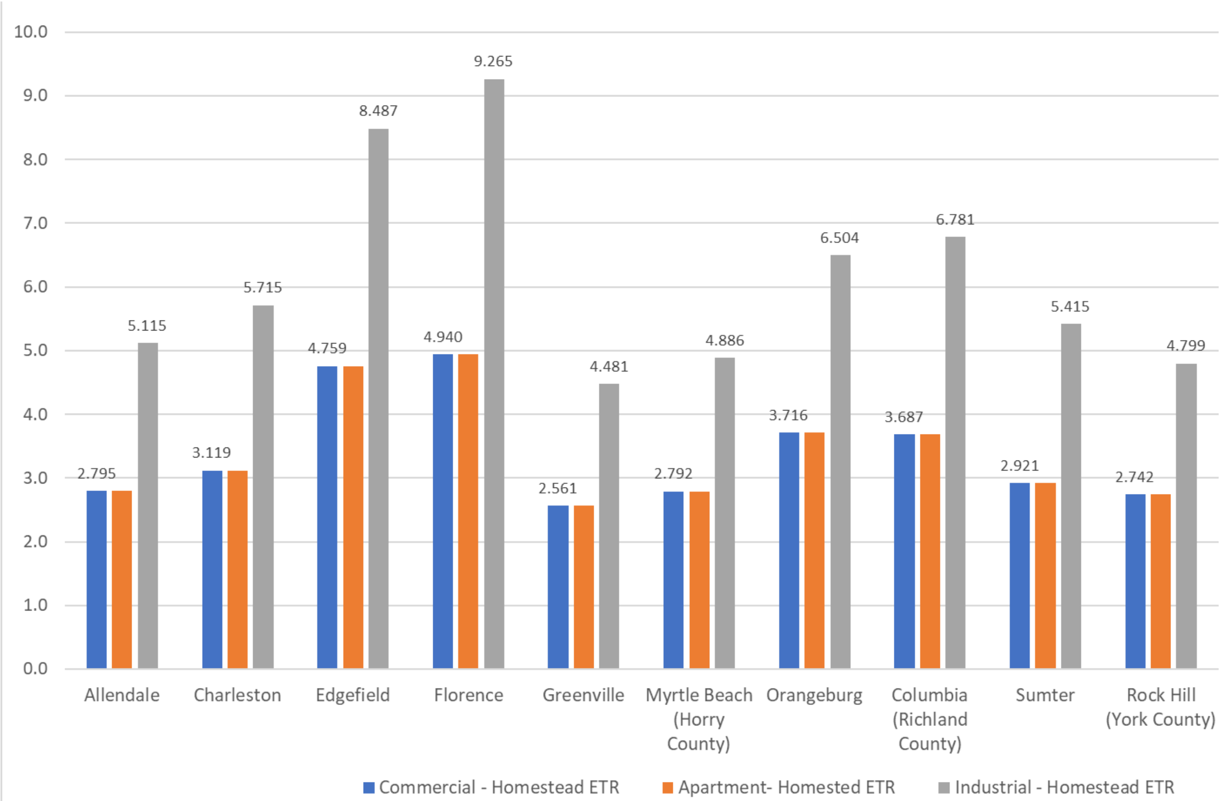
The annual report of the Lincoln Institute of Land Policy and the Minnesota Center for Fiscal Excellence reports effective tax rates for selected cities. The question arises whether effective property tax rates reported for Charleston (the most populous city in South Carolina) or Columbia (previously the most populous city in South Carolina) are representative of the state as a whole. Calculations done by the staff of the Minnesota Center for Fiscal Excellence present information on ratios of effective property tax rates for the largest city in each of the ten focus counties.

Ratios of effective tax rates for commercial or industrial property compared to homestead property vary among the largest city in each county. However, in all 10 focus counties, commercial property is taxed at an effective rate two-and-a-half to five times higher than homestead property and industrial property is taxed at an effective rate four-and-a-half to nine times higher than homestead property (figure 1.5). Since South Carolina taxes apartments at the same rate as commercial properties, the ratios of effective tax rates of commercial and apartment properties compared to homestead rates are identical.

We obtained comprehensive annual financial reports of the largest cities in seven of the ten focus counties.[13] In six of the seven counties, the largest tax bill belonged to an energy/utility company. The top ten taxpayers in these counties accounted for 3 to more than 17 percent of the total assessed value in the county. In York County, the top 10 taxpayers comprised 17.4 percent of the county's assessed value and the North Carolina Municipal Power Agency alone accounted for nearly 5 percent of the county's assessed value. In Horry County, the top 10 taxpayers accounted for just 3.2 percent of the county's total assessed value and the largest taxpayer, an investment firm, accounted for less than 1 percent.

[13] The seven counties reporting the largest taxpayers by either assessed value or tax liability were Charleston, Edgefield, Florence, Greenville, Horry, Richland, and York. See tables B1-B7 for detailed county-by-county data.

Figure 1.5 ETR Ratios for Largest City in 10 Comparison Counties



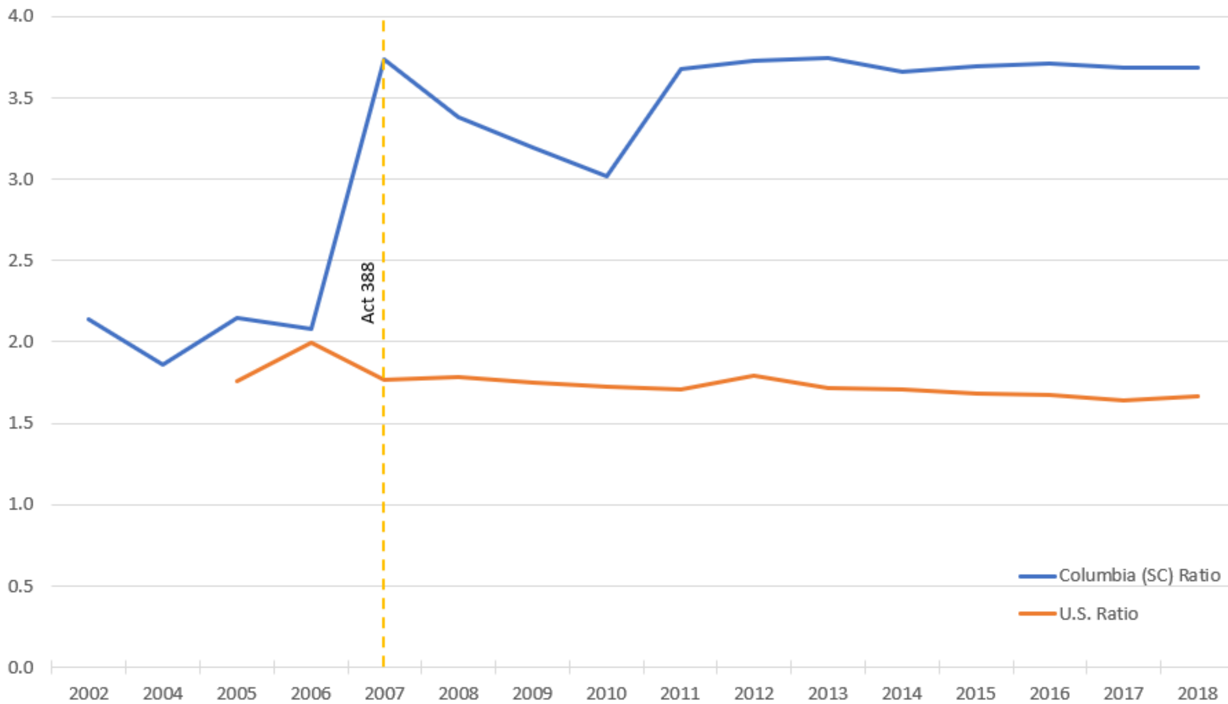
Source: Minnesota Center for Fiscal Excellence

Changes in Effective Tax Rates since Act 388

New estimates by staff of the Minnesota Center for Fiscal Excellence (MCFE) combined with statistics from previously published reports were used to create a time series of the ratio of commercial-to-homestead effective tax rates for the city of Columbia, South Carolina, from 2002 to 2018. (In 2017, Charleston replaced Columbia as the largest city in South Carolina. Consequently, from 2017 forward, Charleston's tax system is used to represent the state in the MCFE annual reports.) In 2002, commercial property in Columbia, South Carolina, was taxed at just over twice the rate of homestead property. In 2007, after the passage of Act 388, commercial property was taxed at nearly four times the rate of homestead property. Although the ratio of commercial-to-homestead effective tax rates has varied from 2007 to 2018, in each year after the passage of Act 388, commercial property has been taxed at a rate at least three times higher than the residential tax rate.[14] Figure 1.6 shows ratios of the commercial effective property tax rate for Columbia, South Carolina, over time.

[14] See appendix table B12 for a table of Columbia's ratio of commercial-homestead effective property tax rates for years 2002–2018.

Figure 1.6 Columbia, South Carolina, and U.S. Average Ratio of Commercial-Homestead Effective Tax Rates, 2002–2018



Source: Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence 2019
Note: The 2017 and 2018 studies reported Charleston as the largest city in South Carolina. This ranking is based on data for the City of Columbia provided by the Minnesota Center for Fiscal Excellence.

Other cities in addition to Charleston, South Carolina, that ranked among the top five commercial-to-homestead effective tax rates in 2018 were Boston, Honolulu, Denver, and Chicago. Boston treats commercial property differently than other Massachusetts municipalities and Chicago's system is different from the rest of Illinois, so those two cities are not necessarily representative of their states as a whole.[15]

Ratios of effective tax rates for industrial property compared to homestead property in South Carolina are even higher and rank first or second nationally (table 1.4). South Carolina is one of only two states where the property tax system treats commercial properties preferentially compared to industrial properties (Minnesota Center for Fiscal Excellence).[16]

[15] See appendix B for a listing of the cities and states with the top five commercial-to-homestead ETR ratios in 2018 and their rates and ratios in table B13.
[16] The other state is Wyoming.

Table 1.4 South Carolina Ratio of Industrial to Homestead Effective Tax Rate, City of Columbia, 2002–2018

Tax Year	Rank	Columbia (SC) Ratio
2002		3.678
2004		3.250
2005	3	3.667
2006	4	4.930
2007	3	6.947
2008	2	8.172
2009	2	6.103
2010	2	5.688
2011	2	6.747
2012	2	6.849
2013	1	6.880
2014	1	6.727
2015	1	6.800
2016	1	6.873
2017	1	6.791
2018	1	6.781

Source: Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence 2019

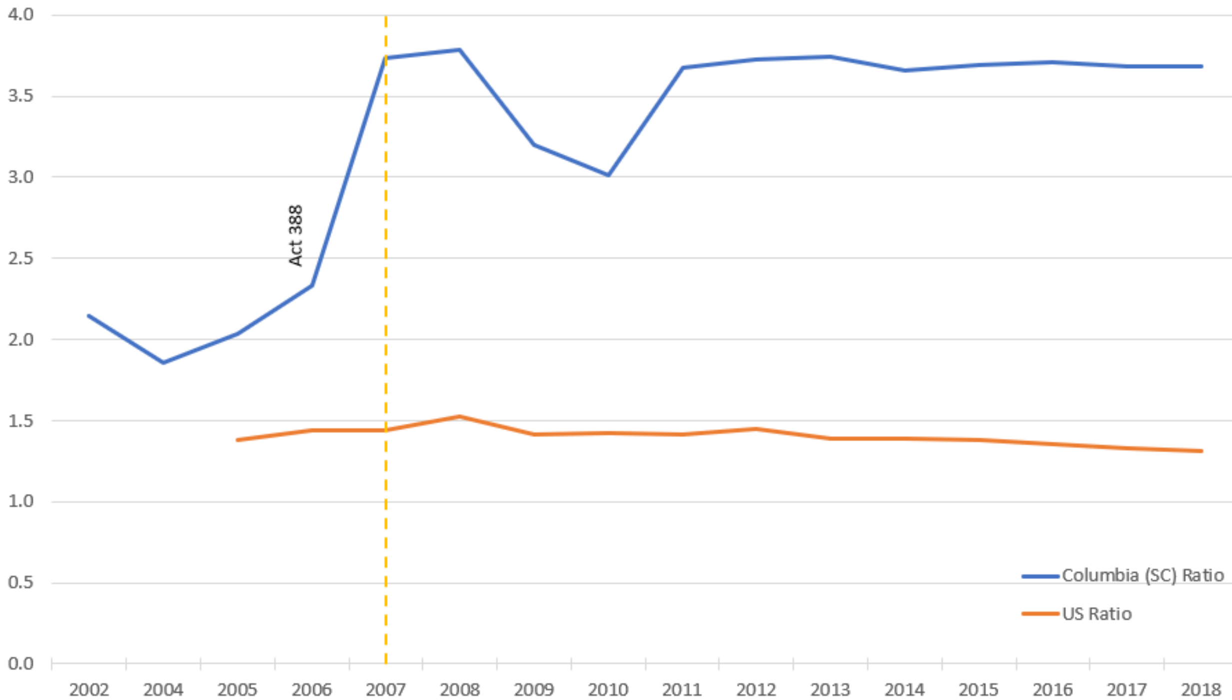
Figure 1.7 shows a time series of the ratio of apartment-to-homestead effective tax rates for the city of Columbia, South Carolina, from 2002 to 2018. It uses data provided by the staff of the Minnesota Center for Fiscal Excellence combined with statistics from previously published reports. In 2002, apartment property in South Carolina was taxed at just over twice the rate of homestead property. In 2007, after passage of Act 388, apartment property was taxed at nearly four times the rate of homestead property. Although the ratio of apartment-to-homestead effective tax rates has varied from 2007 to 2018 in each year after the passage of Act 388 (except 2010) apartment property has been taxed at a rate at least three and a half times higher than the residential tax rate.

In 2018, Charleston, South Carolina, had the highest ratio of apartment-to-homestead effective property tax rates among the largest cities in each state. Other cities in the top five were New York City, Indianapolis, Birmingham, and Charlestown, West Virginia.[17]

See Appendix D for a discussion of Minnesota's reforms which reduced disparities in effective property tax rates among different property types.

[17] See the appendix for a listing of the top 5 states in 2018 and their rates and ratios in table B14.

Figure 1.7 Columbia, South Carolina, and U.S. Average Ratio of Apartment-to-Homestead Effective Tax Rates, 2002–2018



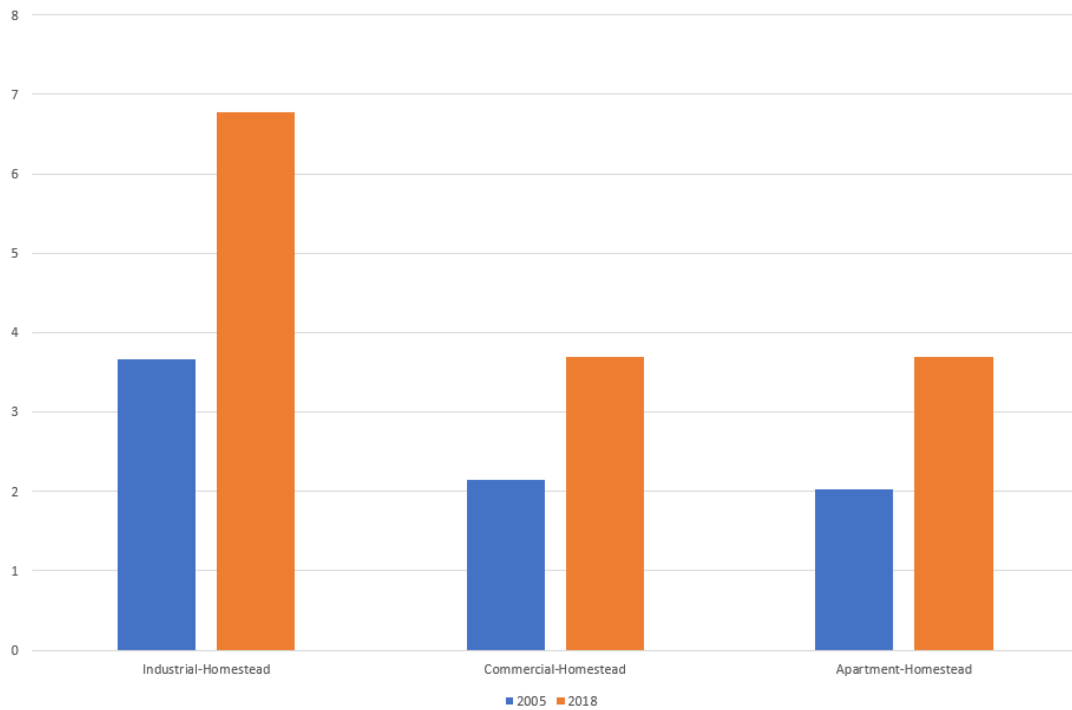
Source: Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence 2019
Note: The 2017 and 2018 studies reported Charleston as the largest city in South Carolina. This ranking is based on data for the City of Columbia provided by the Minnesota Center for Fiscal Excellence.

Figure 1.8 presents three ratios of effective property tax rates for 2005 and 2018. South Carolina clearly shows disparities in effective property tax rates that were exacerbated by enactment of Act 388:

- Before Act 388, industrial property was taxed at about three and a half times higher than homestead property. After Act 388, industrial property has been taxed at nearly seven times the rate compared to homestead property.
- Before Act 388, commercial and apartment properties were taxed at more than two times the rate of homestead property. After Act 388, commercial and apartment properties have been taxed at about three and a half times the rate of homestead property.

South Carolina's unique policy, which fully exempts primary homesteads from property taxes for school operating costs, contributes to the high ratios of industrial, apartment, and commercial property tax rates compared to homestead property tax rates. Michigan exempts primary homesteads from local property taxes for school operating costs, however, it imposes a statewide property tax that captures revenue for schools from all property classes. See Appendix E for a more extended description of Michigan's state education tax.

Figure 1.8 The Impact of Act 388: Changing Ratios of Effective Property Tax Rates



Source: Minnesota Center for Fiscal Excellence

Conclusion

Data on property taxes in South Carolina reveal a complex and unusual system where businesses bear a proportionally greater share of the property tax than homeowners. Taxation of property in the state is subject to assessment ratios and exemptions that have led to widely disparate effective tax rates on homestead and non-homestead property. In a recent survey, 28 percent of businesses reported that South Carolina's property tax has limited their ability to grow in the state.[18] South Carolina is conspicuous for its highest-in-the-nation ratio of industrial-to-homestead property tax rates. Its policy of taxing industrial property differently from commercial property is highly unusual. The state's exemption of all primary homesteads from school operating taxes is unique among the 50 states and a primary driver of South Carolina's property tax imbalance. The South Carolina property tax system lacks the characteristics of equity, efficiency, stability, and transparency, which are foundational to a sound tax system.

[18] See Appendix G for a summary of the South Carolina Chamber Property Tax Survey.

Appendix A:
Overview of Focus Counties

South Carolina comprises 46 diverse counties. In order to identify local effects of the state's property tax structure and Act 388, the South Carolina Chamber Foundation and the South Carolina Realtors chose a set of ten diverse counties for the authors to examine in depth: Allendale, Charleston, Edgefield, Florence, Greenville, Horry, Orangeburg, Richland, Sumter, and York. These counties were chosen from representative parts of the state. Investigation of border counties is especially important because Georgia and North Carolina have very different tax structures than South Carolina and the competitive impact of a different tax structure is most apparent at the border. Greenville, York, and Horry counties border North Carolina. Edgefield and Allendale counties border Georgia. This appendix describes characteristics of these counties (table A1).

Some counties are rural, and others urban, as defined by population per square mile, which ranges from about 26 in Allendale to 575 in Greenville. Total county populations range from 8,903 in Allendale to 414,576 in Richland, the site of Columbia, the state's capitol. Some counties are growing rapidly, such as Horry and York, where population growth since 2010 has exceeded 20 percent; other counties are shrinking, such as Allendale, where population has declined by almost 15 percent since 2010 (table A2).

The number of local building permits issued, and the local unemployment rate can act as indicators of the health of a county's economy. Allendale reported that only seven building permits were issued for 2018, while Greenville reported 4,669. The unemployment rate was highest in Allendale at 6.2 percent, followed by Orangeburg at 5.6 percent. The two counties with the lowest unemployment rates were Charleston (2.9 percent) and Greenville (3.1 percent).

County tier rankings and local poverty rates are two indicators of average county income. The county tiers reflect both per capita income and the unemployment rate. Each January the South Carolina Department of Revenue (DOR) ranks counties into four tiers giving equal weight to per capita income and unemployment rate. The DOR then uses these tiers to determine qualification for the job tax credit, tax moratorium, and reduced fee-in-lieu-of property tax benefits. Tier 1 counties have the lowest unemployment rates and highest per capita income, while tier 4 counties have the highest unemployment rates and lowest income per capita (South Carolina Department of Revenue 2019). Charleston, Greenville, Richland, and York are tier 1 counties. Florence and Sumter are tier 2 counties. Edgefield and Horry are tier 3 counties, and Allendale is a tier 4 county. The poverty rate ranges from 11 percent in York to 37 percent in Allendale. Median household income ranges from $58,000 in Charleston to $23,000 in Allendale.

Table A1 Ten County Comparison

	Allendale	Charleston	Edgefield	Florence	Greenville	Horry	Orangeburg	Richland	Sumter	York
Rural/Urban	Rural	Urban	Rural	Rural	Urban	Rural and Urban	Rural	Urban	Rural	Urban
Tier (based on unemployment rate and per capita income)	4	1	3	2	1	3	4	1	2	1
Number of School Districts	1	1	1	5	1	1	1	2	1	4
Region of the state	Lower Savannah	Low Country/Coastal	Central Savannah	Pee Dee	Upstate	Pee Dee/Coastal	Midlands	Midlands	Midlands	Piedmont
Leading Industry	Manufacturing	Healthcare and Social Assistance	Manufacturing/ Agriculture	Healthcare and Social Assistance	Healthcare and Social Assistance	Tourism	Manufacturing	Healthcare and Social Assistance	Manufacturing	Retail Trade
Top Employer	Fluor	Medical University of South Carolina	Milliken & Co., Johnson Mill	McLeod Health	Greenville Health System/Prism Health	1. Embassy Suites 2. Hilton Grand Vacations 3. Southeast Restaurants Corp.	Husqvarna	1. State of South Carolina 2. Palmetto Health/Prisma Health	Continental	Lash Group
Military Base (Y/N)	N	Y	N	N	N	N	N	Y	Y	N
Border County (Y/N)	Y	N	Y	N	Y	Y	N	N	N	Y

Sources: South Carolina Department of Commerce, 2019; *South Carolina Business Magazine* 2019; Infogroup, Inc., ReferenceUSAGov Database 2019

Table A2 Ten County Comparison

	Allendale	Charleston	Edgefield	Florence	Greenville	Horry	Orangeburg	Richland	Sumter	York	South Carolina
Population Estimates, July 1, 2018	8,903	405,905	27,052	138,159	514,213	344,147	86,934	414,576	106,512	274,118	5,084,127
Population Percent Change 4/1/2010 to 7/1/2018	-14.6%	15.9%	0.3%	0.9%	14.0%	27.9%	-6.0%	7.8%	-0.9%	21.3%	9.9%
Population Percent Under 18	18.9%	19.7%	18.1%	23.6%	23.0%	17.9%	21.9%	21.4%	23.8%	24.3%	21.8%
Population Percent 65 years and over	20.1%	16.4%	18.8%	17.0%	15.8%	24.0%	19.7%	12.7%	16.4%	14.3%	17.7%
Housing Units July 1, 2018	4,488	191,891	11,047	61,116	214,128	210,698	42,785	175,070	48,284	110,237	2,318,271
Percentage of Houses Owner Occupied 2013–2017	66.1%	60.6%	74.8%	65.8%	66.1%	69.9%	68.6%	59.0%	64.9%	71.0%	68.6%
Median Value Owner-occupied Housing Unit 2013–2017	$52,100	$273,100	$123,000	$128,400	$165,600	$166,500	$92,700	$154,100	$113,200	$173,600	$148,600
Building Permits 2018	7	3,969	114	463	4,669	4,520	59	2,644	279	2,692	35,487
Percent of Population Aged 16+ in Civilian Labor Force	41.6%	65.0%	50.2%	60.3%	63.7%	57.8%	53.7%	63.6%	56.9%	66.3%	59.9%
Median Household Income 2013–2017 (2017 dollars)	$23,331	$57,882	$47,500	$43,310	$53,739	$46,475	$34,943	$52,082	$41,946	$59,394	$48,781
Per Capita Income 2013–2017 (2017 dollars)	$13,439	$35,587	$23,804	$23,797	$29,132	$25,804	$19,489	$28,018	$21,733	$30,387	$26,645
Persons in Poverty, Percent	36.7%	13.3%	17.3%	18.6%	12.4%	16.1%	24.4%	16.9%	19.1%	11.2%	15.4%
Persons age 25+ with bachelor's degree or higher 2017	9.4	41.9	19.5	22.5	33.3	23.0	20.1	37.7	19.5	31.1	27.0
Total Employment (June 2019)	2,625	208,671	10,440	65,383	248,547	154,041	33,117	194,001	43,539	135,692	2,291,363
Unemployment Rate (June 2019)	6.2	2.9	3.6	3.7	3.1	3.8	5.6	3.6	4.2	3.5	3.5
Population per Square Mile, 2010	25.5	382.3	53.9	171.1	574.7	237.5	83.6	507.9	161.6	332.2	153.9

Sources: U.S. Census, QuickFacts and American Factfinder, Employment Association of South Carolina 2019, and South Carolina Department of Employment and Workforce 2019

Appendix B: Tables of Top County Taxpayers and Other Property Tax Information

Table B1 Charleston County Top Taxpayers, 2018

Taxpayer	Type of Business	Taxable Assessed Value ($)	% of Total Taxable Assessed Value
South Carolina Electric & Gas	Public Utility	77,537,160	2.0
Boeing	Manufacturing	70,741,530	1.8
Kapstone Kraft	Manufacturing/Chemical	19,051,304	0.5
Kiawah Real Estate Co.	Real Estate	9,058,050	0.2
BellSouth Telecommunications	Public Utility	8,590,980	0.2
Charleston/North Charleston MSA	Retail	8,049,120	0.2
Mid-America Apartments, LP	Apartment	7,962,930	0.2
Ingevity Corp	Chemical Production	6,747,538	0.2
Berkeley Electric Co-Op	Public Utility	6,414,330	0.2
Northwood Mall CMBS	Retail	5,915,360	0.2
TOTAL		220,068,302	5.7

Source: Charleston County Comprehensive Annual Financial Report, 2018

Table B2 Edgefield County Top Taxpayers, 2018

Taxpayer	Taxable Assessed Value ($)	% of Total County Taxable Assessed Value
South Carolina Electric & Gas	4,138,090	5.1
Aiken Electric Co-op, Inc.	2,497,250	3.1
Southern Felt Co.	1,165,830	1.5
Milliken & Company, Inc.	1,050,280	1.3
Fulcra Trenton, LLC	810,000	1.0
Bluegrass Materials Co., LLC	581,070	0.7
Costa Layman	561,070	0.7
Bondex	502,720	0.6
Colonial Pipelines Co.	481,300	0.6
Buckeye Terminals, LLC	412,590	0.5
TOTAL	12,200,200	15.1

Source: Edgefield County Comprehensive Annual Financial Report, 2018

Table B3 Florence County Top Taxpayers, 2018

Taxpayer	Taxes Levied ($)	% of Total Taxes Levied
Duke Energy	3,779,252	2.8
FCWC JI PC Nanya	2,719,009	2.0
QHG of South Carolina	2,044,132	1.5
South Carolina Electric & Gas	1,227,194	0.9
Rocktenn Company	1,036,485	0.8
PR Magnolia, LLC	945,852	0.7
CSX Transportation, Inc.	852,599	0.6
Ruiz Food Products	730,939	0.6
BellSouth Telecommunications	601,943	0.5
Time Warner Cable	577,060	0.4
TOTAL	14,514,465	10.9

Source: Florence County Comprehensive Annual Financial Report, 2018

Table B4 Greenville County Top Taxpayers, 2018

Taxpayer	Taxable Assessed Value ($)	% of Total Taxable Assessed Value
Duke Energy	48,543,000	2.1
Cellco Partnership	11,755,000	0.5
BellSouth Telecommunications	9,157,000	0.4
Greenridge Shops, Inc	6,046,000	0.3
Simon Haywood, LLC and Bellweather	5,986,000	0.3
Magnolia Park	5,963,000	0.3
Piedmont Natural Gas	5,847,000	0.3
Michelin North America	6,588,000	0.3
Laurens Electric Coop, Inc.	5,273,000	0.2
3M Company	5,323,000	0.2
TOTAL	110,481,000	4.9

Source: Greenville County Comprehensive Annual Financial Report, 2018

Table B5 Horry County Top Taxpayers, 2018

Taxpayer	Taxable Assessed Value ($)	% of Total Assessed Value*
Burroughs & Chapin Company, Inc. (2)(3)	19,116,080	0.9
Horry Electric Coop, Inc.	18,671,960	0.8
Lawyers Title Insurance Corp.	5,260,390	0.2
Bluegreen Vacations Unlimited, Inc.	5,212,970	0.2
South Carolina Electric & Gas	4,522,120	0.2
Marriott Ownership Resorts, Inc.	4,068,990	0.2
Time Warner Cable	4,003,410	0.2
AVX Corporation	3,608,263	0.2
Ocean Lakes Family Campground	3,564,080	0.2
Wal-Mart Real Estate Business Trust	3,290,530	0.2
TOTAL	71,318,793	3.2

Source: Horry County Comprehensive Annual Financial Report, 2018

*Property exempt from county taxes has been subtracted from Total Assessed Value.

Table B6 Richland County Top Taxpayers, 2018

Taxpayer	Type of Business	Taxable Assessed Value ($)	% of Total Taxable Assessed Value
South Carolina Electric & Gas	Electric Utility	81,943,210	5.1
International Paper Co.	Paper Products	23,712,350	1.5
Blue Cross Blue Shield	Insurance	12,652,720	0.8
Cellco Partnership	Wireless Communication	8,598,630	0.5
BellSouth Telecommunications	Telephone Service	7,837,350	0.5
Westinghouse Electric Co.	Nuclear Fuel	7,615,160	0.5
Providence Hospital, LLC	Healthcare	5,596,350	0.4
Time Warner Cable	Cable	4,740,300	0.3
HPT Sunbelt Portfolio, LLC	Real Estate Investments	3,201,950	0.2
AT&T Mobility	Telephone Service	3,315,480	0.2
TOTAL		159,213,500	9.8

Source: Richland County Comprehensive Annual Financial Report, 2018

Table B7 York County Top Taxpayers, 2018

Taxpayer	Taxable Assessed Value ($)	% of Total Taxable Assessed Value
NC Municipal Power Agency #1	63,721,000	4.8
Duke Energy	43,810,000	3.3
NC Electric Membership Corp.	42,000,000	3.2
Piedmont Municipal Power	20,277,000	1.6
Resolute FP U.S., Inc./Bowater Incorporated	11,268,000	1.5
Ross Dress for Less, Inc.	11,268,000	0.9
York Electric Co-op, Inc.	9,837,000	0.8
Comporium, Inc./Rock Hill Telephone Company	7,807,000	0.6
Schaffler Group USA, Inc.	5,986,000	0.5
LPL Holdings, Inc.	4,622,000	0.4
TOTAL	220,596,000	17.4

Source: York County Comprehensive Annual Financial Report, 2018

Table B8 South Carolina Assessment Ratio and Projected Property Tax Revenue by Class of Property, 2019–2020

Property Classification	Assessment Ratio (%)	Projected Property Tax Revenue ($)	% of Total Revenue	Appraised By
Owner-Occupied	4.0	1,370,549,000	18.2	County Assessor
Agricultural (Private)	4.0	38,524,000	0.5	County Assessor
Agricultural (Corporate)	6.0	6,178,000	0.1	County Assessor
Commercial/Rental	6.0	3,251,720,000	43.2	County Assessor
Personal Property (Vehicles)	6.0	879,498,000	11.7	County Auditor
Other Personal Property	10.5	125,753,000	1.7	County Auditor
Fee-in-Lieu	N/A*	581,966,000	7.7	N/A
Manufacturing	10.5	271,396,000	3.6	Department of Revenue
Utility	10.5	662,456,000	8.8	Department of Revenue
Business Personal	10.5	305,984,000	4.1	Department of Revenue
Motor Carrier	9.5	29,777,000	0.4	Department of Revenue
TOTAL		7,523,801,000	100.0	

Source: South Carolina Revenue and Fiscal Affairs, 2019

*Assessment ratios for Fee-in-Lieu are negotiable and vary by agreement. The minimum ratio is 4.0%.

Table B9 Selected Measures of Property Tax Burden, South Carolina and Selected States, 2016

	South Carolina		**U.S.**	**North Carolina**		**Georgia**		**Florida**		**Tennessee**		**Virginia**	
	Rate	**Rank**	Rate	Rate	Rank	Rate	Rank	Rate	Rank	Rate	Rank	Rate	Rank
Per capita property tax	**$1,164**	**32**	$1,556	$975	39	$1,159	33	$1,263	31	$836	46	$1,545	20
Total property tax as percentage of state-local revenue	**14.5%**	**29**	16.1%	12.2%	38	17.1%	20	17.7%	17	12.2%	38	18.5%	14
Property tax percentage of personal income	**2.9%**	**23**	3.1%	2.3%	39	2.7%	29	2.7%	28	1.9%	47	2.9%	22
Effective tax rate, median owner-occupied home	**0.57%**	**45**	1.10%	0.86%	31	0.91%	27	0.98%	26	0.74%	38	0.80%	34

Sources: U.S. Census via Significant Features of the Property Tax, American Community Survey

Notes: All revenue numbers in this table include the state government as well as local governments. Effective tax rate is calculated as the median real estate tax paid on owner-occupied homes as a percent of the median owner-occupied home value.

Table B10 Effective Tax Rates and Ratios by Property Type, South Carolina and Selected States, 2018

		Charleston (SC)*		U.S.	Charlotte (NC)		Atlanta (GA)		Jacksonville (FL)		Nashville (TN)		Virginia Beach (VA)	
		Rate	**Rank**	Rate	Rate	Rank	Rate	Rank	Rate	Rank	Rate	Rank	Rate	Rank
Business	$1 M Commercial EFT	**1.814%**	***26***	1.945%	1.036%	48	1.520%	30	1.644%	29	1.209%	43	0.956%	51*
Business	$1 M Industrial EFT	**2.335%**	***4***	1.418%	0.884%	44	1.409%	24	1.332%	29	1.104%	33	0.494%	53
Residential	Median Homestead EFT	**0.511%**	***51*****	1.443%	0.980%	38	1.099%	35	1.226%	26	0.789%	44	0.905%	41
Residential	$600,000 Apartment EFT	**1.656%**	***19***	1.680%	0.996%	44	1.500%	25	1.604%	21	1.247%	37	0.827%	48
Relative ETR	Commercial to Homestead Ratio	**3.119**	***4***	1.666	1.000	45	1.358	25	2.103	13	1.600	24	0.915	53**
Relative ETR	Apartment to Homestead Ratio	**3.119**	***1***	1.308	1.000	45	1.358	14	2.103	6	1.600	11	0.871	53**

Source: Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence, 2019

* The rates reported for South Carolina are revised rates based on new methodology for South Carolina which is reflected in a forthcoming revision of the original source report.

** The 50-State Property Tax Comparison Study reports effective tax rates for the largest city in each state. The tables list 53 cities because the study includes Washington D.C. and two cities each in Illinois and New York since property taxes in Chicago and New York City differ markedly from the rest of the state.

Table B11 Selected Effective Tax Rates by Property Type, South Carolina and Selected States, 2018

	Charleston (SC)		U.S.	Charlotte (NC)		Atlanta (GA)	
	Rate	**Rank**	**Rate**	**Rate**	**Rank**	**Rate**	**Rank**
Homestead: Median*	0.511%	51	1.443%	0.980%	38	1.099%	35
Homestead: $150,000	0.511%	50	1.397%	0.980%	37	0.698%	46
Homestead: $300,000	0.511%	51	1.459%	0.980%	39	1.100%	35
Apartment: $600,000	1.656%	19	1.680%	0.996%	44	1.500%	25
Apartment-Homestead Ratio	**3.119**	**1**	**1.308**	**1.000**	**45**	**1.358**	**14**
Commercial: $100,000	1.814%	24	1.878%	1.036%	48	1.520%	28
Commercial: $1 Million	1.814%	26	1.945%	1.036%	48	1.520%	30
Commercial: $25 Million	1.814%	27	1.981%	1.036%	48	1.520%	32
Commercial-Homestead Ratio	**3.119**	**4**	**1.666**	**1.000**	**45**	**1.358**	**25**
Industrial: $100,000	2.335%	4	1.336%	0.884%	40	1.409%	22
Industrial: $1 Million	2.335%	4	1.418%	0.884%	44	1.409%	24
Industrial: $25 Million	2.335%	4	1.447%	0.884%	44	1.409%	25

Source: Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence, 2019

*Median home values vary across states. The median home value for Charleston was $344,600; the median home value in Charlotte was $215,500; and the median home value in Atlanta was $299,400.

Table B12 South Carolina Ratio of Commercial-Homestead Effective Tax Rates, City of Columbia, 2002–2018

Tax Year	Rank	Columbia (SC) Ratio	U.S. Ratio
2002	10	2.139	
2004	17	1.857	
2005	12	2.143	1.757
2006	13	2.083	1.993
2007	3	3.732	1.766
2008	5	3.377	1.786
2009	6	3.198	1.751
2010	5	3.016	1.724
2011	2	3.675	1.707
2012	4	3.729	1.791
2013	3	3.747	1.716
2014	4	3.661	1.710
2015	3	3.691	1.683
2016	3	3.713	1.672
2017	3	3.682	1.641
2018	4	3.687	1.666

Source: Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence, 2019

Note: The 2017 and 2018 studies reported Charleston as the largest city in South Carolina. This ranking is based on data for the City of Columbia provided by the Minnesota Center for Fiscal Excellence.

Table B13 Top Five Commercial-Homestead Ratios of Effective Tax Rates, 2018

City	Rate	Rank
Boston (MA)	4.425	1
Honolulu (HI)	3.973	2
Denver (CO)	3.885	3
Charleston (SC)	3.119	4
Chicago (IL)	2.943	5

Source: Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence, 2019

Table B14 Top Five Apartment-Homestead Ratios of Effective Tax Rates, 2018

City	Rate	Rank
Charleston (SC)	3.119	1
New York (NY)	2.550	2
Indianapolis (IN)	2.425	3
Birmingham (AL)	2.183	4
Charlestown (WV)	2.148	5

Source: Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence, 2019

Appendix C
South Carolina: A Comparison with Neighboring States

Although property taxes are levied in every state in the country, the structure of those tax systems varies markedly. Table C1 relies primarily on the Lincoln Institute of Land Policy's unique property tax database, *Significant Features of the Property Tax,* and its companion tool, *State-by-State Property Tax at a Glance*, to compare South Carolina's property tax structure to neighboring states, while providing a count of states in the U.S. with each feature.

Table C1 Property Tax Features, South Carolina and Selected States, 2017

	South Carolina	Count for U.S. 50 states plus DC	Georgia	Florida	North Carolina	Tennessee	Virginia
Statewide classification of real property	**Yes**	25	Yes	No	Yes	Yes	No
State property tax at least 5% of own-source revenue	**No**	8	No	No	No	No	No
Assessment of property primarily by county	**Yes**	31	Yes	Yes	Yes	Yes	No
Annual assessment cycle	**No (5 years)**	20	Yes	Yes	No (up to 8 years)	No (4-6 years)	No (1-6 years)
Limits on property tax rates	**Yes**	36	Yes	Yes	Yes	No	No
Limits on property tax levies	**No**	36	No	No	No	No	Yes
Limits on the rate of growth of assessed value	**Yes**	20	Yes	Yes	No	No	No
Homeowners exempt from all school operating taxes	**Yes**	1	No	No	No	No	No
Circuit breaker property tax relief program	**No**	34	No	No	Yes	No	No
Tax increment financing Program	**Yes**	50	Yes	Yes	Yes	Yes	Yes
Economic development property tax abatement	**Yes**	37	No	Yes	Yes	No	Yes
Fee in lieu of taxes (FILOT)	**Yes**	6	No	No	No	No	No

Sources: Significant Features of the Property Tax; Kenyon, Langley, and Paquin, 2012

When South Carolinians describe manufacturing property as being assessed at 10.5 percent, rental property at 6 percent, and residential property at 4 percent, they are describing a classified property tax system. "A classified property tax system is one in which different kinds or classes of property are assessed at different assessment ratios or taxed at different tax rates" (Woolery 1979, 85). In the South Carolina property tax system, the assessment ratios vary but the nominal tax rates do not.

Twenty-five states classify real property for taxation purposes. Among South Carolina's comparison states, Florida and Virginia do not have a classified system, while Georgia, North Carolina, and Tennessee do.

Although the property tax is primarily a local government tax in the U.S., 36 states, including South Carolina derive some revenue from a property tax that is levied by the state government. In most cases, these state property taxes are levied on railroads, utilities, or natural resources. A subset of those 36 states derive at least 5 percent of their revenue from a state property tax. Those eight states are Arkansas, Kansas, Michigan, Montana, New Hampshire, Vermont, Washington, and Wyoming. Some of these states use a state property tax to help pay for schools. This allows the state access to a tax with a base that is more stable than income or sales taxes, while avoiding the fiscal disparity problem linked to local reliance on the property tax. An example is Michigan, which enacted a state property tax known as the Education Property Tax. Interestingly, Michigan is another *tax swap* state, like South Carolina, which decided to swap some of its reliance on local property taxes for greater reliance on state sales taxes. However, at the same time that Michigan swapped higher sales taxes for lower local property taxes, it also enacted the state property tax for education. Unlike Michigan, South Carolina did not establish a statewide property tax to offset local property tax loss, but instead increased its sales tax rate from 5 percent to 6 percent and mandated state reimbursement of local tax loss. Shortly after adoption of the policy, economic recession battered the sales tax base and the increase in the rate did not produce sufficient revenue to offset the local property tax loss (State-by-State Property Tax at a Glance).

Chapter 2 will explore property tax assessment issues in some detail. This table presents only a few features of property tax assessment systems. Like all the comparison states except for Virginia, South Carolina relies primarily on counties to perform assessments. The qualification "primarily" leaves room for some property tax assessment by other than county governments.

In South Carolina, the Department of Revenue assesses the following types of property: manufacturing real property, utilities, business personal property, railroads, private carlines, airlines, and pipelines. Although the majority of states conduct central assessing for railways, railroad cars, gas utilities, natural gas pipelines, electric utilities, oil pipelines, and telecommunications companies, it is rare for a state to conduct central assessment for manufacturing properties (Dornfest, et al 2019).
For properties assessed by the counties, the assessment function is split between assessors and auditors. The county assessor assesses primary residential, other residential, agriculture, and commercial properties. The auditor assesses vehicles and some types of other personal property with the exception of business personal property.

Another assessment feature is the assessment cycle. It should be noted that the standard recommended by the International Association of Assessing Officers is a one-year assessment cycle (IAAO 2010). Nevertheless, only Florida and Georgia among the comparison states employ an annual assessment cycle. Nationwide, 20 states have laws requiring annual reassessment. In Virginia, the cycle ranges from one to six years, in Tennessee, the cycle ranges from four to six years, in North Carolina, counties are allowed up to eight years, and in South Carolina, the assessment cycle is five years, except when a county appeals for a one-year extension, in which case they are granted a six-year assessment cycle.

In table C1, the three rows following the *annual assessment cycle* row concern state-imposed limitations on local property tax collections. "All but four states limit property taxation through at least one state-imposed restriction on the growth of state and/or local property tax rates, levies, or assessments. Those states are Hawaii, New Hampshire, Tennessee, and Vermont" (Paquin 2015).

A rate limit restricts property tax rates so they are either frozen or limited by some index or formula. Act 388 placed a limit on local property tax rates. Rate increases are capped at the rate of inflation plus the rate of population growth. Among South Carolina's comparison states only Tennessee and Virginia do not have limits on property tax rates. In total, 36 states have limits on property tax rates.

A levy limit is a limit on the amount of revenue raised by the property tax or on the rate of growth in property tax revenues. Again, 36 states impose limits on property tax levies. However, among the comparison states, only Virginia places a limit on property tax levies. Recall that Virginia does not limit property tax rates.

The third type of property tax limit is a constitutional limit on the rate of growth in assessed values. Assessment limits place a limit on annual increases in assessed values (or in the case of South Carolina, appraised value) so that increases in assessed values are either frozen or limited by an index or formula. Act 388 imposed an assessment cap. This is a 15 percent cap on the growth of property tax appraisals over a five-year period unless the property is sold during that time. Twenty states impose assessment caps, including Florida and Georgia among the comparison states, though Georgia's assessment limit is enacted at local option and is not imposed statewide.

Of the three types of limits on property taxes—rate limits, levy limits, and assessment limits—property tax analysts typically have the greatest concerns about assessment limits. For example, the Haveman and Sexton (2008) report on assessment limits concludes:

> Assessment limits are often put forward as a means of combating two problems popularly associated with rapidly appreciating property values: increasing tax bills and the redistribution of tax burdens. In fact, 30 years of experience suggests that these limits are among the least effective, least equitable, and least efficient strategies for providing property tax relief.

Joan Youngman (2016) is similarly critical of assessment limits:

> Assessment limits address the problem of volatility in property taxation, but at a heavy price. They can undermine the distribution of the tax according to property value, providing the greatest benefit to the most expensive property experiencing the most rapid price appreciation. Their complexity diminishes the transparency and accountability that are among the greatest strengths of the property tax. When tax limitations are under consideration as necessary responses to pressure for tax relief, alternative approaches that maintain the integrity of the valuation rolls should be considered first. These would include restrictions on tax rates, deferrals and other extended payment options, [and] "circuit breaker" relief for owners whose taxes are disproportionate to their income…"

One very unusual feature of South Carolina's property tax system is the complete exemption of primary homesteads from property taxes for school operating costs. Six states do have a partial school exemption solely for school property taxes, but this is typically a much smaller reduction in property tax liability. For example, residential properties in Kansas receive a $20,000 exemption from the local school property tax (Significant Features of the Property Tax). The only other state to exempt homeowners from local property taxes for school operating costs is Michigan. And in Michigan's case, there is an additional state education property tax which is levied on all property, including homesteads.

The row labeled *circuit breaker property tax relief program* in table C1 identifies states that use this option. Circuit breakers are a form of targeted property tax relief. A circuit breaker provides direct property tax relief that increases as household income declines, for a given property tax bill (Bowman, Kenyon, Langley, and Paquin 2009). A simple form of circuit breaker is a threshold circuit breaker that provides homeowners with property tax relief if their property taxes exceed a certain percent of their income. For example, Massachusetts' circuit breaker provides property tax relief to seniors whose property tax bill exceeds 10 percent of their income. As the table shows, although 34 states employ circuit breakers, this device is not popular in the Southeast. Among South Carolina's comparison states only North Carolina employs a circuit breaker.

The last three rows of the table concern special property tax treatment for business. The first program, tax increment financing (TIF) is used in 49 states and Washington, DC, but apparently much less intensively in South Carolina. Typically, business property taxes are not abated under TIF but earmarked for uses such as construction of new infrastructure in the TIF district.

Thirty-seven states, including South Carolina, have some sort of stand-alone non-geographically based property tax abatement for businesses, which is used for economic development purposes (Kenyon, Langley, and Paquin 2012). In South Carolina, the most prominent form of property tax abatement is fee in lieu of taxes (FILOT). The various forms of FILOTs will be described in Chapter 5. It is difficult to ascertain how many other states use a similar property tax abatement scheme because this type of device is not tracked systematically in Significant Features of the Property Tax, and different states use different names for the mechanism. Most often the device is termed payment in lieu of taxes (PILOT), but this can be confused with nonprofit payments in lieu of taxes, a very different animal. Arizona uses an economic development incentive called a government property lease excise tax (GPLET) which is very similar to a FILOT:

> Under a GPLET, certain developers avoid paying property tax by allowing the title of their land to go to the city in exchange for an exclusive right to lease the property back. Since cities do not pay property taxes, neither does the developer nor the final user. However, the developer or end user does make alternative tax payments based on the size, height, and use of the development, thus explaining why this is an excise tax. After a set period, the GPLET expires and the property goes back on the tax roll (Chapman 2018).

Table C2 Selected Measures of Property Tax Burden, South Carolina and Selected States, 2016

	South Carolina		U.S.	North Carolina		Georgia		Florida		Tennessee		Virginia	
	Rate	Rank	Rate	Rate	Rank	Rate	Rank	Rate	Rank	Rate	Rank	Rate	Rank
Per capita property tax	**$1,164**	**32**	$1,556	$975	39	$1,159	33	$1,263	31	$836	46	$1,545	20
Total property tax as percentage of state-local revenue	**14.5%**	**29**	16.1%	12.2%	38	17.1%	20	17.7%	17	12.2%	38	18.5%	14
Property tax percentage of personal income	**2.9%**	**23**	3.1%	2.3%	39	2.7%	29	2.7%	28	1.9%	47	2.9%	22
Effective tax rate, median owner-occupied home	**0.57%**	**45**	1.10%	0.86%	31	0.91%	27	0.98%	26	0.74%	38	0.80%	34

Sources: U.S. Census via Significant Features of the Property Tax, American Community Survey

Notes: All revenue numbers in this table include the state government as well as local governments. Effective tax rate is calculated as the median real estate tax paid on owner-occupied homes as a percent of the median owner-occupied home value.

South Carolina relies on the property tax for 14.5 percent of its state-local revenue, placing the state twenty-ninth highest among states in its reliance on the property tax. In this respect, South Carolina is not very different from its neighbors. Although in percentage terms, South Carolina's property tax reliance sounds low, its property tax collections amounted to $5.6 billion in 2016.

Table C2 presents the most common measures of property tax burden: per capita property tax, property tax as a percent of personal income, and the estimated effective tax rate for the median owner-occupied home. Of these three measures, the effective tax rate is considered the best way to measure property tax burden. An effective tax rate compares the tax paid (tax liability) to the value of the property on which the tax is levied (tax base). Another way to think of effective tax rate is the tax bill as a percent of the property's market value.

Because South Carolina is a relatively low-income state, it ranks twenty-third among the states in property tax as a percent of personal income. But its per capita property tax burden of $1,164 in 2016 placed South Carolina thirty-second among the states, and its estimated effective tax rate for a median owner-occupied home of 0.6 percent, gave South Carolina a rank of forty-five. South Carolina's low ranking for property tax burden on homeowners and its average or above-average ranking for broad measures of the property tax burden suggest the burden of the property tax is skewed away from homeowners.

Appendix D
Minnesota's Compression of Property Tax Rates

Minnesota used to have widely disparate effective property tax rates on different classes of property, as South Carolina does now.[19] This is a brief history of how Minnesota implemented various reforms between 1997 and 2002 to decrease the disparities in effective property tax rates among different property types.

Currently, the effective tax rate on commercial property in South Carolina is three times that of homestead property (Lincoln Institute of Land Policy 2018, 37-38). In Minnesota, the effective tax rate on commercial property is almost twice that of homestead property. The effective tax rate on apartments in South Carolina is also three times that of homestead property while Minnesota's effective tax rate on apartments is just 1.3 times that of homestead property (table D1).

Table D1 Ratios of Effective Tax Rates in South Carolina and Minnesota, 2018

State	Commercial-Homestead Rate (%)	Apartment-Homestead Rate (%)
South Carolina*	3.1	3.1
Minnesota	1.8	1.3

Source: Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence 2019
*These numbers are for Charleston, while ratios reported elsewhere are for Columbia. The two cities have slightly different ratios.

Minnesota was able to successfully decrease the disparities in effective property tax rates by compressing the rates for different classes of property. The first step in compressing property tax rates was done with the passage of the 1997 Omnibus Tax Bill, which reduced business and apartment properties' share of the local tax base by reducing classification rates for businesses and apartments relatively more than it reduced classification rates for homestead property (Minnesota Taxpayers Association 1996).

In order to explain the impact of these changes, some key terms related to Minnesota's property tax system need to be defined. Both South Carolina and Minnesota have a classified property tax system meaning that different types of property can be taxed at different rates. In Minnesota, however, the class rate varies by both class of property and by value of property. Like South Carolina, the value of the property is determined by the assessor. Minnesota refers to this appraised value as the market value or estimated market value, while South Carolina uses the term fair market value. The value actually used in calculating property taxes in Minnesota is the taxable market value, which includes all limits, deferrals, and exclusions. The taxable market value is multiplied by the class rate to get the "net tax capacity." The cumulative net tax capacity of all properties in a county is the tax base used to determine a county's tax levy. (Minnesota Department of Revenue 2019)

For example, a residential homestead property in Minnesota with a taxable market value of $300,000 would have a class rate of 1 percent. To find the net tax capacity of this property, the taxable market value is

[19] Minnesota has a long history of providing extensive state aid to local governments in order to keep property taxes low for homeowners. Homeowners saw their property taxes decrease year after year with seemingly endless increases in state aid making up for the lost revenue. By the mid-90s, rapid valuation increases along with vast disparities among homes and businesses contributed to calls for property tax reform. For more details visit "State-by-State Property tax at a Glance" on the Lincoln Institute website. https://www.lincolninst.edu/research-data/data-toolkits/significant-features-property-tax/state-state-property-tax-glance

multiplied by the class rate. Thus, the tax capacity would be $3,000. Another residential homestead property may have a taxable market value of $600,000, which would mean the property is subject to a higher class rate.[20] The first $500,000 would be taxed at the 1 percent rate ($500,000 x 0.01) and the last $100,000 would be taxed at a higher rate of 1.25 percent ($100,000 x 0.0125). The net tax capacity for this property would be the sum of these two values, or $6,250. (Minnesota Department of Revenue 2019)

The reforms made in 1997 increased the tax capacity of homesteads to a percentage much closer to the market value while it decreased the tax capacity for businesses and apartments. Despite the increase in tax capacity, homesteads still saw a 5.4 percent decrease in property taxes. Businesses saw a 6.3 percent decrease and rental units saw an 8.2 percent decrease.

The following year, Governor Carlson's budget proposal, enacted by the legislature, decreased property tax classification rates even further in a near replay of the 1997 session. Classification rates decreased for higher value homes, but commercial and industrial class rates experienced an even greater decrease, which further compressed property tax rates (Minnesota Taxpayers Association 1998).

The next major reform came in 2001 when Governor Ventura created the Big Tax Reform Plan that included a full state takeover of basic education expenses, a statewide property tax on "non-voting" property, an exemption from school operating levies for property subject to the statewide tax, and further compressed property tax classification rates (Minnesota Taxpayers Association 2001). The results of this reform included a shift of both homestead and business tax capacity share closer to their taxable market share. Businesses experienced a net decrease in property taxes by paying the new statewide property tax rather than school operating levies. Although homeowners would pay a greater percentage of the total property tax, they also saw reductions in local property tax collections. In other words, homeowners would now have a bigger share of a smaller pie.

Table D2 Minnesota Class Rate Changes, 1997-2002

Class of Property	Class Rate (%)					
	1997	1998*	1999**	2000	2001	2002***
Residential Homestead:						
First $72,000	1.00	1.00	1.00	NA	1.00	1.00
$72,000 - $75,000	2.00	1.00	1.00	NA	1.00	1.00
$75,000 - $200,000	2.00	1.85	1.70	NA	1.65	1.00
$200,000 and over	2.00	1.85	1.70	NA	1.65	1.50
Commercial/Industrial:						
First $100,000	3.00	2.70	2.45	NA	2.40	1.50
$100,000 - $150,000	4.60	2.70	2.45	NA	2.40	1.50
$150,000 - $200,000	4.60	4.00	3.50	NA	3.40	1.50
$200,000 and over	4.60	4.00	3.50	NA	3.40	2.00

Source: Minnesota Tax Handbook
*Compression 1
**Compression 2
***Compression 3

[20] The current class rates on residential homestead property are 1 percent on the first $500,000 and 1.25 percent over $500,000 (Minnesota Department of Revenue 2019).

Between 1997 and 2002, three major compressions of property tax rates significantly decreased the disparities between residential homesteads and commercial property. Prior to these compressions, commercial and industrial properties had a 4.6 percent class rate on the portion of property valued over $100,000 while residential homestead property had a 2 percent class rate on the same portion of a property's value (table D2). After the compressions in tax rates, there was just a 0.5 percentage point difference in class rate between residential homesteads and commercial and industrial property. For example, a $100,000 property would be subject to a 1.5 percent rate if it was classified as a commercial property and a 1 percent class rate if it was classified as a residential homestead.

Appendix E
Michigan's State Property Tax

South Carolina and Michigan both passed legislation that provided homeowners with a full exemption from property taxes that pay for school operating costs. This is an explanation of how Michigan replaced lost revenue by making a variety of changes to school funding, including the implementation of a state-wide property tax.

In 1993, the Michigan Legislature approved Public Act 145, eliminating real and personal property taxes for school operating expenditures for all property types (Office of Revenue and Tax Analysis 2002, 3). This law cut about 65 percent, or $6.5 billion, of school funding for the following fiscal year without providing any alternative source of funding (Cullen & Loeb 2004, 222).

It was not until the following year that voters approved Proposal A, which made changes to the state's school aid fund and taxation (table E1). This proposal, much like in South Carolina, increased the state sales tax from 4 percent to 6 percent with the additional 2 percent completely dedicated to the state's School Aid Fund. It also created a state property tax called the State Education Tax. This tax is assessed on the taxable value of all property, including homestead property, at 6 mills (Cullen & Loeb 2004, 222). Local taxation for operations was set at 18 mills for full participation in the state school finance program and was levied on the taxable value of non-homestead property (Cullen & Loeb 2004, 222). Additionally, a new real estate transfer tax of 0.75 percent applied to the selling price of property and the cigarette tax increased by 50 cents.

Table E1 Taxes in Michigan Before and After Proposal A

<table>
<tr><th></th><th>Before Proposal A</th><th>After Proposal A</th></tr>
<tr><td>Local School Operations Tax</td><td></td><td></td></tr>
<tr><td>Homesteads</td><td rowspan="2">34 mill average</td><td>None</td></tr>
<tr><td>Non-homesteads</td><td>Capped at 18 mills</td></tr>
<tr><td>State Education Tax</td><td></td><td></td></tr>
<tr><td>Homesteads</td><td rowspan="2">None</td><td rowspan="2">6 mills</td></tr>
<tr><td>Non-homesteads</td></tr>
<tr><td>Sales Tax</td><td>4 percent</td><td>6 percent</td></tr>
<tr><td>Real Estate Transfer Tax</td><td>None</td><td>0.75 percent</td></tr>
<tr><td>Cigarette Tax</td><td>25 cents per pack</td><td>75 cents per pack</td></tr>
</table>

Source: Michigan Office of Revenue and Tax Analysis 2002

Proposal A drastically changed how public schools in Michigan are funded. The reduction in property taxes and the increase in state aid to schools meant that the state would provide about 78 percent of school funding (Cullen & Loeb 2004, 222). Prior to Proposal A, the state was only providing about 31 percent of school funding while 65 percent was funded by local taxation.

The primary difference in how Michigan and South Carolina implemented the homestead exemption for local school operating taxes is that Michigan introduced a state property tax. Residential homestead property in Michigan became subject to a new 6 mill state education tax while primary residential homeowners in South Carolina saw no new state property tax.

Appendix F
Business Property Taxation in South Carolina

The share of state and local taxes paid by South Carolina businesses is eleventh highest among the states. According to research by Ernst & Young LLP (E&Y), the share of these taxes paid by businesses did not change dramatically with the enactment of Act 388. This appendix focuses on the extent that South Carolina state and local governments tax businesses relative to governments in other states, and the proportion of South Carolina's property taxes that E&Y estimates is borne by business.

Each year E&Y prepares a report on state and local business taxes in conjunction with the Council on State Taxation and the State Tax Research Institute. The most recent report provides estimates for FY2017 (Phillips, Sallee, and Ibaid 2018). The report includes the following taxes as business taxes: property taxes, general sales taxes, a portion of excise taxes, corporate income taxes, taxes on insurance premiums and utilities, individual income taxes on pass-through business income, unemployment insurance taxes, business licenses, and severance taxes. E&Y do not attempt to determine final incidence of business taxes. That means that there is no attempt to determine the fraction of taxes for which businesses are legally liable that are forwarded to consumers in the form of higher prices or passed backwards to employees in the form of lower wages. Also, property taxes paid on income-generating residential rental properties are considered a business tax.

Nationwide, property taxes are the most important state and local tax paid by business. In FY2017, property taxes accounted for nearly 40 percent of state-local taxes paid by business in the U.S., the largest share of any state and local tax. Sales taxes accounted for about 21.3 percent of total state and local taxes paid by businesses, and corporate income taxes accounted for 8.5 percent. (Phillips, Sallee, and Ibaid 2018). Table F1 reports the business share of taxes in South Carolina from 2003 to 2017. Over that period, the business share of state and local taxes in South Carolina ranged from 42 to 52 percent. The business share of property taxes ranged from 62 to 73 percent. These data do not show a sustained increase in business share of property taxation after the enactment of Act 388. Although the business share of property taxes rose from 67 percent to 70 percent from 2005 to 2006, in subsequent years that percentage dropped, and then fluctuated. For the most recent year reported, the business share of property taxes was 68 percent.

Table F1 Business Share of Taxes in South Carolina, 2003–2017

Fiscal Year	Business Share of State & Local Taxes (%)	Business Share of State Taxes (%)	Business Share of Local Taxes (%)	Business Share of Property Taxes* (%)
2003	43.0	NA	NA	NA
2004	42.6	NA	NA	62.1
2005	41.5	29.3	63.4	66.9
2006	42.1	29.8	62.7	70.3
2007	43.4	30.4	65.1	70.6
2008	43.3	29.9	65.8	68.7
2009	45.5	32.5	65.5	61.9
2010	49.2	32.4	69.5	72.5
2011	51.5	36.6	67.8	70.8
2012	47.3	32.6	67.2	65.6
2013	47.4	34.1	65.6	65.8
2014	47.8	35.1	66.2	67.2
2015	47.9	34.7	66.8	69.4
2016	47.1	34.0	64.0	67.6
2017	45.7	31.3	64.3	NA

*Calculated using COST study business property tax amount and total state and local property taxes in South Carolina as reported by the U.S. Census

Table F2 compares South Carolina to other states in terms of the business share of property taxes. This figure was not reported in the E&Y report but estimated by the authors from E&Y data and Census data. As the table shows, the District of Columbia had the highest estimated business share of property taxes at 87 percent. South Carolina's business share of property taxes, estimated to be 68 percent, placed South Carolina eleventh highest among the states. The U.S. average business share of property taxes was 55 percent.

Table F2 Top 12 States with the Highest Business Share of Property Taxes

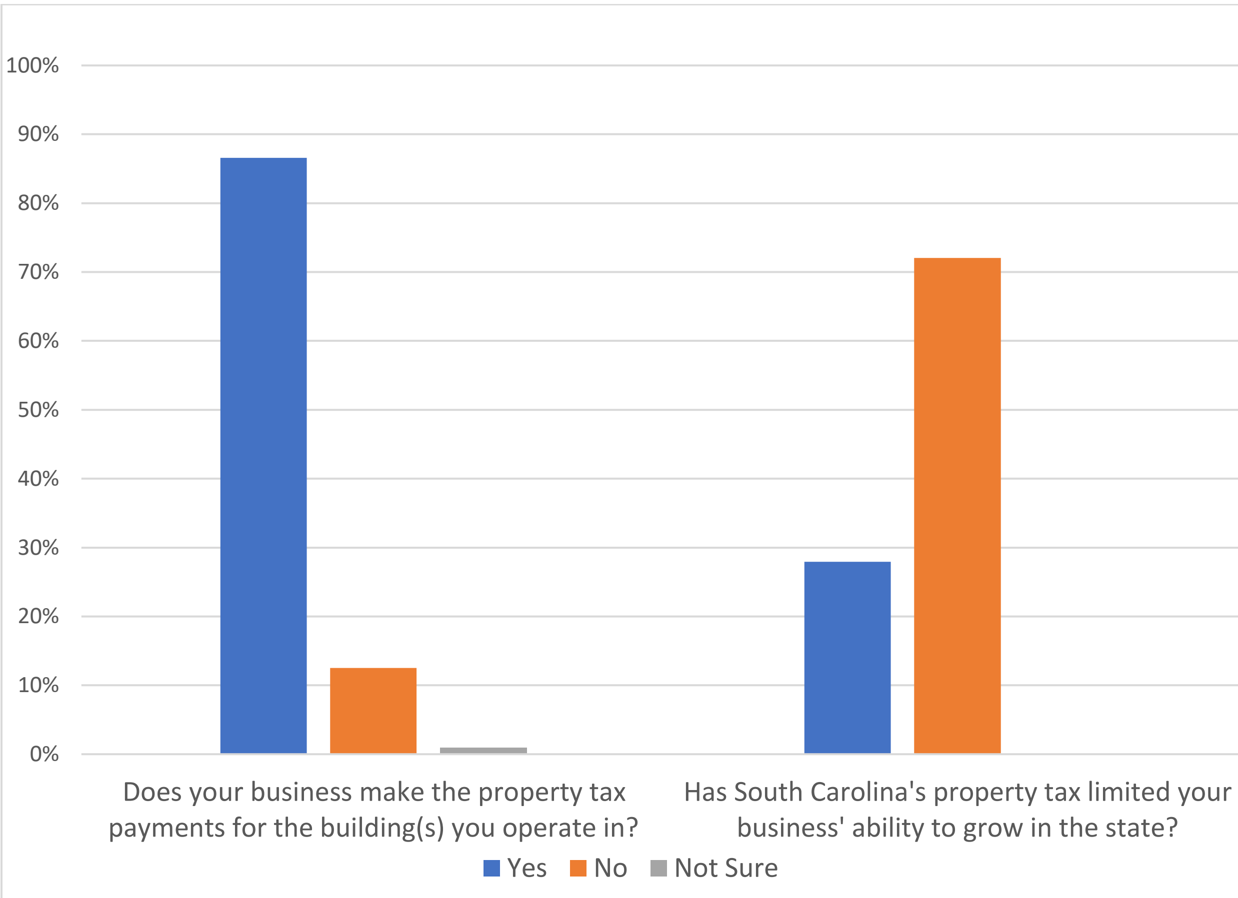
State	Business Share of Property Taxes* (%)
District of Columbia	86.8
Alabama	75.0
Louisiana	74.6
Mississippi	74.6
Indiana	73.2
West Virginia	71.7
Kansas	71.6
Maine	71.4
Arizona	70.9
Colorado	68.5
Vermont	68.1
South Carolina	67.6
United States	55.3

*Calculated using COST study business property tax amount and total state and local property taxes in each state as reported by the U.S. Census

Appendix G
South Carolina Chamber of Commerce Property Tax Survey

A recent survey of businesses by the South Carolina Chamber of Commerce found 87 percent of firms paid property taxes on the buildings in which they operated. Among businesses surveyed, 63 percent employed 250 or fewer employers and over half operated only in South Carolina. Manufacturing firms accounted for 32 percent of organizations surveyed and 29 percent of respondents, a larger share than any other industry. Most businesses surveyed pay property taxes directly, and nearly 28 percent of respondents reported that property taxes have limited their ability to grow in South Carolina (figure G1).

Figure G1 Responses to Selected South Carolina Chamber of Commerce Survey Questions, 2019



Source: South Carolina Chamber of Commerce

The South Carolina Chamber of Commerce administered the survey on SurveyMonkey and distributed it by e-mail. The chamber sent 786 survey e-mails to 729 organizations (table G1) and received 112 responses. Many interviews, which were valuable to the report, came from survey respondents.

Table G1 South Carolina Chamber of Commerce Survey Distribution by Industry

Industry	Count
Associations	2
Business Services	53
Communications	21
Construction Services	50
Professional/Consulting/Legal Services	108
Financial Services	40
Retail/Food Services	40
Health Services	28
Hotels, Hospitality & Tourism	21
Insurance	21
Manufacturing	233
Real Estate	22
Other Services	42
Utilities	23
Wholesalers	25
TOTAL	**729**

Source: South Carolina Chamber of Commerce