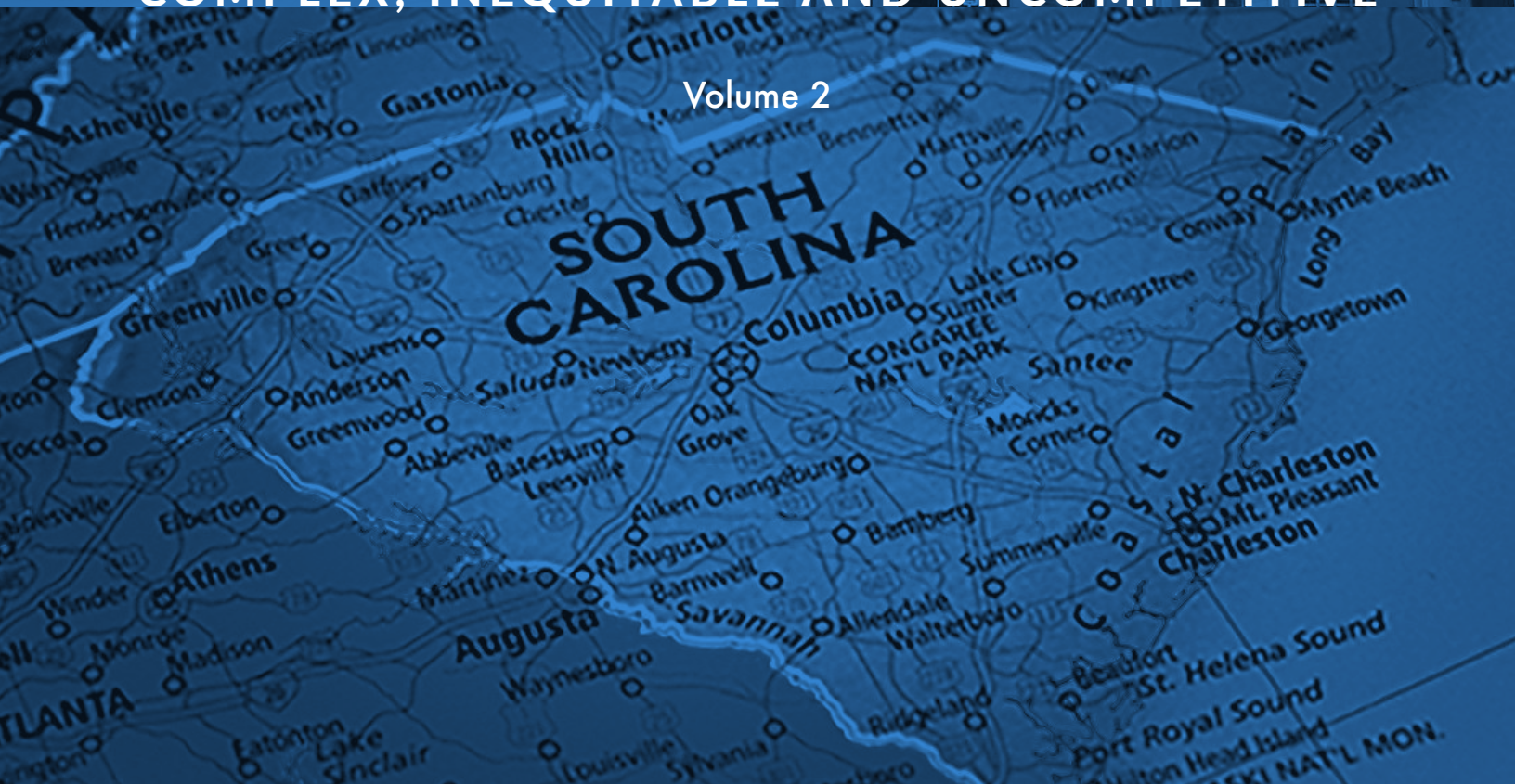# A DEEP DIVE ON SOUTH CAROLINA'S PROPERTY TAX SYSTEM

COMPLEX, INEQUITABLE AND UNCOMPETITIVE

Volume 2

A Deep Dive on South Carolina's Property Tax System

Complex, Inequitable and Uncompetitive

Volume 2

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 3:

The Burden of the Property
Tax and the Effect of Act 388

by

Mark Skidmore, Ph.D., and Camila Alvayay Torrejón, M.Sc.

With Appendices C and D by Bethany P. Paquin

Introduction

This chapter conducts detailed evaluations of the counties discussed in the previous chapters to address the following questions:

- How do effective property tax rates vary by property type in each county?
- How does the assessment cap affect the equity of property tax burdens among different types of property?
- To what extent has the property tax burden shifted from residential taxpayers to business taxpayers?

This chapter begins with a brief summary of the methodology used where we describe difficulties associated with the database and the procedure used to overcome the challenges. We also discuss the key variables used in the evaluation, and the counties that we are able to include in the study. Detailed parcel-level data on appraised property values and tax payments are available from CoreLogic (2019). Summaries of all counties for which data are available include: Allendale, Charleston, Edgefield, Florence, Greenville, Horry, Orangeburg, Richland, Sumter, and York. In-depth analyses of York, Richland, and Edgefield Counties are also provided. The data allow an examination of the extent to which Act 388 altered effective tax rates across property classes and parcels within each property class. However, a complication arises because each county has its own property classification system. Some counties have minimal property classes, corresponding to residential, commercial, industrial, and agricultural categories, whereas other counties have an extensive list of property categories. It is therefore necessary to offer a discussion of the criteria used to group properties prior to a presentation of the analysis.

Methodology and Data Issues

To simplify the analysis and allow for a better comparison across counties, certain property classes were grouped as summarized in figure 3.1. For purposes of the study, the following property classes were used: 1) residential, 2) commercial, 3) industrial, 4) agricultural, and 5) o*ther*.

The *other* category includes properties that clearly do not fit into the residential, commercial, industrial, and farm use categories.

Residential properties were not pooled for the following reasons: 1) the majority of parcels in each county were classified as residential; and 2) there were relatively few residential categories. For example, Sumter County had just one residential property category, whereas Horry County had nine residential property categories.[1] Therefore, summaries of the residential subcategories as originally defined by each of the counties are also provided.

For commercial, industrial, and agricultural properties, a different procedure was used. In the case of commercial properties, some counties lacked a *commercial* category; instead these counties grouped commercial properties by economic purpose. For purposes of this study, all these categories were grouped into a single *commercial* category. For properties that had a formal commercial classification, we retained the original terminology and property classification. If a given county did not have a clearly defined commercial category, then a *commercial* category was created so the many commercial types of properties could be pooled into a single category, even though many have names that reflect the economic purpose. The details regarding which original classes were grouped into the commercial category appear in the notes of the individual county tables.

---

[1] When we refer to "categories of residential properties" we mean that they are categories where the word "residential" explicitly appears.

Finally, any remaining property classes were pooled into the *Other* category. Note that none of the categories include tax-exempt properties. In addition, the data have been filtered to eliminate parcels with missing values for the relevant variables.

Figure 3.1 Summary of Methodological Groupings for Properties with Similar Land Use Characteristics
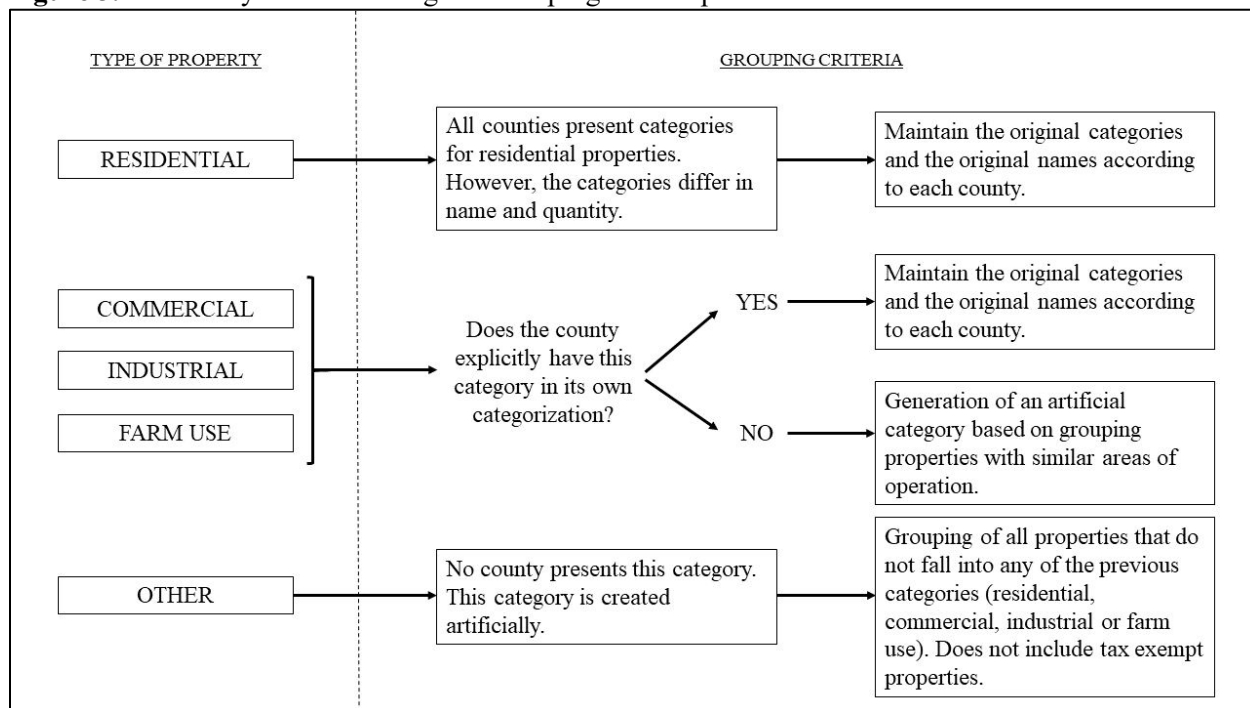
As described previously, the property categories differed in each of the ten counties. In most of the counties, information regarding which residential property was primary residential, and thus eligible for the 4 percent assessment ratio and the exemption from paying property tax for school operating costs, was lacking. The lack of specificity made it difficult to compare effective property tax rates among counties.

Although Core Logic data include residential, commercial, manufacturing, agricultural, and other property categories for most counties, some property types are missing for some counties. For example, neither Richland County nor Edgefield County data include information on industrial/manufacturing properties. Greenville County data are missing information on agricultural properties.

Before delving further into the evaluation, a brief discussion of utilities is in order. Chapter 2 of this report notes that utilities in some counties account for a relatively large share of assessed value. In Allendale County, for example, utilities account for 21 percent of assessed value. However, because the classification systems vary from county to county, and there are no consistent property class definitions, it is difficult to systematically evaluate and compare utilities data between counties. Therefore, we cannot analyze in a separate category the properties that correspond to utilities. Nevertheless, a summary table is provided in Appendix A for the utility properties that could be identified.

Finally, for parcels that are included in the database, CoreLogic provides appraised values, sales prices, and property tax payments for 2018 for real property in each of the focus counties.

The study utilized assessor data for York County in conjunction with Core Logic data to identify and confirm capped values for most of the other counties. However, capped values were unavailable in the CoreLogic data for Charleston and Orangeburg Counties, which somewhat limited the analysis for those counties. For all property classes in the other counties, the ratio of capped value to appraised value in percentage $\left(\frac{Capped\ Value}{Appraised\ Value}\right) * 100$ was examined to determine which properties enjoyed tax relief from the assessment cap (and if so how much) and which did not. The percentage of the tax base reductions resulting from the capped value $\left(1 - \frac{Capped\ Value}{Appraised\ Value}\right) * 100$ was also examined as was the effective tax rate, $\left(\frac{Tax\ Payment}{Appraised\ Value}\right) * 100$.

For the set of ten counties, the total number of parcels was 1,086,577. The Charleston and Orangeburg parcels were excluded due to lack of data on capped values. Consequently, a total of 857,697 parcels were considered, of which 690,683 were classified as residential (81 percent), 55,647 as commercial (6 percent), and 74,412 as other (9 percent).

For the eight counties that had information on capped values (all counties except for Charleston and Orangeburg), 26 percent of the residential properties and 31 percent of the commercial properties benefited from the assessment cap. The percentage of properties benefiting from the cap varied widely across counties. Only 3 percent of commercial properties in Edgefield County and only 8 percent of commercial properties in Sumter County benefited from the assessment cap. During the past decade, Edgefield's population has grown only modestly and Sumter's population has declined slightly. By contrast, 28 percent of commercial properties in fast-growing York County benefited from the assessment cap.

The rest of this chapter focuses on residential and commercial properties, partly because these combined property types account for nearly 90 percent of the properties in the study. Additionally, some data questions are considered for two other property categories—farmland and manufacturing. Use value taxation of farmland substantially reduces the tax base of agricultural lands. Although CoreLogic provides data on manufacturing properties, the analysis in Chapter 2 raises questions about the quality of these data. This chapter provides an overview of how the assessment limit has reduced the tax base and thus resulted in reduced tax burdens for some property owners among the different property classes. Even though Act 388 has resulted in some tax base erosion, it has been relatively small. Next, detailed evaluations are provided for York, Richland, and Edgefield Counties, and then brief summaries for each of the other counties.

York County

York County is in the north-central part of the state. According to U.S. Census Bureau QuickFacts, the population of York County was 274,118 in 2018. As noted in Chapter 1, York County has experienced notable population growth, leading to modest pressure on real estate prices in some parts of the county. Consequently, the assessment limit was applicable in certain areas within York County. While York County does have a suburban component, much of the county is rural.
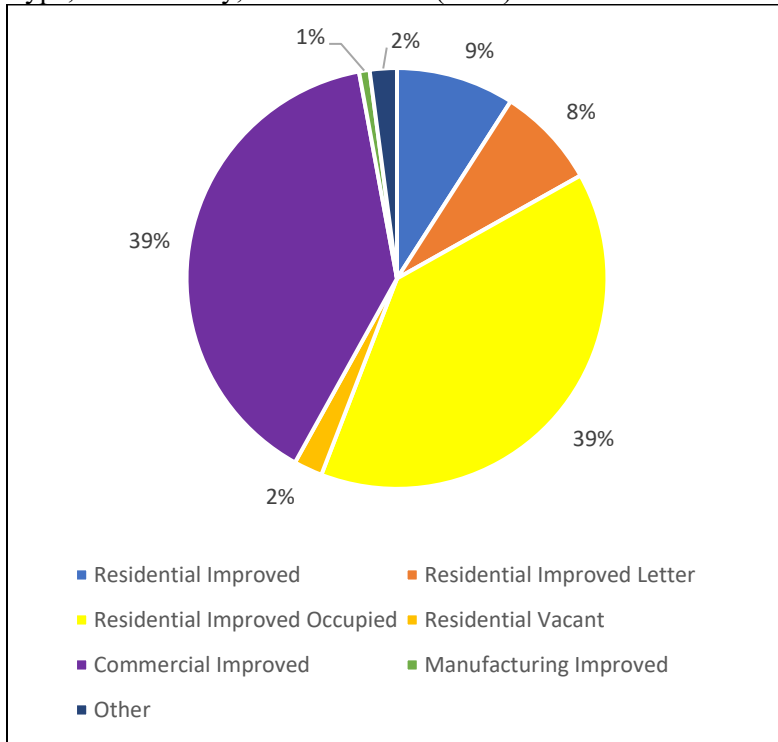
Before offering a comparison of effective property tax rates by property type, it is useful to consider the degree to which different property classes contribute to the tax base. To address this question, consider figures 3.2 and 3.3, which show the proportion of the total tax payment and total appraised value by property class for York County in 2018, respectively.

Figure 3.2. Percentage of the Total Appraised Value by Property Type, York County, South Carolina (2018)
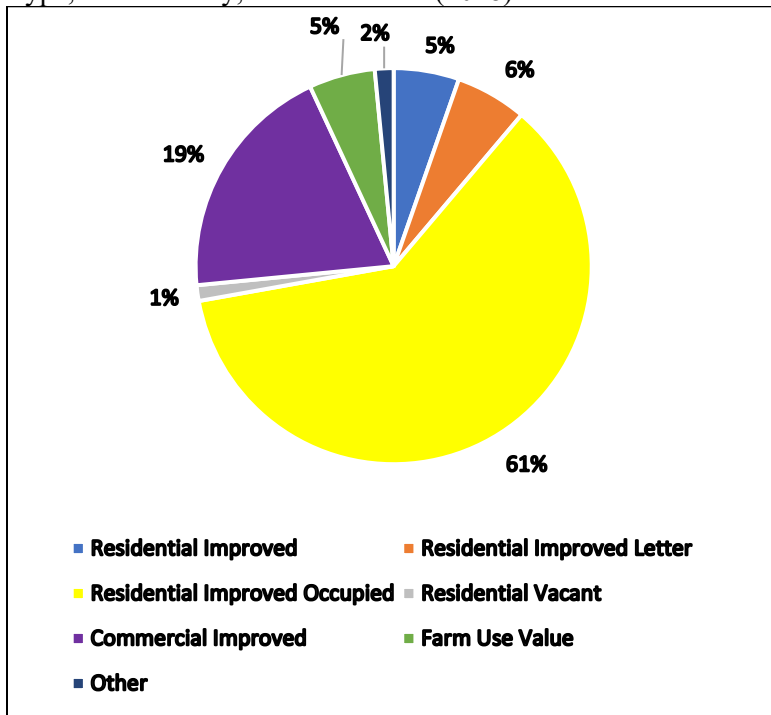
Source: These data are obtained from a subset of a larger database with information for all counties in South Carolina. This information comes from CoreLogic. The subset is York County. The following categories were omitted from the graph (not from the calculation) because the resulting percentages were virtually zero: 1) Owner Occ / No Exempt and 2) Manufacturing Improved.

Figure 3.3. Percentage of the Total Tax Payment by Property Type, York County, South Carolina (2018)

Figure 3.2 shows that *Residential Improved Occupied* (primary residential) property is 61 percent of the total appraised value. A distant second is *Commercial Improved* property with 19 percent of the total appraised value. However, as shown in figure 3.3, *Residential Improved Occupied* property accounts for 39 percent of tax revenues with *Commercial Improved* property also at 39 percent of total property tax revenues. Taken together, we see that though residential property has a major share of the tax base, its tax contribution is much less due to a reduced assessment ratio and the exemption from paying local school operating costs.

As shown in table 3.1 (last column), effective property tax rates vary significantly by property type. It should be noted that each taxing jurisdiction within a given county sets its own tax rate and thus, statutory tax rates vary from place to place within a county. The effective tax rate for each property was calculated and then all the effective tax rates were averaged; hence, the figures here are county-wide averages. That is, the effective tax rates presented include variations in statutory rates across municipalities, schools, and special districts in the county. The effective tax rate for primary residential property (as indicated by *Residential Improved OC)* is 0.74 percent. Non-primary residential property classes pay a higher effective tax rate than primary residential properties. However, at 2.32, percent commercial property owners pay the highest effective tax rates.

Table 3.1. Mean of Appraised Value, Capped Value, Sale Prices, Tax Payment, and Ratios by County and Property Type, York County, South Carolina (2018)

	Type of Property	Number of Properties	Mean Appraised Value (1) ($)	Mean Capped Value (2)	Ratio (2)/(1) x 100 (%)	Tax Base Reduction (1 – Ratio) x 100 (%)	Mean Sale Price ($)	Number of Sales	Mean Tax Payment (3)	Effective Tax Rate (3)/(1) x 100 (%)
All Properties — Residential	Owners Occ / No Exempt	2,125	29,320	27,641	94.2730	5.7270	151,716	20	212	0.7223
	Residential Improved	10,406	102,390	87,525	85.4816	14.5184	284,918	464	2,022	1.9750
	Residential Improved Letter	6,755	171,814	168,742	98.2117	1.7883	243,793	1,914	2,667	1.5525
	Residential Improved Oc	63,395	191,805	186,697	97.3372	2.6628	264,635	2,297	1,424	0.7426
	Residential Vacant	9,068	28,134	25,514	90.6892	9.3108	405,571	492	562	1.9989
	Commercial Improved	3,546	1,101,731	1,042,775	94.6488	5.3512	2,319,377	203	25,505	2.3150
	Other (a)	1,625	187,551	123,084	65.6269	34.3731	2,081,650	82	2,969	1.5828
	Total or Weighted Average (100%) (b)	**96,920**	**195,155**	**186,485**	**95.5570**	**4.4430**	**374,779**	**5,472**	**2,388**	**1.2237**
Properties with Ratio <1 — Residential	Owners Occ / No Exempt	544	33,606	27,046	80.4816	19.5184	265,000	1	210	0.6250
	Residential Improved	1,068	214,561	69,698	32.4838	67.5162	1,037,009	23	1,512	0.7049
	Residential Improved Letter	187	260,535	149,544	57.3988	42.6012	353,010	14	2,512	0.9643
	Residential Improved Oc	3,454	250,196	156,455	62.5328	37.4672	246,685	48	1,119	0.4474
	Residential Vacant	2,068	29,530	18,043	61.1029	38.8971	329,853	39	406	1.3758
	Commercial Improved	992	1,067,177	856,435	80.2523	19.7477	2,949,497	32	21,791	2.0420
	Other (a)	715	188,641	42,124	22.3305	77.6695	2,905,531	21	1,072	0.5683
	Total or Weighted Average (9.31%) (b)	**9,028**	**267,492**	**174,405**	**65.2000**	**34.8000**	**1,175,076**	**178**	**3,291**	**1.2305**

Source: These data are a subset of a larger database from CoreLogic that has property tax information for all counties in South Carolina.

Note: The observations without information about the Appraised Value and/or the Capped Value and/or Tax Amount (missing values) have been removed from the analysis so they do not interfere with the computation of the average. Additionally, only properties with a non-zero tax amount (no exempt properties) were considered.

(a) The *Other* category comprises the following properties: 1) Commercial Vacant, and 2) Market Value.

(b) The *Total* row only includes the properties that appear in the table, that is, the total of residential, commercial, and *Other* category properties. Therefore, this total does not include industrial, farm use, and tax-exempt properties.

Table 3.1 shows that primary residential property (denoted as *Residential Improved Oc* in the table) has nearly the lowest effective tax rate. This is due in large part to the lower assessment ratio of 4 percent as opposed to 6 percent for rental and commercial properties. In addition, primary residential properties are exempt from paying local school operating costs.

Residential Properties

The extent to which variations in effective tax rates have been affected by Act 388 will be addressed in the following discussion. Table 3.1 contains information for each residential and commercial property class on the *number of parcels*, *mean appraised value, mean capped value, ratio* of capped value to appraised value, *tax base reduction*, *mean sales price, number of sales* in 2018, *mean tax payment*, and *effective tax rate*. This information is summarized for all properties and for just those properties that enjoyed a reduced tax base generated from the assessment limit. Since Act 388 took effect in 2007, the effective tax rate has been higher, on average, for properties purchased more recently. This result is anticipated because recently sold properties have had their capped values reset to market value upon sale. We explore whether this pattern is observed in York County.[2]

Consider residential properties, and primary residential parcels in particular (denoted as *Residential Improved OC* in table 3.1), which make up the largest share of all property classes.[3] York County's last reassessment occurred in 2014, taking effect in 2015. Thus, appraised values were adjusted upward, but capped values were only adjusted to a maximum of 15 percent since 2009. The data being considered are for 2018, which reflects the 2015 revaluation. Another reassessment occurred in 2019 and is being implemented in 2020; with a robust housing market it may be that more properties will have an appraised value that is greater than the capped value.

For 2018, just 3,454 of 63,395 owner-occupied residential parcels (about 5.4 percent) enjoyed a lower capped value relative to appraised value, and thus received lower property tax obligations. In aggregate, capped value is about 97.3 percent of the appraised value for the residential occupied properties in the whole county, indicating that the assessment limit reduces the overall taxable base by just 2.7 percent. Of the group of properties that do have a differential, on average they received a 37.5 percent lower tax bill in 2018 as compared to those properties with no benefit. Given that just 9.31 percent of properties under consideration had a differential between capped value and appraised value, and that the capped value is 97.3 percent of appraised value overall, we conclude that the assessment limit has not resulted in significant differences in effective tax rates across primary residential properties in York County. This finding may be because the rural part of the county has not experienced any significant growth, and thus the assessment limit does not apply. In addition, in those areas where property values are growing, the effect is partially mitigated by a reset of appraised value when properties are sold. However, it is important to recognize that the relatively few property owners who do benefit from the cap enjoy substantial tax reductions compared to those who do not.

Several maps offer additional insights. Figure 3.4 presents 2018 property appraised values for residential improved occupied (primary residential) properties. This map demonstrates that the higher valued properties are located closer to Charlotte, North Carolina. Figure 3.5 shows that there are low effective tax rates in the north central part of the county, high effective tax rates south of Charlotte, a tendency toward higher rates in a swath between Rock Hill and York, and lower rates in the southern part of the county, especially southeast of Rock Hill.

Figure 3.6 shows the ratio of capped value to appraised value. Figures 3.4, 3.5, and 3.6 taken together demonstrate the following: 1) the highest valued properties are near Charlotte; 2) the highest effective tax

---

[2] In York County capped value is referred to as "limited taxable value." We use the term capped value here to be consistent with the rest of the report.

[3] According to the York County database, in 2015, residential properties were divided into several categories: Residential Improved, Residential Improved Letter, Residential Improved Occupied, Owner-occupied/No exemptions, and Residential Vacant. From the total residential properties (91,749), the occupied residential properties, which are also considered primary residences, account for 70.2 percent of the parcels. Recall that parcels categorized as primary residential are assessed at 4 percent whereas all other residential classifications are assessed at 6 percent.

rates are again near Charlotte and those high effective tax rates are primarily driven by higher statutory tax rates; and 3) the properties with a positive differential between capped value and appraised value tend to be located farther away from Charlotte. This finding may be driven by the fact that there is a higher rate of turnover in the real estate market close to Charlotte and thus not as many properties have a gap between capped value and appraised value; recall that capped values are updated to appraised value upon property sale.

Figure 3.4. Quantile Map: Appraised Value, Residential Occupied Properties, York County, SC (2018)
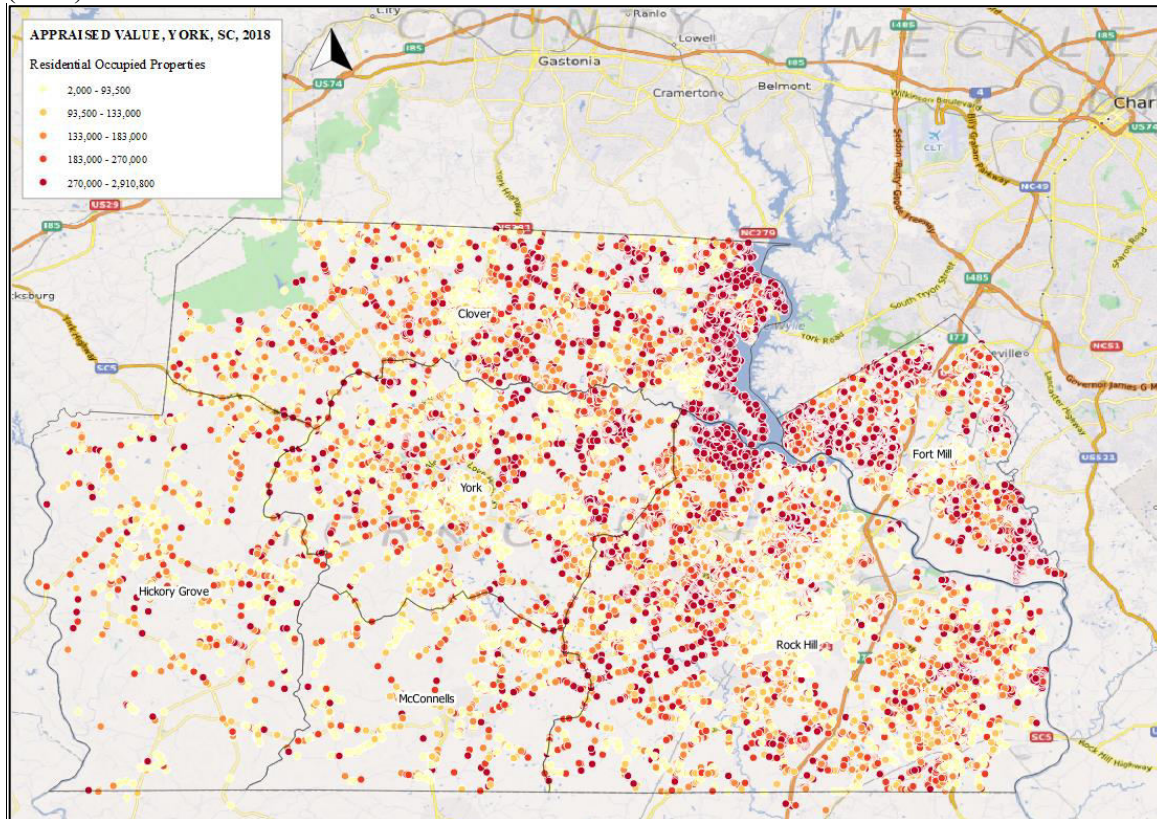
Note 1: This map represents the situation for Residential Improved Occupied (RIO) properties in York County, South Carolina, year 2018. The number of observations is 58,474.

Note 2: Note that some properties have been omitted for two reasons: 1) corresponds to outlier observations, and 2) are observations that do not have information regarding geographical coordinates.

Note 3: This is a quantile map of five groups, where each group is expressed in U.S. dollars. A quantile map divides the total number of observations by the number of groups (in this case, 5 groups). Once the sample is divided into five equal parts, each group has a minimum and maximum value that depends on the observations that belong to the group.

Source: CoreLogic Data

Figure 3.5. Quantile Map: Effective Tax Rate (%), Residential Occupied Properties, York County, SC (2018)
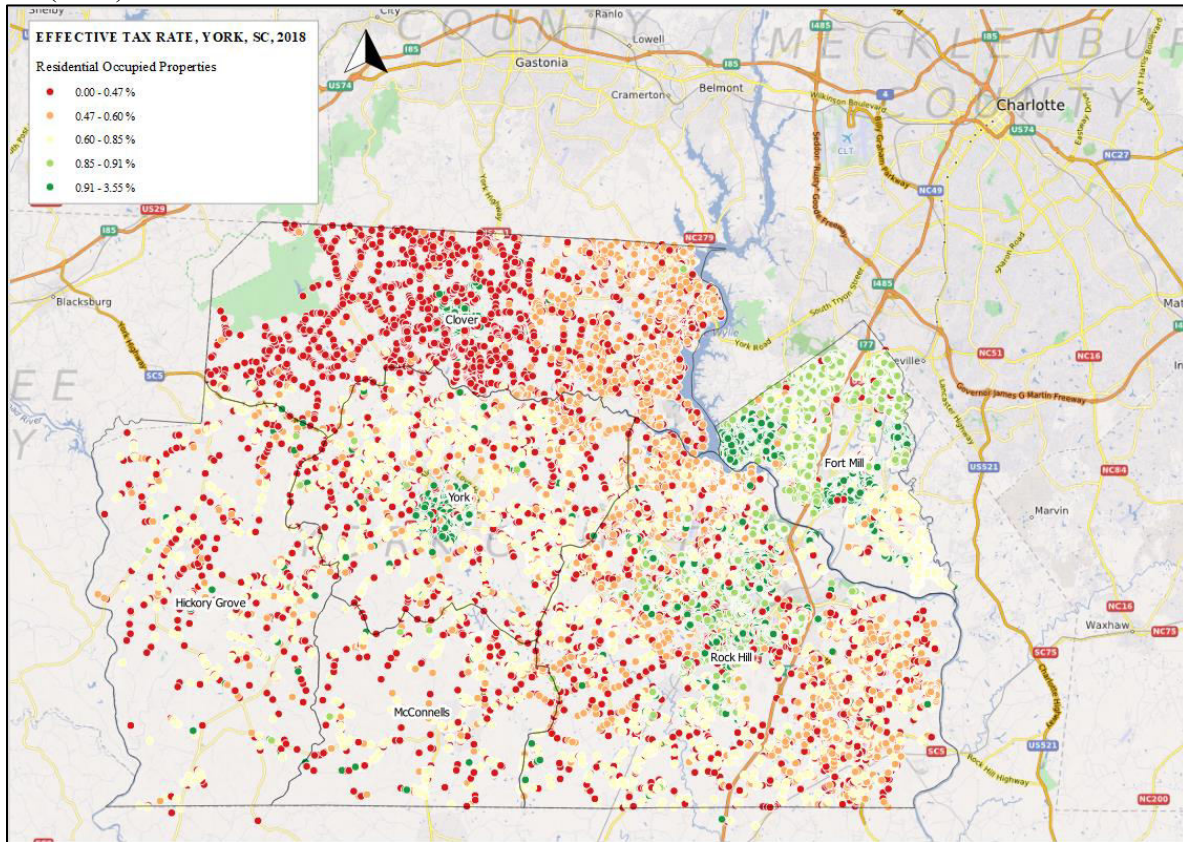

Note 1: This map represents the situation for Residential Improved Occupied (RIO) properties in York County, South Carolina, year 2018. The number of observations is 58,474.

Note 2: Note that some properties have been omitted for two reasons: 1) corresponds to outlier observations, and 2) are observations that do not have information regarding geographical coordinates.

Note 3: This is a quantile map of five groupings, where each group is expressed in percentages. A quantile map divides the total number of observations by the number of groups (in this case, 5 groups). Once the sample is divided equally, each group has a minimum and maximum value that depends on the observations that belong into the group.

Source: CoreLogic Data

Figure 3.6. Natural Breaks Map: Capped Value/Appraised Value Ratio, Residential Occupied Properties, York County, SC (2018)
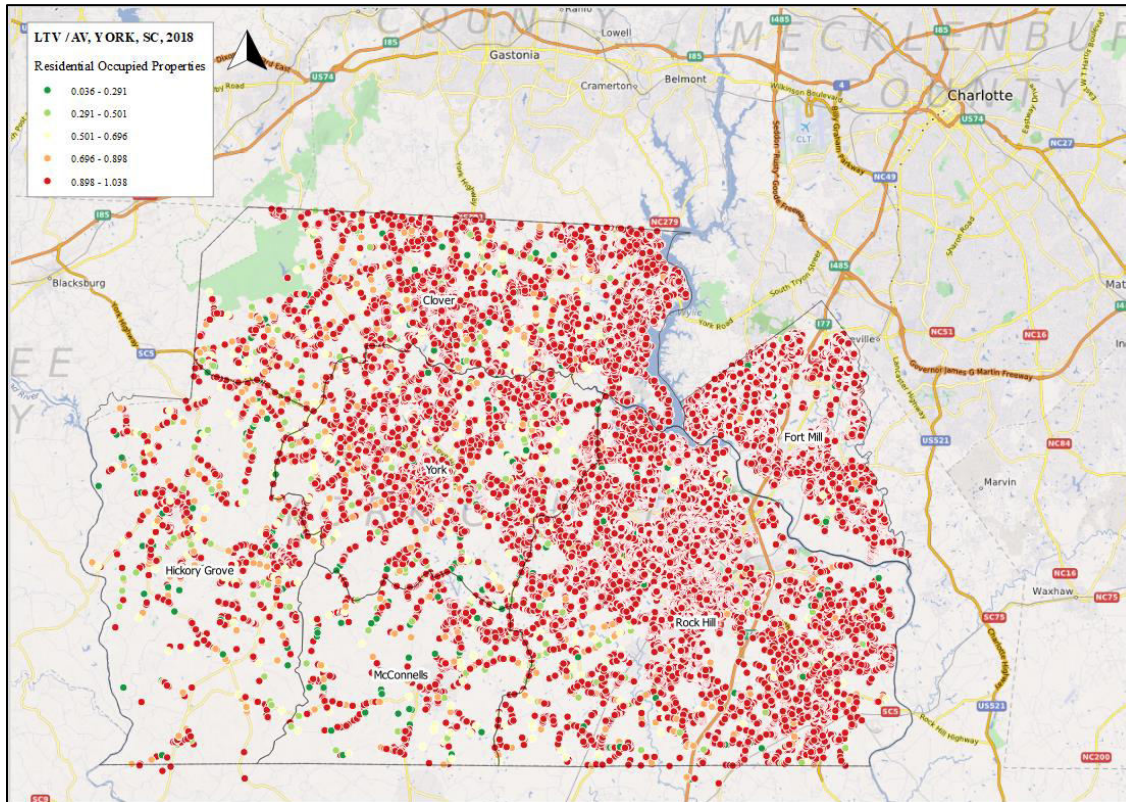

Note 1: This map represents the situation for Residential Improved Occupied (RIO) properties in York County, South Carolina, year 2018. The number of observations is 58,474.
Note 2: Note that some properties have been omitted for two reasons: 1) corresponds to outlier observations, and 2) are observations that do not have information regarding geographical coordinates.
Note 3: This is a natural breaks (or Jenks) map of five groupings, where each group is expressed in ratio. This method uses an iterative approach to arrange a set of values into "natural" groupings. Therefore, each group is composed of properties that are the most similar among them with respect to the variable of interest. In this case, this type of map is chosen because the ratio does not vary largely across properties and there is a large group of observations with a ratio close to one.
Source: CoreLogic Data

Further evaluation was conducted to learn more about which types of properties tended to have a gap between capped value and appraised value. Three factors that could possibly affect whether a given property would have a gap between appraised value and capped value in 2018 were considered, as follows.

- Higher valued properties in 2015 were more likely to have a gap in 2018 as property value growth had the potential to be higher than lower valued properties.
- Properties closer to Charlotte were anticipated to have a gap, but as illustrated in figure 3.6, this does not seem to be the case.
- Properties being retained by the same owner for longer periods were more likely to have a gap because properties that have been recently sold have capped values reset to appraised value upon sale.

As discussed in Appendix B, the evaluation was conducted by analyzing factors that influenced the likelihood that a parcel would have a gap between the appraised market value and capped value by defining the discrete variable G_i, equal to 1 if *appraised value > capped value*, and 0 if *appraised value = capped value*. This variable is assumed to be determined for each parcel i by a set of variables that include appraised value in 2015, distance from Charlotte in miles,[4] and the number of years of continuous ownership by the same person. The years of continuous ownership was restricted to 11 years because Act 388 took effect in 2007.[5] The probit regression estimates of this equation are presented in Appendix B. The analysis shows that the probability of having a gap between appraised value and capped value in 2018 increases based on:

- a greater appraised value in 2015;
- a greater distance from Charlotte; and
- a greater number of years since the date of last sale.

More discussion of these results can be found in Appendix B. However, the general conclusion is that wealthier long-time property owners tended to benefit from the assessment limit more than less wealthy owners who purchased their property more recently.

Of the different types of residential property classes, the discussion focuses primarily on residential properties. However, information is also included in the York table for owners of *OCC/non exemption*, *residential improved*, *residential improved letter*, and *residential vacant* for the interested reader. Except for the *OCC/non-exempt* property category, these properties have higher effective tax rates because they receive a higher assessment rate (6 percent rather than 4 percent) and the millage for school operations is applied to these properties.
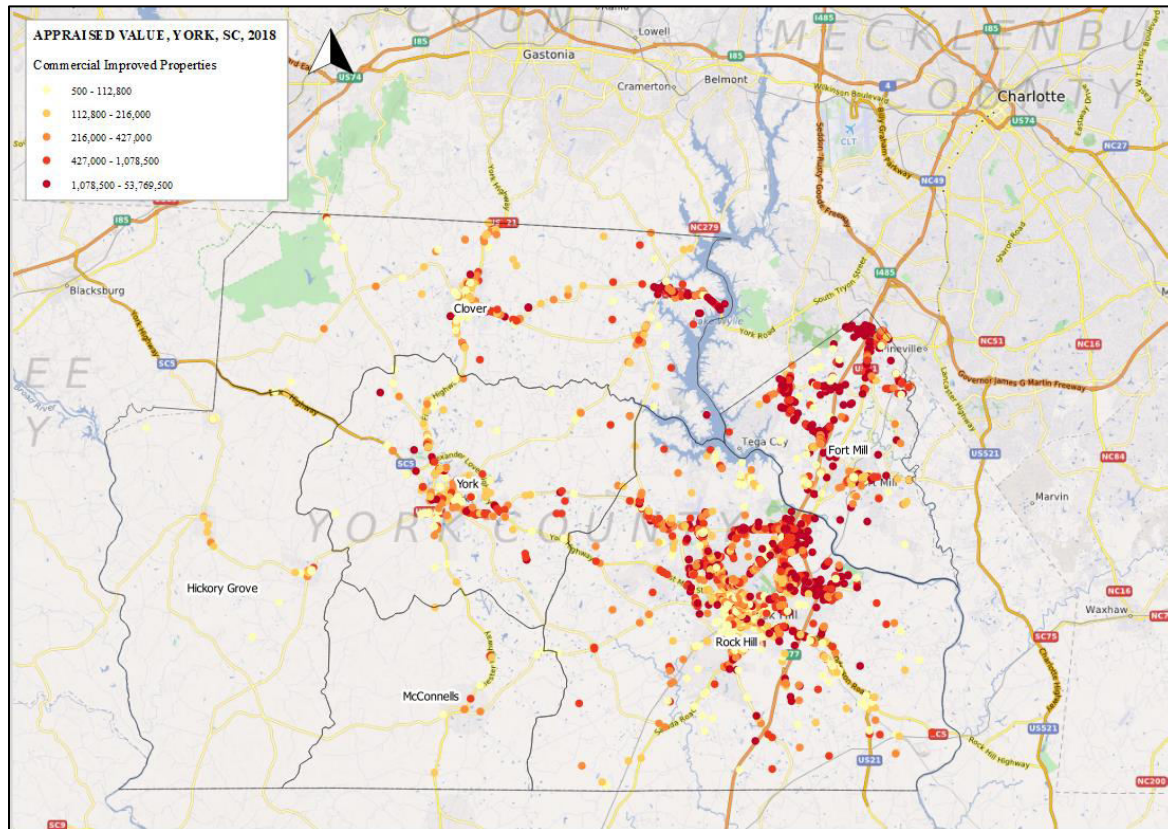
Commercial Properties

Turning to commercial properties, 28 percent of properties (992 of 3,546) had a differential between appraised value and capped value. Capped value was 94.6 percent of total appraised value. In other words, only 5.4 percent of the tax base was lost due to the cap. However, for those properties that benefited from the cap, the capped value reduced the tax burden by 19.7 percent, on average. The data from CoreLogic shows that effective tax rates for commercial property fell by only a small amount (2.3 percent to 2 percent) as a result of Act 388. From this analysis the conclusion can be made that Act 388 generated minor variations in tax burden among commercial properties.

The three following maps (figures 3.7, 3.8, and 3.9) of *commercial property value*, *effective tax rates*, and *ratio of capped value to appraised value* are also offered for consideration. Higher valued commercial properties and properties with higher effective tax rates tended to be located nearer to Charlotte, though properties located in the city of York also had high effective tax rates and properties near Rock Hill had high appraised values. Figure 3.9 shows the ratio of capped value to appraised value—there seems to be a concentration between York and Rock Hill and between Rock Hill and Charlotte for properties that have a difference between capped value and appraised value.

---

[4] The data set georeferenced coordinates for each of the properties. These coordinates were used to calculate the distance from each of the properties to Charlotte (Euclidean distance) and this distance measure was used as a variable in the probit regression.

[5] Note that 2018 is the most recent year and is thus assigned a value of 0.

Figure 3.7. Quantile Map: Appraised Value, Commercial Improved Properties, York County, SC (2018)

Note 1: This map represents the situation for Commercial Improved (CI) properties in York County, South Carolina, year 2018. The number of observations is 3,420.

Note 2: Note that some properties have been omitted for two reasons: 1) corresponds to outlier observations, and 2) are observations that do not have information regarding geographical coordinates.

Note 3: This is a quantile map of five groupings, where each group is expressed in U.S. dollars. A quantile map divides the total number of observations by the number of groups (in this case, 5 groups). Once the sample is divided equally, each group has a minimum and maximum value that depends on the observations that belong to the group.

Source: CoreLogic Data

Figure 3.8. Quantile Map: Effective Tax Rate (%), Commercial Improved Properties, York County, SC (2018)

Note 1: This map represents the situation for Commercial Improved (CI) properties in York County, South Carolina, year 2018. The number of observations is 3,420.

Note 2: Note that some properties have been omitted for two reasons: 1) corresponds to outlier observations, and 2) are observations that do not have information regarding geographical coordinates.

Note 3: This is a quantile map of five groupings, where each group is expressed in percentages. A quantile map divides the total number of observations by the number of groups (in this case, 5 groups). Once the sample is divided equally, each category has a minimum and maximum value that depends on the observations that belong to the group.

Source: CoreLogic Data

Figure 3.9. Natural Breaks Map: Capped Value/ Appraised Value Ratio, Commercial Improved Properties, York County, SC (2018)
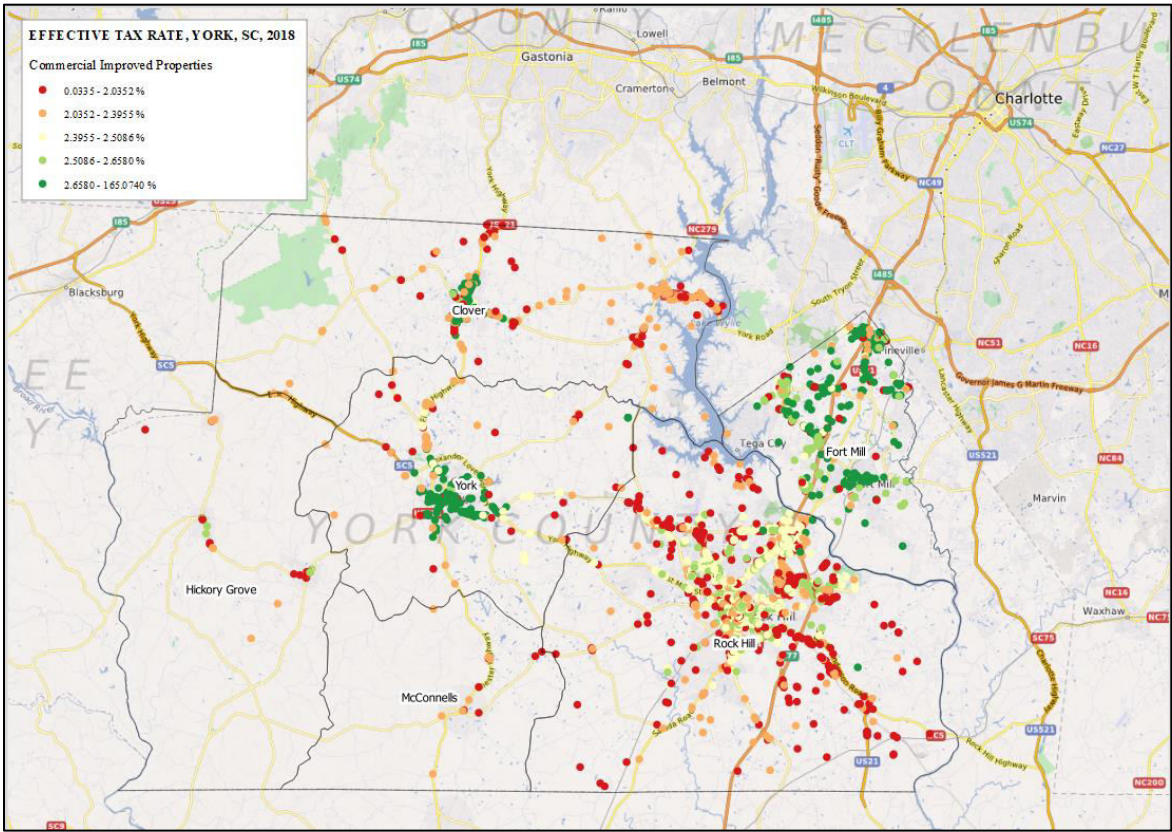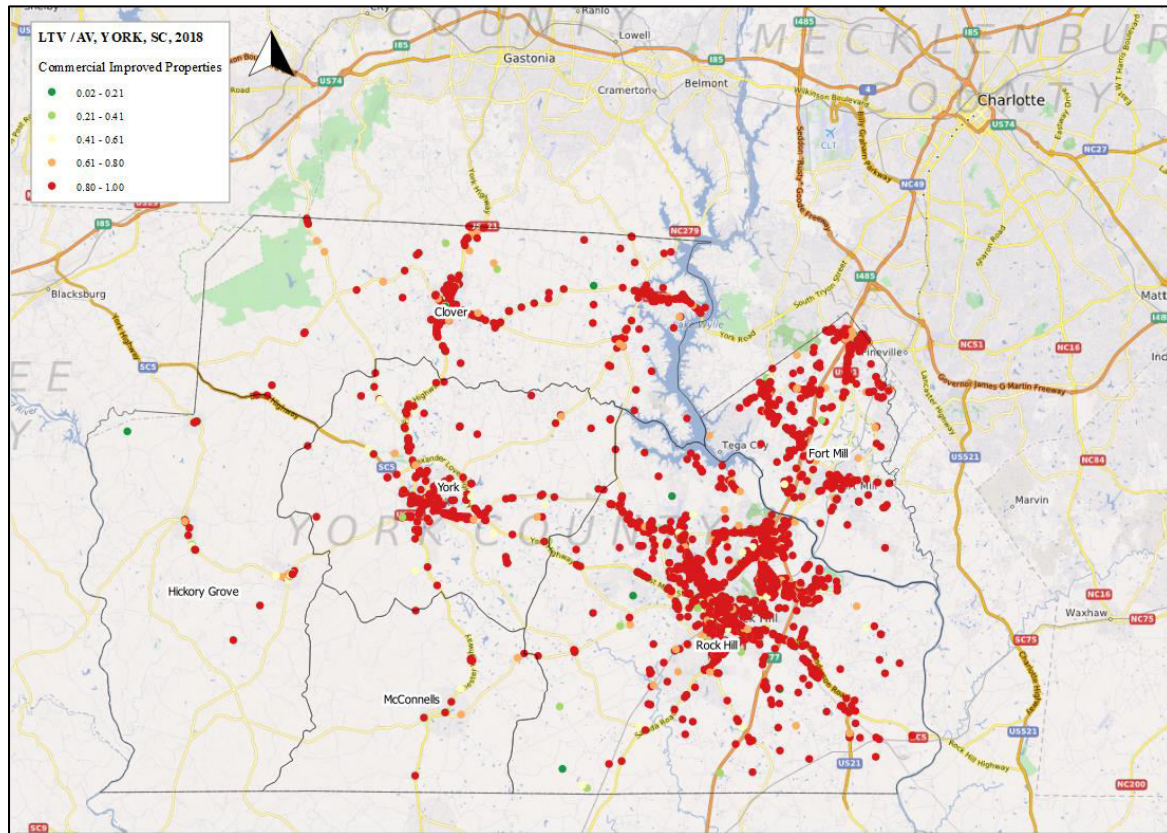

Note 1: This map represents the situation for Commercial Improved (CI) properties in York County, South Carolina, year 2018. The number of observations is 3,420.
Note 2: Note that some properties have been omitted for two reasons: 1) corresponds to outlier observations, and 2) are observations that do not have information regarding geographical coordinates.
Note 3: This is a natural breaks (or Jenks) map of five groupings, where each group is expressed in ratio terms. This method uses an iterative approach to arrange a set of values into "natural" groupings. Therefore, each group is composed of properties that are the most similar among them with respect to the variable of interest. In this case, this type of map is chosen because the ratio does not vary much across properties and there is a large group of observations with a ratio close to one.
Source: CoreLogic Data

A probit regression was also conducted to estimate the factors that affected the likelihood that a commercial property would have a gap between its appraised value and capped value. As shown in Table B2 in Appendix B, the probability of having a gap in 2018 is greater for properties:

- with higher appraised values in 2015;
- that are farther from Charlotte; and
- that have been owned a greater number of years since the date of last sale.

The referenced maps, figures, and tables help to increase understanding of the tax burden differences between residential properties and commercial properties. In 2018, the average effective tax rate among primary residential properties was 0.74 percent, but the rate was about three times greater for commercial properties (2.32 percent). The effective tax rate for all categories other than *residential improved occupied*

properties was about 1.98 percent, which is substantially higher than for residential occupied properties. Some of these differences are due to primary residential properties being exempt from paying local school operating costs. However, *residential primary residence parcels* also received the lower 4 percent assessment ratio as opposed to 6 percent for rental and commercial properties or 10.5 percent for manufacturing properties.

Richland County

Richland County is in the central part of the state and is home to the state capital of Columbia. The population of Richland County was 414,576 in 2018. It is the second most populous county in South Carolina, second only to Greenville County.

Figures 3.10 and 3.11 show the proportion of total appraised value and total tax payment by property class for Richland County in 2018, respectively. These figures provide a summary of the contribution to the tax base for each property class.

Figure 3.10. Percentage of the Total Appraised Value by Property Type, Richland, South Carolina (2018)
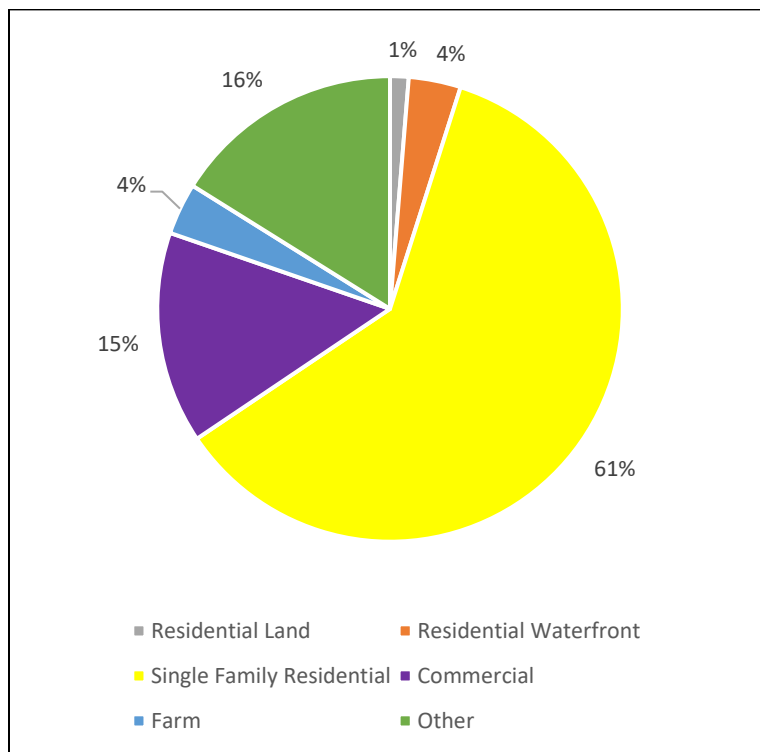
Source: These data are obtained from a subset of a larger database with information for all counties in South Carolina. This information comes from CoreLogic. The subset is Richland County.
The following categories were omitted from the graph (not from the calculation) because the resulting percentages were virtually zero: 1) Multi Family Land and 2) Residential Land Waterfront.

Figure 3.11. Percentage of the Total Tax Payment by Property Type, Richland, South Carolina (2018)

Source: These data are obtained from a subset of a larger database with information for all counties in South Carolina. This information comes from CoreLogic. The subset is Richland County.
The following categories were omitted from the graph (not from the calculation) because the resulting percentages were virtually zero: 1) Multi Family Land, 2) Residential Land Waterfront and 3) Farm.

Single family residential property represents 61 percent of the total appraised value and commercial property accounts for about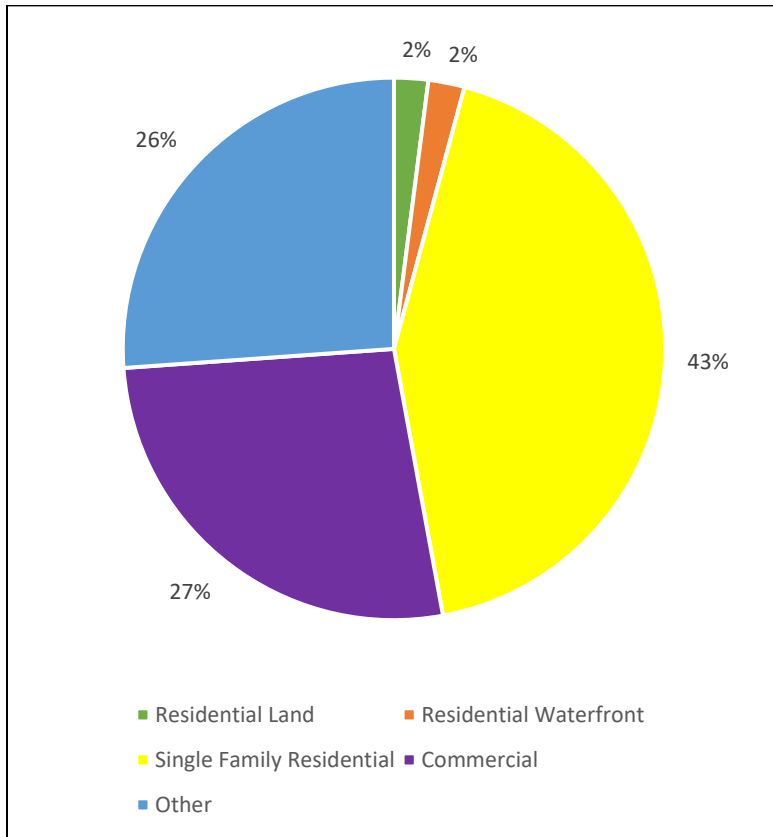 15 percent. However, single-family residential property accounts for only 43 percent of tax revenues, whereas commercial property accounts for 27 percent of total property tax revenues. As in York County, residential property has the largest share of the tax base, and yet its tax contribution is lower due to the reduced assessment ratio and the exemption from paying local school operating costs.

Table 3.2 shows that effective property tax rates vary significantly by property type. The effective tax rate is calculated for each property and then averaged for each property class. The numbers therefore represent county-wide averages. Note, however, that these classifications do not allow us to identify primary residential properties. Except for residential waterfront parcels, the other residential property classes pay a higher effective tax rate than single-family residential properties. Commercial property owners pay the highest effective tax rates at almost 3 percent. Most of the waterfront properties are in the northern part of Richland County where statutory tax rates are low. Thus, the average effective tax rates for waterfront properties are low relative to other residential property classes.

Table 3.2. Mean of Appraised Value, Capped Value, Sale Prices, Tax Payment, and Ratios by County and Property Type, Richland, South Carolina (2018)

	Type of Property	Number of Properties	Mean Appraised Value (1)	Mean Capped Value (2)	Ratio (2)/(1) x 100 (%)	Tax Base Reduction (1 – Ratio) x 100 (%)	Mean Sale Price	Number of Sales	Mean Tax Payment (3)	Effective Tax Rate (3)/(1) x 100 (%)
All Properties — Residential	Residential Land	19,348	17,531	15,138	86.3545	13.6455	256,160	1,388	454	2.5883
	Residential Waterfront	2,604	364,719	360,006	98.7076	1.2924	529,682	124	3,577	0.9809
	Single Fam Res	105,492	150,995	148,048	98.0487	1.9513	615,388	5,900	1,757	1.1639
	Multi Family Land	130	22,995	18,544	80.6416	19.358	112,167	3	526	2.2873
	Residential Land Waterfront	430	89,183	85,840	96.2515	3.7485	273,397	39	2,455	2.7528
	Commercial (a)	9,341	413,670	401,364	97.0254	2.9746	1,026,508	370	12,381	2.9929
	Other (b)	21,553	196,349	191,758	97.6617	2.3383	374,094	908	5,236	2.6666
	Total or Weighted Average (100%) (c)	**158,898**	**159,568**	**155,884**	**97.6916**	**2.3084**	**547,699**	**8,732**	2,730	1.7106
Properties with Ratio <1 — Residential	Residential Land	4,442	25,272	13,329	52.7443	47.2557	110,718	123	409	1.6202
	Residential Waterfront	146	428,185	342,890	80.0800	19.9200	629,430	10	3,709	0.8662
	Single Fam Res	4,082	235,058	158,253	67.3250	32.6750	316,700	155	1,928	0.8202
	Multi Family Land	9	186,667	122,367	65.5536	34.4464	85,000	1	3,716	1.9909
	Residential Land Waterfront	57	119,879	94,495	78.8251	21.1749	253,333	6	2,405	2.0058
	Commercial (a)	2,549	246,741	195,915	79.4012	20.5988	881,965	72	5,902	2.3920
	Other (b)	1,773	317,847	257,904	81.1409	18.8591	545,313	56	7,318	2.3025
	Total or Weighted Average (8.22%) (c)	**13,058**	**178,839**	**131,597**	**73.584**	**26.4157**	**389,232**	**423**	2,943	1.6458

Source: These data are a subset of a larger database from CoreLogic that has property tax information for all counties in South Carolina.

Note: The observations without information about the Appraised Value and/or the Capped Value and/or Tax Amount (missing values) have been removed from the analysis so they do not interfere with the computation of the averages. Additionally, only properties with a non-zero tax amount (no exempt properties) were considered.

(a) This category was created by aggregating a number of original county classifications. The main objective is to group several types of similar properties into a single category to simplify the comparison. This "Commercial" category consists of the following classifications: 1) Auto dealer new, 2) Auto dealer used, 3) Auto repair, 4) Bank 1-2 story, 5) Bar/lounge, 6) Bowling alley, 7) Branch bank 1 stry, 8) Branch bank 2+ stry, 9) Carwash full svc, 10) Carwash self svc, 11) Carwash semi-auto, 12) Cock-a-boose, 13) Cold, 14) Storage, 15) Comml laundry, 16) Commun retail strip, 17) Convenience store, 18) Commercial Land, 19) Covered parking ga, 20) Drive-in restaurant, 21) Fast food restaurant, 22) Florist, 23) Full service hotel, 24) Garage apt, 25) Golf cours, 26) Hotel 1-8 stor, 27) Hotel 9+ story, 28) Laundromat, 29) Light mfg, 30) Local grocery, 31) Lumber yd/sawmill, 32) Luxury restaurant, 33) Mini lube, 34) Mini-warehouse, 35) motel 1 story, 36) motel 1 stry resort, 37) motel 2-8 story, 38) motel 9+ story, 39) office 1 story, 40) office 2-8 story, 41) office 8+ story, 42) pub warehouse, 43) restau inside service/maj chai, 44) restaurant, 45) retail strip, 46) service center/automobile, 47) store 1 story, 48) store 2-8 story, 49) store 9+ story, 50) store/ofc

condo, 51) store/office combo, 52) store/resid combo, 53) supermarket, 54) svc station full, 55) whse/ofc flex space and 56) whse/store/pole bld.

(b) The "Other" category consists of the following properties: 1) Apt/Condo, 2) Clubhouse, 3) Auto repair/wholesale, 4) Construc, 5) Church, 6) Condo 2-8 story, 7) Condo 9+ story. 8) Condo Cluster, 9) Condo Twnhs, 10) County park/rec, 11) County spcl purp, 12) Dairy, 13) Day Care ctr, 14) Day Care Nursery, 15) Doctor ofc 1 story, 16) Doctor ofc multi-stry, 17) Duplex, 18) Theater, 19) Federal Military, 20) Federal OFC bldg, 21) Financial 1-2 stry, 22) Heavy mfg, 23) Historical Single Fam, 24) Historical Site, 25) Institutional Land, 26) Misc County, 27) Misc Federal, 28) Misc municipal, 29) Misc pub institution, 30) Misc pvt institution, 31) Mob home dbl wide, 32) Mobile home, 33) Mobile Home Park Land Only, 34) Mortuary/crematory, 35) Multi-fam 101+ un, 36) Multi-fam 31-100 un, 37)Multi-fam 5-30 un, 38) Multi-fam retirement, 39) Munic office bldg, 40) Munic park/rec, 41) Munic school, 42) Nbhd retail strip, 43) Nursery, 44) OFC/whse flex space, 45)Organization, 46) Prof ofc 1 story, 47) Prof ofc multi-story, 48) Pub convalescent ctr, 49) Pub country club, 50) Pub hospital, 51) Pub nursing home, 52) Pub retirement ctr, 53)Pvt convalescent ctr, 54) Pvt country club, 55) Pvt hospital, 56) Pvt nursing home, 57) Pvt retirement ctr, 58) Pvt school, 59) Pvt tennis club, 60) Pvt university, 61) Pvt util, 62) Electric, 63) Quadraplex, 64) Recreation ctr, 65) Regional retail, 66) Regnl ctr office, 67) Relig university, 68) Religious school, 69) Res conv to 5 apts, 70) Res conv to ofc, 71)Res conv to store, 72) Res lot on golf course, 73) Res on comml land, 74) Single fam res misc, 75) Single fam rural, 76) Single family, 77)Townhouse, 78) Spcl recreation ctr, 79) State office bldg, 80) State School, 81) Svc station ltd and 82) Svc stn now other.

(c) The "Total" row only considers the properties that appear in the table, that is, the total of residential, commercial and "Other" category properties. Therefore, this total does not consider industrial, farm use, and taxexempt properties.

Residential property again has the lowest average effective tax rate, which is primarily due to the lower assessment ratio of 4 percent for primary residential properties and the exemption from paying local school operating costs.
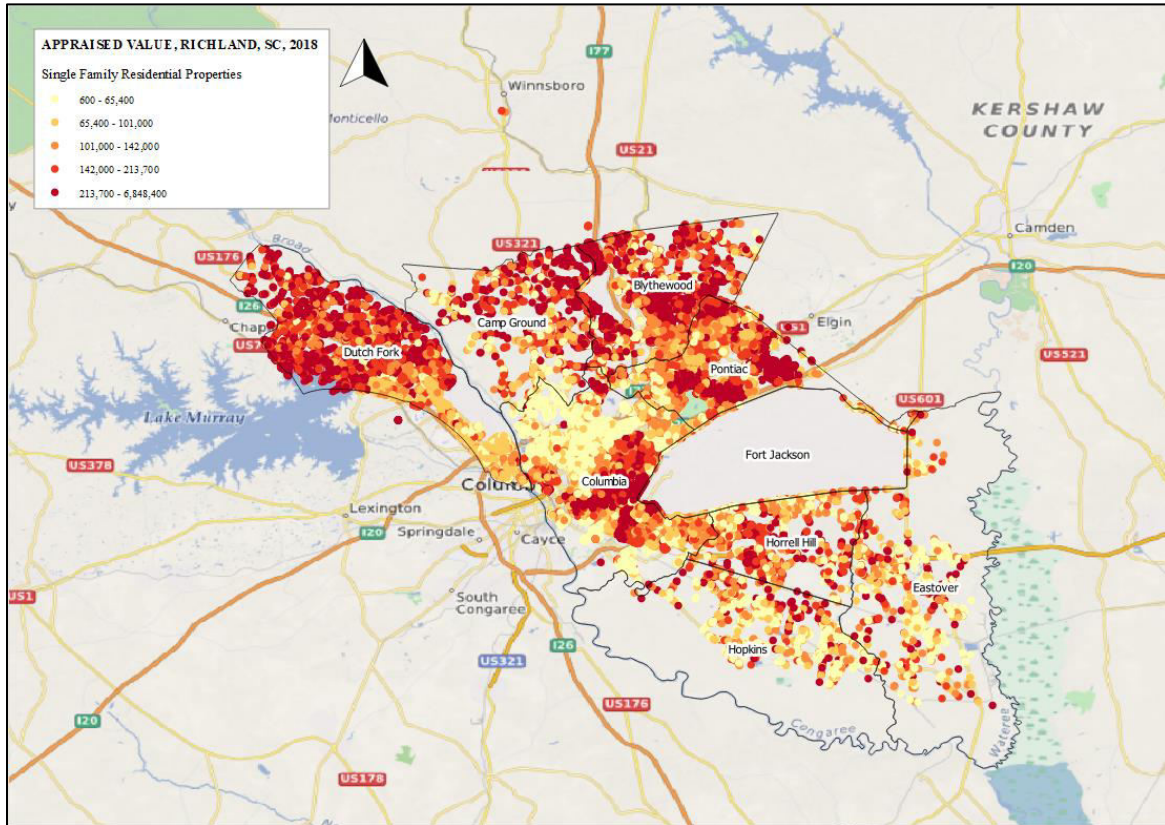
Residential Properties

Consider first single family residential properties, which are the largest share of all property classes. In 2018, only 4,082 of 105,492 parcels (about 3.9 percent) had lower capped values relative to appraised values. In aggregate, capped values were about 98 percent of appraised values for the single-family residential properties in the whole county, indicating that the cap reduced the tax base by 2 percent. Of the group of properties that had capped values, on average they received a 32.7 percent lower tax bill in 2018, as compared to those properties with no cap benefit. Given that just 3.9 percent of properties have a differential between capped value and appraised value, and that the capped value is 98 percent of appraised value overall, Act 388 has not resulted in significant differences in effective tax rates across residential occupied properties.

Several maps (figures 3.12, 3.13, and 3.14) illustrate areas where the capped value has had the greatest effect. Figure 3.12 presents 2018 appraised values for single family residential properties; the figure demonstrates that the higher valued properties are located closer to Columbia, and also on the county border with respect to Fairfield, Newberry, and Lexington. Figure 3.13 presents effective tax rates; the properties with the highest effective tax rate are closer to Columbia. Figure 3.14 shows the ratio of capped value to appraised value. Together these figures demonstrate the following:

- the highest valued properties are near and just north of Columbia;
- the highest effective tax rates are near Columbia and in the northeast portion of the county; and
- the properties with a positive differential between capped value and appraised value are primarily located in the northwest and southeast portions of the county.

The other residential property classes (*residential land*, *residential waterfront*, and *multi-family land*), which account for about 17 percent of residential properties, also exhibit relatively little tax base erosion. An exception is *multi-family land*, but there are only 130 properties in this category. Among residential properties, *residential waterfront* and *single family residential* have the lowest effective tax rates.

Figure 3.12. Quantile Map: Appraised Value, Single Family Residential Properties, Richland, SC (2018)

Note: This map represents the situation for Single Family Residential properties in Richland County, South Carolina, year 2018. The number of observations is 104,370.

Note 2: Note that some properties have been omitted for two reasons: 1) corresponds to outlier observations, and 2) are observations that do not have information regarding geographical coordinates.

Note 3: This is a quantile map of five groupings, where each group is expressed in U.S. dollars. A quantile map divides the total number of observations by the number of groups (in this case, 5 groups). Once the sample is divided equally, each group has a minimum and maximum value that depends on the observations that belong to the group.

Source: CoreLogic Data

Figure 3.13. Quantile Map: Effective Tax Rate (%), Single Family Residential Properties, Richland, SC (2018)

Note 1: This map represents the situation for Single Family Residential properties in Richland County, South Carolina, year 2018. The number of observations is 104,370.

Note 2: Note that some properties have been omitted for two reasons: 1) corresponds to outlier observations, and 2) are observations that do not have information regarding geographical coordinates.

Note 3: This is a quantile map of five groupings, where each group is expressed in percentage terms. A quantile map divides the total number of observations by the number of groups (in this case, 5 groups). Once the sample is divided equally, each group has a minimum and maximum value that depends on the observations that belong in the group.

Source: CoreLogic Data

Figure 3.14. Natural Breaks Map: Capped Value/ Appraised Value Ratio, Single Family Residential Properties, Richland County, SC (2018)
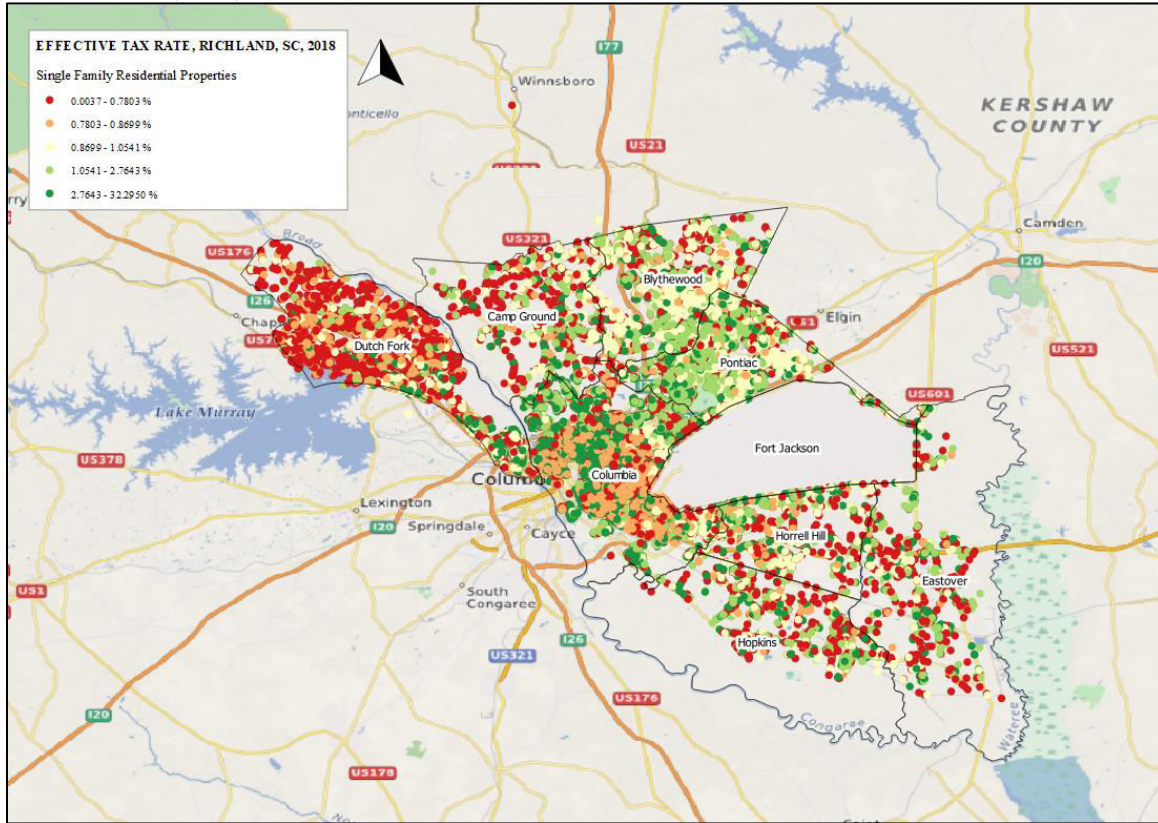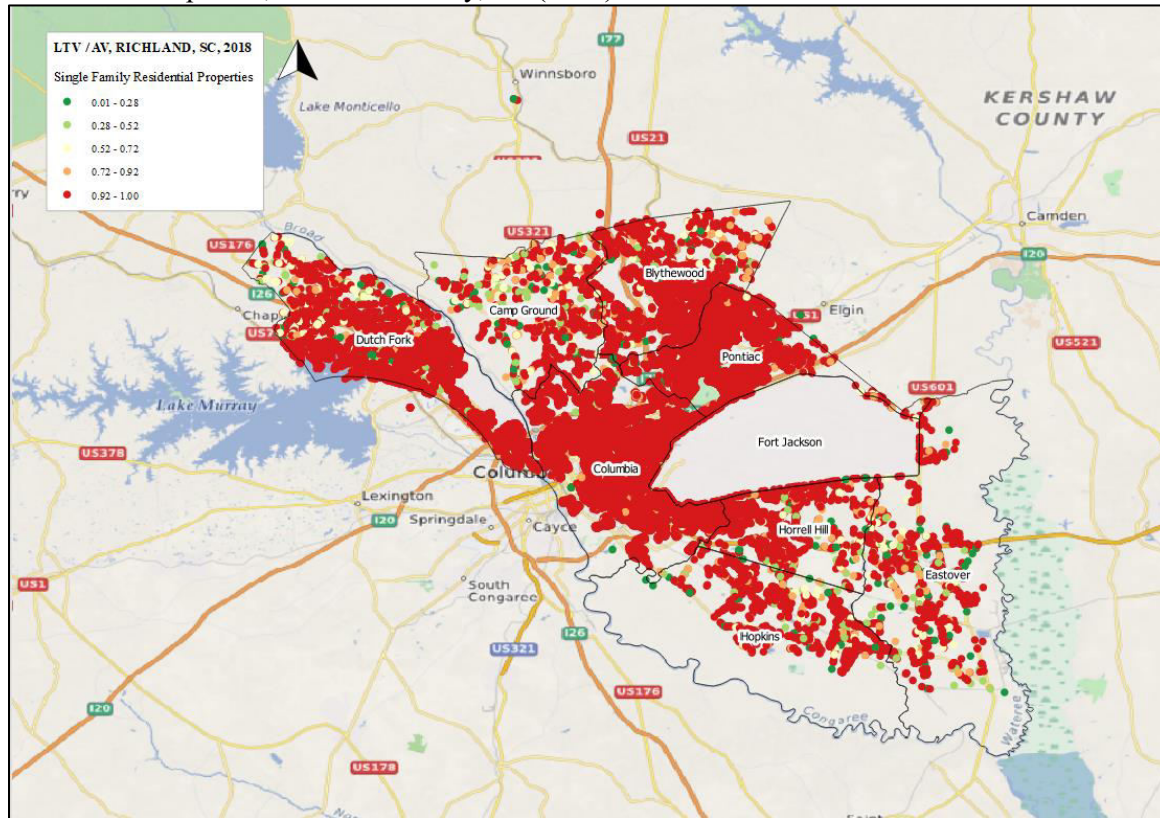

Note: This map represents the situation for Single Family Residential properties in Richland County, South Carolina, year 2018. The number of observations is 104,370.
Note 2: Note that some properties have been omitted for two reasons: 1) corresponds to outlier observations, and 2) are observations that do not have information regarding geographical coordinates.
Note 3: This is a natural breaks map (or Jenks) of five classes, where each category is expressed in ratio. This method uses an iterative approach to arrange a set of values into "natural" classes. Therefore, each class is composed of properties that are the most similar among them with respect to the variable of interest. In this particular case, this type of map is chosen because the ratio does not vary largely through properties and there is a large group of observations with a ratio close to one.
Source: CoreLogic Data

Commercial Properties

About 27.3 percent of commercial properties exhibit a gap between appraised value and capped value; commercial capped value is 97 percent of appraised value. Thus, the assessment limit has reduced the commercial tax base by 3 percent. For those properties with a gap between appraised value and capped value, the tax savings were a substantial 21 percent. For reference, we also present figures 3.15, 3.16, and 3.17 for Richland County, which demonstrate the following:

- Commercial properties are generally concentrated around Columbia (figure 3.15);
- the high effective tax rates are in the northeast portion of the county near Dentsville and Pontiac (figure 3.16); and
- properties with a gap between appraised value and capped value are dispersed throughout the county (figure 3.17).

Figure 3.15. Quantile Map: Appraised Value, Commercial Properties, Richland County, SC (2018)
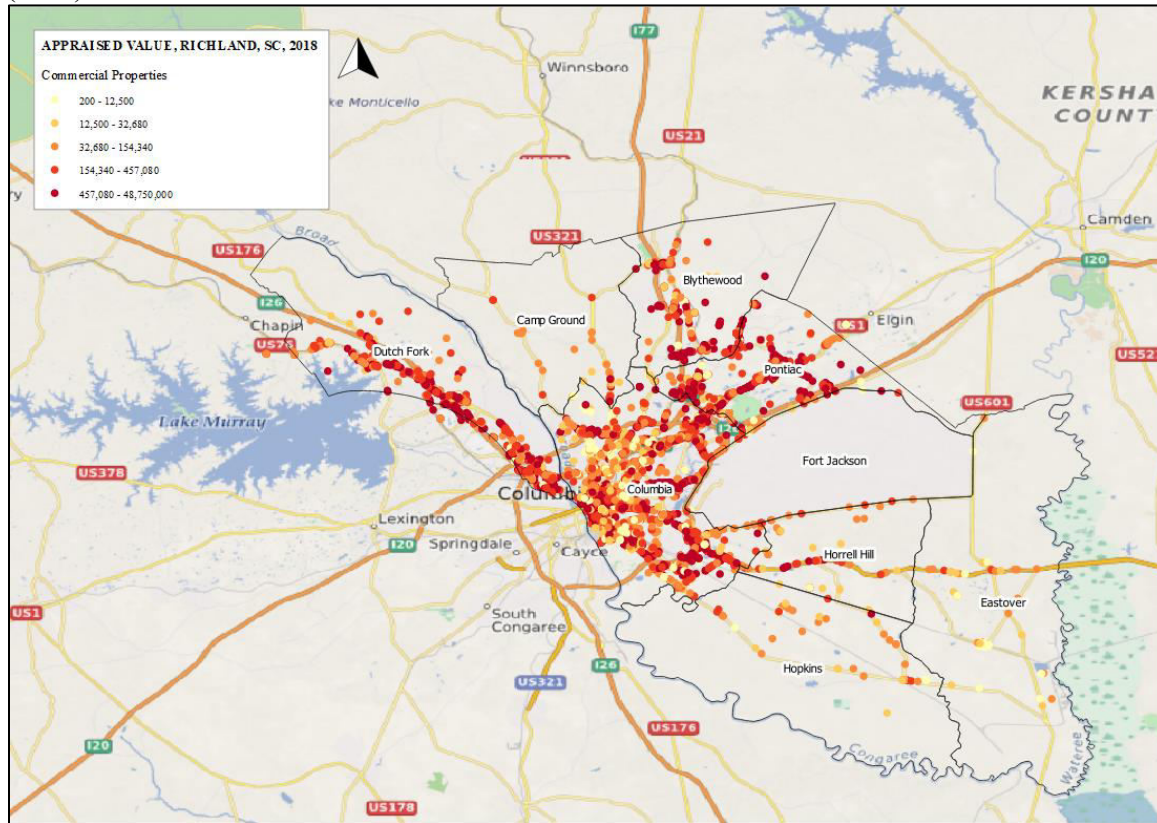
Note 1: This map represents the situation for Commercial properties in Richland County, South Carolina, year 2018. The number of observations is 9,224.

Note 2: Note that some properties have been omitted for two reasons: 1) corresponds to outlier observations, and 2) are observations that do not have information regarding geographical coordinates.

Note 3: This is a quantile map of five grouping, where each group is expressed in U.S. dollars. A quantile map divides the total number of observations by the number of groups (in this case, 5 groups). Once the sample is divided equally, each group has a minimum and maximum value that depends on the observations that belong to the group.

Source: CoreLogic Data

Figure 3.16. Quantile Map: Effective Tax Rate, Commercial Properties, Richland County, SC (2018)

Note 1: This map represents the situation for Commercial properties in Richland County, South Carolina, year 2018. The number of observations is 9,224.

Note 2: Note that some properties have been omitted for two reasons: 1) corresponds to outlier observations, and 2) are observations that do not have information regarding geographical coordinates.

Note 3: This is a quantile map of five groups, where each group is expressed in percentages. A quantile map divides the total number of observations by the number of groups (in this case, 5 groups). Once the sample is divided equally, each group has a minimum and maximum value that depends on the observations that belong to the group.

Source: CoreLogic Data

Figure 3.17. Natural Breaks Map: Capped Value/Appraised Value Ratio, Commercial Properties, Richland County, SC (2018)
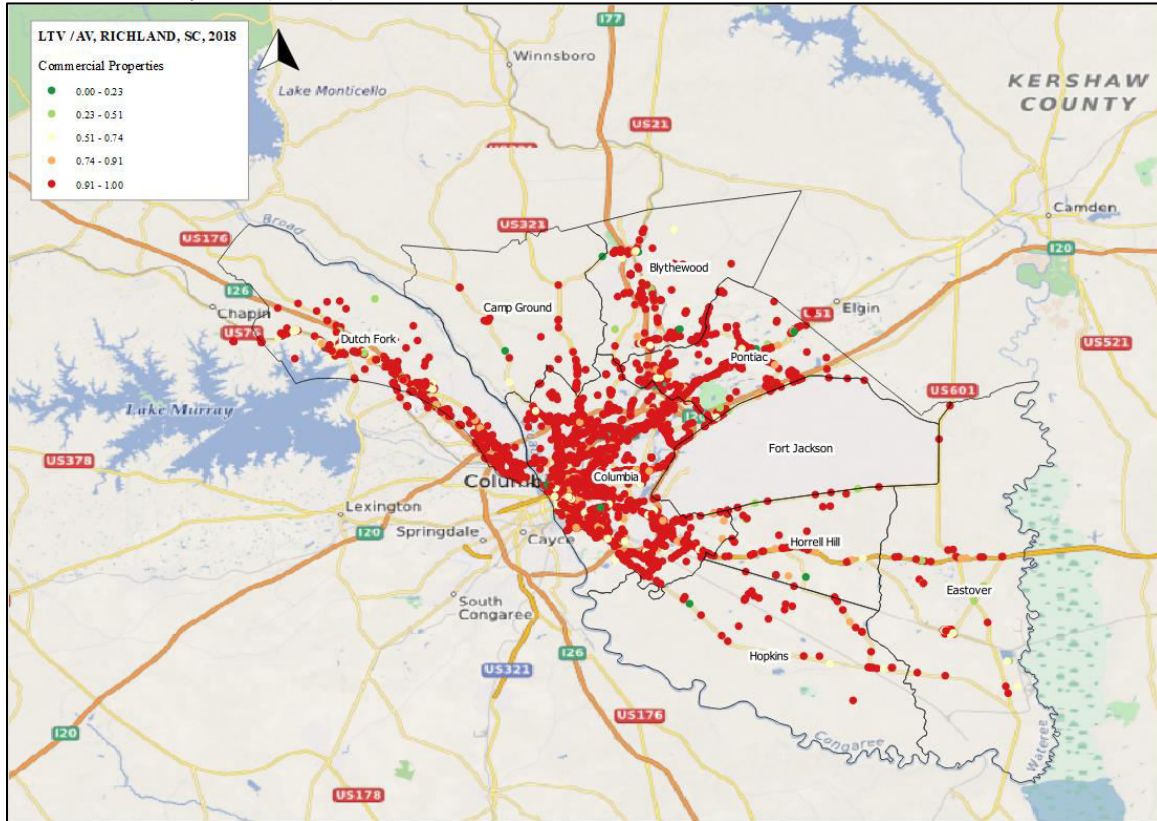
Note: This map represents the situation for Commercial properties in Richland County, South Carolina, year 2018. The number of observations is 9,224.

Note 2: Note that some properties have been omitted for two reasons: 1) corresponds to outlier observations, and 2) are observations that do not have information regarding geographical coordinates.

Note 3: This is a natural breaks map (or Jenks) of five groupings, where each category is expressed in ratio. This method uses an iterative approach to arrange a set of values into "natural" groups. Therefore, each group is composed of properties that are the most similar among them with respect to the variable of interest. In this particular case, this type of map is chosen because the ratio does not vary very much across properties and there is a large group of observations with a ratio close to one.

Source: CoreLogic Data

Edgefield County

Edgefield County is located on the western border of South Carolina. With a population of 27,052 in 2018, it is one of the smaller and more rural counties in South Carolina.

Figures 3.18 and 3.19 show the proportion of the total appraised value and total tax payments by property class for Edgefield County in 2018. The figures summarize contributions to the tax base by different property classes.

Figure 3.18. Percentage of the Total Appraised Value by Property Type, Edgefield, South Carolina (2018)
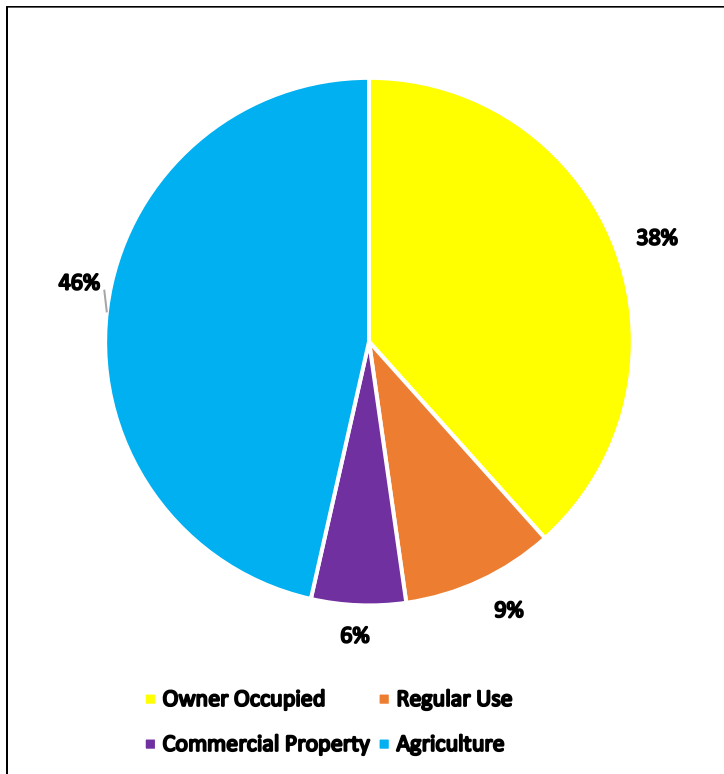
Source: These data are obtained from a subset of a larger database with information for all counties in South Carolina. This information comes from CoreLogic. The subset is Edgefield County.
The following categories were omitted from the graph (not from the calculation) because the resulting percentages were virtually zero: 1) Multi-Lot Discount and 2) Other.

Figure 3.19. Percentage of the Total Tax Payment by Property Type, Edgefield, South Carolina (2018)
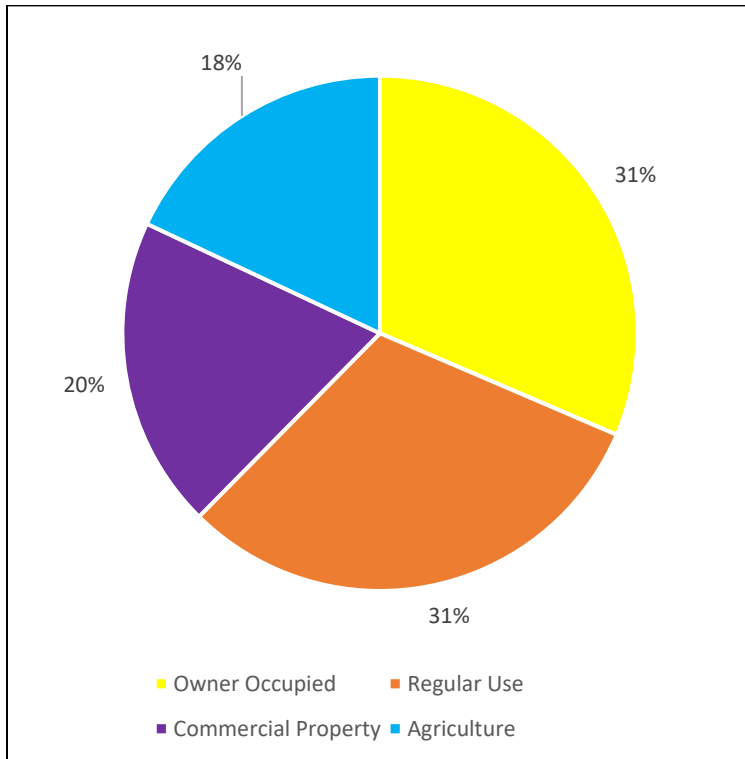
Legend:
- Owner Occupied
- Regular Use
- Commercial Property
- Agriculture

Pie chart values: 31% (Owner Occupied), 31% (Regular Use), 20% (Commercial Property), 18% (Agriculture)

Source: These data are obtained from a subset of a larger database with information for all counties in South Carolina. This information comes from CoreLogic. The subset is Edgefield County.
The following categories were omitted from the graph (not from the calculation) because the resulting percentages were virtually zero: 1) Multi-Lot Discount and 2) Other.

Owner occupied (primary residential) property is 38 percent of the total appraised value with *agriculture* (46 percent), *regular use* (9 percent), and *commercial* property (6 percent) accounting for most of the remaining tax base. However, *owner occupied* property accounts for only 31 percent of tax revenues, whereas *regular use* and *commercial property* make up 31 percent and 20 percent of total property tax revenues, respectively. Residential property has the largest share of the total appraised value; however, its tax contribution is lower due to the reduced assessment ratio and the exemption from paying local school operating costs.

Table 3.3 shows that average effective property tax rates vary significantly by property class. Note that the category *Owner Occupied* is synonymous with primary residential properties. The effective tax rate for owner occupied residential property is 0.51 percent. Commercial property owners pay the highest effective tax rates at 2.12 percent.

The capped value had little effect in Edgefield County, though the relatively few parcels that enjoyed a tax base reduction received substantial tax savings, particularly for commercial property.

Table 3.3. Mean of Appraised Value, Capped Value, Sale Prices, Tax Payment, and Ratios by County and Property Type, Edgefield, South Carolina (2018)

		Number of Properties	Mean Appraised Value (1)	Mean Capped Value (2)	Ratio (2)/(1) x 100 (%)	Tax Base Reduction (1 − Ratio) x 100 (%)	Mean Sale Price	Number of Sales	Mean Tax Payment (3)	Effective Tax Rate (3)/(1) x 100 (%)
All Properties	Residential — Owner Occupied	5,898	113,342	112,667	99.4040	0.5960	210,881	152	583	0.5148
	Residential — Regular Use	4,796	33,998	33,347	98.0832	1.9168	113,857	183	706	2.0772
	Residential — Multi-Lot Discount	402	2,218	2,218	100.0000	0.0000	168,480	21	44	1.9915
	Commercial Property	392	257,554	250,946	97.4346	2.5654	427,183	12	5,469	2.1234
	Other (a)	10	188,871	179,599	95.0906	4.9094	165,000	1	2,667	1.4120
	Total or Weighted Average (100%) (b)	**11,498**	**81,344**	**80,492**	**98.9530**	**1.0470**	**167,260**	**369**	**787**	**0.9672**
Properties with Ratio <1	Residential — Owner Occupied	239	122,979	106,309	86.4450	13.5550	108,625	4	568	0.4619
	Residential — Regular Use	191	68,732	52,369	76.1921	23.8079	223,099	7	1,165	1.6943
	Residential — Multi-Lot Discount	0	n.i.	n.i.	n.i.	n.i.	n.i.	0	n.i.	n.i.
	Commercial Property	13	457,894	258,661	56.4892	43.5108	n.i.	0	6,160	1.3453
	Other (a)	2	168,975	122,613	72.5628	27.4372	n.i.	0	2,543	1.5052
	Total or Weighted Average (3.87%) (b)	**445**	**109,686**	**87,681**	**79.9381**	**20.0619**	**181,472**	**11**	**997**	**0.9092**

Source: These data are a subset of a larger database from CoreLogic that has property tax information for all counties in South Carolina.

Note: The observations without information about the Appraised Value and/or the Capped Value and/or the Tax Amount (missing values) have been removed from the analysis so they do not interfere with the computation of the average. Additionally, only properties with a non-zero tax amount (no exempt properties) were considered.
(a) This category was created by aggregating original county classifications 1) Ag at a Corp Rate, 2) Not Occupied and 3) Right of Way.
(b) The *Total* row includes only the properties that appear in the table, that is, the total of residential, commercial, and *Other* property categories. Therefore, this total does not include industrial, farm use, and tax-exempt properties.

Residential property has the lowest average effective tax rate, which again is primarily due to the lower assessment ratio of 4 percent for primary residential properties and the exemption from paying local school operating costs.

Residential Properties

For *owner occupied* residential properties, only 239 of 5,898 parcels have lower capped values relative to appraised values. In aggregate, capped value is about 99 percent of appraised value for the owner-occupied properties in the whole county, indicating that the cap reduces the tax base by less than one percent.

Properties that were subject to a cap received, on average, a 13.6 percent lower tax bill in 2018 than those properties with no benefit. Given that so few properties had a differential between the capped value and appraised value, and that the capped value is 99 percent of appraised value overall, the assessment limit has not resulted in significant differences in effective tax rates across residential occupied properties.

The other residential property classes (*regular use* and *multi-lot discount*), which are about 47 percent of residential properties, also exhibited relatively little tax base erosion.

Commercial Properties

Only 13 of 392 commercial properties exhibited a gap between appraised value and capped value; capped value for commercial property is 97 percent of appraised value. Thus, the assessment limit reduced the commercial tax base by 3 percent. However, for the 13 properties that had a gap between appraised value and capped value, the tax savings were a substantial 44 percent.

In the evaluations of York and Richland counties, the accompanying figures showed the pattern of property tax burden in a spatial context. However, given that so few properties in Edgefield have benefited from the assessment limit, figures have not been included for Edgefield County.

Thus far, an overview of all counties included in the evaluation has been provided as well as more detailed evaluations for York, Richland, and Edgefield counties. The chapter concludes with brief summaries of the remaining counties under consideration.

Allendale County

Information on the Allendale County property tax environment is presented in table 3.4. However, the assessment limit has had essentially no effect on the tax base and therefore is not applicable.

Table 3.4. Mean of Appraised Value, Capped Value, Sale Prices, Tax Payment, and Ratios by County and Property Type, Allendale, South Carolina (2018)

		Type of Property	Number of Properties	Mean Appraised Value (1)	Mean Capped Value (2)	Ratio (2)/(1) x 100 (%)	Tax Base Reduction (1 – Ratio) x 100 (%)	Mean Sale Price	Number of Sales	Mean Tax Payment (3)	Effective Tax Rate (3)/(1) x 100 (%)
All Properties	Residential	Single Family Residence OO/HE	881	41,070	40,958	99.7260	0.2740	58,625	4	183	0.4454
		Single Family Residential	771	24,766	24,745	99.9130	0.0870	52,667	12	710	2.8661
		Single Family Residential -OO	680	42,034	41,887	99.6514	0.3486	39,925	10	370	0.8804
		Residential Lots-Vacant	1,246	4,026	4,013	99.6849	0.3151	61,557	7	116	2.8727
	Commercial (a)		284	44,721	44,545	99.6052	0.3948	42,238	6	1,361	3.0444
	Other (b)		1,229	17,823	17,697	99.2897	0.7103	394,275	4	347	1.9493
	Total or Weighted Average (100%) (c)		5,091	24,301	24,211	99.6274	0.3726	82,027	43	391	1.6108
Properties with Ratio <1	Residential	Single Family Residence OO/HE	12	70,055	61,793	88.2052	11.7948	67,500	1	193	0.2760
		Single Family Residential	6	39,940	37,170	93.0654	6.9346	45,000	1	1,132	2.8334
		Single Family Residential - OO	13	93,611	85,945	91.8114	8.1886	n.i.	0	688	0.7352
		Residential Lots - Vacant	9	3,227	1,471	45.5826	54.4174	n.i.	0	43	1.3371
	Commercial (a)		4	85,017	72,481	85.2547	14.7453	n.i.	0	456	0.5369
	Other (b)		6	50,295	24,364	48.4424	51.5576	n.i.	0	663	1.3173
	Total or Weighted Average (0.98%) (c)		50	60,273	51,166	84.8906	15.1094	56,250	2	469	0.7774

Source: These data are a subset of a larger database from CoreLogic that has property tax information for all counties in South Carolina.

Note: The observations without information about the Appraised Value and/or the Capped Value and/or Tax Amount (missing values) have been removed from the analysis so they do not interfere with the computation of the average. Additionally, properties with a non-zero tax amount (no exempt properties) were considered.

(a) This category was created by aggregating original county classifications. The main objective was to group several types of similar properties into a single category to simplify the comparison. This category comprises the following properties: 1) Beauty Shop, 2) Building Supply, 3) Cablevision (Dept of Revenue), 4) Car Dealership & Sales, 5) Church, Cemetery, Parsonage, 6) Florist, 7) Funeral Home, 8) Gas Distributor, 9) Golf Course, 10) Hunting Club, 11) Laundromat, 12) Motels and Hotels, Night Club, and similar, 13) Office, 14) Post Office-Privately Owned, 15) Radio Station, 16) Repair Shop, 17) Res Lot w/Garage/Storage, 18) Restaurant, 19) Store, and 20) Warehouse.

(b) The *Other* category was created by aggregating original county classifications: 1) Apartment Complex, 2) Bank or Savings and Loan, 3) College or University, 4) Commercial Property Vacant, 5) Convalescent Home, 6) County Fee-in-Lieu, 7) County Owned, 8) Duplex, 9) Federal Government, 10) Fraternal Organizations, 11) Hazardous Landfill, Closed, 12) House, 13) Manufacturers County, 14) Mobile Home, 15) Mobile Home-OO, 16) Mobile Home OO/HE, 17) Mobile Home Park, 18) Nursery-Children, 19) Power Company (State), 20) Railroad Property (County), 21) School District, 22) School Private, 23) Service Station, 24) State Owned, 25) Swimming Pool (Multiple Own), 26) Telephone Company (State), 27) Total Market Value, 28) Town of Allendale, 29) Town of Fairfax, 30) Town of Sycamore, and 31) Town of Ulmer.

(c) The *Total* row only includes the properties that appear in the table, that is, the total of residential, commercial, and *Other* property categories. Therefore, this total does not include industrial, farm use, and tax-exempt properties.

Charleston County

Unfortunately, information on capped values was unavailable from CoreLogic. Therefore, the differential effect of tax caps was not considered. Table 3.5 does, however, offer a summary of effective tax rates by property class.

Table 3.5. Mean of Appraised Value, Capped Value, Sale Prices, Tax Payment, and Ratios by County and Property Type, Charleston, South Carolina (2018)

		Type of Property	Number of Properties	Mean Appraised Value (1)	Mean Capped Value (2)	Ratio (2)/(1) x 100	Tax Base Reduction (1 – Ratio) x 100	Mean Sale Price	Number of Sales	Mean Tax Payment (3)	Effective Tax Rate (3)/(1) x 100 (%)
All Properties	Residential	Resid-Cnu	15,463	278,482	*n.i.*	*n.i.*	*n.i.*	2,622,404	1,397	3,103	1.1143
		Resid-Dup/Tri	2,317	322,798	*n.i.*	*n.i.*	*n.i.*	711,372	143	4,291	1.3292
		Resid-Mbh	1,729	80,196	*n.i.*	*n.i.*	*n.i.*	138,893	50	735	0.9163
		Resid-Row	101	1,505,846	*n.i.*	*n.i.*	*n.i.*	1,740,327	9	14,060	0.9337
		Resid-Twh	9,129	224,470	*n.i.*	*n.i.*	*n.i.*	261,848	814	2,021	0.9003
		Sfr-Apts	105,817	399,817	*n.i.*	*n.i.*	*n.i.*	536,009	5,836	2,864	0.7163
		Vac-Res-Lot	20,653	121,500	*n.i.*	*n.i.*	*n.i.*	457,391	2,077	1,445	1.1895
		Commercial (A)	6,211	779,248	*n.i.*	*n.i.*	*n.i.*	1,727,826	318	10,016	1.2853
		Other (B)	12,306	988,497	*n.i.*	*n.i.*	*n.i.*	5,702,858	710	13,814	1.3975
		Total or Weighted Average (100%) (c)	**173,726**	**398,416**	***n.i.***	***n.i.***	***n.i.***	**1,116,576**	**11,354**	**3,681**	**0.9240**
Properties with Ratio <1	Residential	Resid-Cnu	15,463	278,482	*n.i.*	*n.i.*	*n.i.*	2,622,404	1,397	3,103	1.1143
		Resid-Dup/Tri	2,317	322,798	*n.i.*	*n.i.*	*n.i.*	711,372	143	4,291	1.3292
		Resid-Mbh	1,729	80,196	*n.i.*	*n.i.*	*n.i.*	138,893	50	735	0.9163
		Resid-Row	101	1,505,846	*n.i.*	*n.i.*	*n.i.*	1,740,327	9	14,060	0.9337
		Resid-Twh	9,129	224,470	*n.i.*	*n.i.*	*n.i.*	261,848	814	2,021	0.9003
		Sfr-Apts	105,817	399,817	*n.i.*	*n.i.*	*n.i.*	536,009	5,836	2,864	0.7163
		Vac-Res-Lot	20,653	121,500	*n.i.*	*n.i.*	*n.i.*	457,391	2,077	1,445	1.1895
		Commercial (a)	6,211	779,248	*n.i.*	*n.i.*	*n.i.*	1,727,826	318	10,016	1.2853
		Other (b)	12,306	988,497	*n.i.*	*n.i.*	*n.i.*	5,702,858	710	13,814	1.3975
		Total or Weighted Average (100%) (c)	**173,726**	**398,416**	***n.i.***	***n.i.***	***n.i.***	**1,116,576**	**11,354**	**3,681**	**0.9240**

Source: These data are a subset of a larger database from CoreLogic that has property tax information for all counties in South Carolina.

Note: The observations without information about the Appraised Value and/or the Capped Value and/or Tax Amount (missing values) have been removed from the analysis so they do not interfere with the computation of the average. Additionally, only properties with a non-zero tax amount (no exempt properties) were considered.

(a) This category was created by aggregating two original county classifications. The main objective of this action is to group similar properties into a single category to simplify the comparison. This category comprises the following properties: 1) General Commercial, and 2) Vacation Commercial Lot.

(b) The *Other* category was created by aggregating original county classifications: 1) Auto Parking, 2) Building-Only, 3) Cemeteries, 4) Comm-App-Res, 5) Condo Common, 6) Condo Common Comm, 7) Cultural Activity, 8) Electric/Utility, 9) Freeways, 10) Govt Bldg, 11) Mobile Home Parks, 12) Not Currently Classified, 13) OT Undeveloped Land, 14) Playground Activity, 15) Railroad/Train, 16) Religious, 17) Rooming House, 18) Schools, 19) Spclty-Apt, 20) Spclty-Cnu-Tmsbrg, 21) Spclty-Commcondo, 22) Spclty, 23) Spclty-Ofc, 24) Spclty-Rec, 25) Spclty-Rst, 26) Spclty-Rtl, 27) Spclty-Sma, 28) Spclty-Tamsberg, 29) Spclty-Whs, 30) Telephone Communication, 31) Undeveloped Land Residential, and 32) Undeveloped Unused Land.

(c) The *Total* row only includes the properties that appear in the table, that is, the total of residential, commercial, and *Other* category properties. Therefore, this total does not include industrial, farm use, and tax-exempt properties.

Florence County

The assessment limit had little effect on the Florence County tax base (see table 3.6).

Table 3.6: Mean of Appraised Value, Capped Value, Sale Prices, Tax Payment and Ratios by County and Property Type, Florence, South Carolina, 2018

		Type of Property	Number of Properties	Mean Appraised Value (1)	Mean Capped Value (2)	Ratio (2)/(1)x100	Tax Base Reduction (1-Ratio)x100	Mean Sale Price	Number of Sales	Mean Tax Payment (3)	Effetive Tax Rate (3)/(1)x 100
All Properties	Residential	Residential	146	20,947	20,597	98.3305%	1.6695%	47,667	3	228	1.0879%
		Residential Auxiliary	1,155	18,829	17,999	95.5932%	4.4068%	86,886	11	237	1.2589%
		Residential Improved	35,064	122,258	121,922	99.7252%	0.2748%	163,270	1,161	790	0.6459%
		Residential Vacant	14,584	31,316	29,571	94.4279%	5.5721%	145,948	459	295	0.9423%
		Commercial Improved	5,035	369,301	361,830	97.9770%	2.0230%	379,743	153	7,993	2.1643%
		Other (a)	736	210,829	202,813	96.1982%	3.8018%	274,672	22	3,748	1.7776%
	Total or Weighted Average (100%) (c)		**56,720**	**119,587**	**118,146**	**98.7947%**	**1.2053%**	**177,882**	**1,809**	**1,193**	**0.9978 %**
Properties with Ratio<1	Residential	Residential	23	44,082	41,862	94.9641%	5.0359%	59,000	2	299	0.6787%
		Residential Auxiliary	295	25,310	22,061	87.1643%	12.8357%	55,417	3	285	1.1275%
		Residential Improved	17,809	124,322	123,660	99.4680%	0.5320%	166,525	590	805	0.6475%
		Residential Vacant	2,516	76,418	66,303	86.7639%	13.2361%	184,088	170	491	0.6421%
		Commercial Improved	1,883	483,632	463,656	95.8695%	4.1305%	515,678	62	8,859	1.8318%
		Other (a)	151	396,242	357,174	90.1404%	9.8596%	287,841	6	6,474	1.6338%
	Total or Weighted Average (39.98%) (c)		**22,677**	**149,284**	**145,679**	**97.5851%**	**2.4149%**	**196,312**	**833**	**1,422**	**0.9523 %**

Source: These data are a subset of a larger database from CoreLogic, which has property tax information for all counties in South Carolina.

Note 1: The observations that do not present information about the Appraised Value and/or the Capped Value and/or Tax Amount (missing values) have been removed from the analysis so that it does not interfere with the computation of the average. Additionally, we only include properties with a non-zero tax amount (no exempt properties).

Note 2: in the case of Florence, we have identified properties where the Capped Value exceeds the Appraised Value. We do not know the origin or reason of these cases; therefore, we have decided to eliminate these observations from the analysis so that they do not affect the averages shown in the table. These are the number of omitted observations by property category: 1) Residential: 465 of 611 properties; 2) Residential Auxiliary: 246 of 1,401 properties; 3) Residential Improved: 91 of 35,155; 4) Residential Vacant: 952 of 15,536 properties; 5) Commercial Improved: 13 of 5,048 properties; 6) Other: 6 of 742 properties.

(a) The "Other" category was created by aggregating a number of original county classifications: 1) Commercial Auxiliary, 2) Commercial Vacant, 3) Utility Improved, and 4) Utility Vacant.

(b) The "Total" row only includes the properties that appear in the table, that is, the total of residential, commercial and "Other" category properties. Therefore, this total does not include industrial, farm use, and tax-exempt properties.

Greenville County

With a population of 514,213, Greenville County is one of the largest counties in South Carolina. Though Greenville has a dynamic and growing economy, the assessment limit had a somewhat larger effect on the tax base; capped value is 90.4 percent of appraised value. About 22 percent of properties in the county had a gap between appraised value and capped value (see table 3.7). While the gaps were small for most parcels, there were a few parcels where the gaps were significant. It may be useful to conduct a case study to learn more about why some properties enjoy substantial tax relief, whereas most properties do not.

Table 3.7. Mean of Appraised Value, Capped Value, Sale Prices, Tax Payment, and Ratios by County and Property Type, Greenville, South Carolina (2018)

	Type of Property	Number of Properties	Mean Appraised Value (1)	Mean Capped Value (2)	Ratio (2)/(1) x 100 (%)	Tax Base Reduction (1 – Ratio) x 100 (%)	Mean Sale Price	Number of Sales	Mean Tax Payment (3)	Effective Tax Rate (3)/(1) x 100 (%)
All Properties / Residential	Res Single Family W/Aux Use	428	79,987	50,128	62.6704	37.3296	505,750	13	751	0.9391
	Resid 1 Family	150,128	187,985	183,827	97.7879	2.2121	265,023	9,684	1,669	0.8881
	Resid 1 Family/Vac	26,810	40,939	28,317	69.1681	30.8319	292,074	1,598	560	1.3689
	Resid Homeowners Assoc Prop	1,127	8,544	7,839	91.7496	8.2504	201,357	7	312	3.6482
	Resid Mobile Home	3,478	52,085	47,049	90.3313	9.6687	100,955	109	544	1.0454
	Resid Vac Mobile	4,013	28,228	21,234	75.2232	24.7768	79,636	56	322	1.1397
	Commercial (a)	11,026	759,258	704,079	92.7324	7.2676	1,634,297	545	14,958	1.9700
	Other (b)	4,865	786,805	590,645	75.0688	24.9312	3,973,250	184	11,621	1.4769
	Total or Weighted Average (100%) (c)	**201,875**	**207,342**	**194,539**	**93.8252**	**6.1748**	**383,604**	**12,196**	**2,432**	**1.1730**
Properties with Ratio <1 / Residential	Res Single Family W/Aux Use	166	120,146	42,451	35.3328	64.6672	854,974	6	588	0.4895
	Resid 1 Family	16,113	204,753	165,990	81.0685	18.9315	282,842	2,054	1,694	0.8274
	Resid 1 Family/Vac	12,013	46,821	18,278	39.0384	60.9616	359,145	786	372	0.7953
	Resid Homeowners Assoc Prop	170	12,946	8,273	63.9026	36.0974	*n.i.*	0	272	2.1008 %
	Resid Mobile Home	1,465	49,381	37,355	75.6464	24.3536	115,614	27	445	0.9019
	Resid Vac Mobile	1,221	48,573	21,140	43.5224	56.4776	83,467	23	322	0.6628
	Commercial (a)	2,797	808,222	590,687	73.0848	26.9152	1,301,531	145	12,618	1.5612
	Other (b)	3,428	738,131	459,732	62.2833	37.7167	3,532,612	108	8,373	1.1344
	Total or Weighted Average (18.51%) (c)	**37,373**	**235,634**	**166,197**	**70.5318**	**29.4682**	**458,451**	**3,149**	**2,594**	**1.1010**

Source: These data are a subset of a larger database from CoreLogic that has property tax information for all counties in South Carolina.

Note: The observations without information about the Appraised Value and/or the Capped Value and/or Tax Amount (missing values) have been removed from the analysis so they do not interfere with the computation of the average. Additionally, only properties with a non-zero tax amount (no exempt properties) are considered.

(a) This category was created by aggregating original county classifications. The main objective was to group several types of similar properties into a single category to simplify the comparison. This category comprises the following properties: 1) Anchor Retail, 2) Auto Service Center, 3) Bank-Branch, 4) Bank-Full Service, 5) Barber/Beauty-Convent, 6) Barber/Beauty-Convert, 7) Broadcasting Facility, 8) Car Wash Full Service, 9) Car Wash/Self Service, 10) Cashier Booth-Gas, 11) Cemetery, 12) Cold Storage, 13) Commercial Common, 14) Community Recreation, 15) Conv Store, 16) Conv Store Super (Food), 17) Day Care Conventional, 18) Day Care-Converted Res, 19) Department Store, 20) Discount Warehouse, 21) Funeral Home Conventional, 22) Funeral Home Converted, 23) Golf-Par 3, 24) Hangars, 25) Health Care-Assisted Living, 26) Health Care-Converted Res, 27) Health Care-Nursing Home, 28) Hotel, 29) Laundry/Cleaner Full Service, 30) Laundromat (Self), 31) Lumber-Showroom/Retail, 32) Medical, 33) Office-Dental, 34) Mini Lube, 35) Mini-Warehouses, 36) Mom/Pop Grocery, 37) Motel, 38) Motel Budget, 39) Motel Economy, 40) Motel Low Cost, 41) Motel-Extended Stay, 42) Office High Rise, 43) Office Retail Strip, 44) Office-Convert/Res, 45) Office-General, 46) Office-Inter/Whse, 47) Office-Medical, 48) Parking Lots, 49) Parking Structure, 50) Rec-Bowling Alley, 51) Recreation-Club House/Golf, 52) Recreation-Golf, 53) Recreation-Gym/Athletic Club, 54) Recreation-Health Club, 55) Recreation-Horse Arena, 56) Recreation-Movie Theatre, 57) Recreation-Skating Rink-Ice, 58) Recreation-Theme Park, 59) Rest/Lounge/Sports, 60) Restaurant-Fast Food, 61) Restaurant-Full Service/Cafe, 62) Restaurant-Neighborhood, 63) Restaurant-Night Club, 64) Retail Drug Store, 65) Retail-Discount, 66) Retail-General, 67) Retail-Show Room, 68) Serv, 69) Station-Gas, 70) Service Center, 71) Service Garage, 72) Shop Ctr/Mall, 73) Shop Ctr/Neighborhood, 74) Showroom, 75) Storage Warehouse Multi Purp, 76) Strip Center, 77) Super Market, 78) Tennis/Racquet, 79) Theatre-Play/Dining, 80) Truck Terminal, 81) Utility Facility, 82) Vet Clinic, 83) Vet Clinic Converted/Res, 84) Warehouse Distribution, 85) Warehouse General, and 86) Vac Commercial.

(b) The *Other* category was created by aggregating original county classifications: 1) Apt-Rooming/B&B, 2) Fraternal Organizations, 3) Government-Post Office, 4) Multi Fam-Apartment, 5) Multi Fam-Apartment Subsidized, 6) Multi Fam-Duplex, 7) Multi Fam-Group HSE Converted, 8) Multi Fam-Mobile Home Park, 9) Multi Fam-Mplex, 10) Rehab Center, 11) Religious/Church, 12) Rural W/Dwelling, and 13) Schools.

(c) The *Total* row only includes the properties that appear in the table, that is, the total of residential, commercial, and *Other* property categories. Therefore, this total does not include industrial, farm use, and tax-exempt properties.

Horry County

Horry County also has a relatively large population of more than 344,147 people. However, in Horry County capped value was 94 percent of the appraised value; again, the assessment limit has had a relatively minor effect on the overall tax base (see table 3.8).

Table 3.8. Mean of Appraised Value, Capped Value, Sale Prices, Tax Payment, and Ratios by County and Property Type, Horry, South Carolina (2018)

		Type of Property	Number of Properties	Mean Appraised Value (1)	Mean Capped Value (2)	Ratio (2)/(1) x 100 (%)	Tax Base Reduction (1 − Ratio) x 100 (%)	Mean Sale Price	Number of Sales	Mean Tax Payment (3)	Effective Tax Rate (3)/(1) x 100 (%)
All Properties	Residential	Residential 1 Family	84,275	209,061	206,773	98.9060	1.0940	251,481	4,769	1,330	0.6361
		Residential 2 Family	987	251,908	238,737	94.7716	5.2284	323,930	60	3,029	1.2025
		Residential 3 Family	92	306,061	283,204	92.5321	7.4679	529,975	4	3,838	1.2541
		Residential 4 Family	184	229,911	220,367	95.8491	4.1509	294,810	15	3,007	1.3080
		Residential Auxiliary Improvem	1,149	62,024	49,921	80.4866	19.5134	196,131	37	603	0.9722
		Residential Dwelling on Leased	1,829	180,943	156,311	86.3867	13.6133	250,351	4	1,603	0.8862
		Residential Structure on Comm	703	199,008	167,003	83.9178	16.0822	571,572	35	2,064	1.0371
		Condominium (Fee Simple)	60,704	137,076	136,436	99.5333	0.4667	218,175	5,017	1,712	1.2493
		Residential Vacant Land	19,520	46,315	40,070	86.5147	13.4853	198,550	1,646	513	1.1071
		Commercial (a)	23,104	386,400	344,823	89.2399	10.7601	471,198	1,076	4,324	1.1191
		Other (b)	41,935	75,703	66,686	88.0879	11.9121	185,537	590	621	0.8207
		Total or Weighted Average (100%) (c)	**234,482**	**169,765**	**162,129**	**95.5018**	**4.4982**	**248,353**	**13,253**	**1,533**	**0.9029**
Properties with Ratio <1	Residential	Residential 1 Family	8,167	235,298	211,549	89.9066	10.0934	276,959	407	1,386	0.5889
		Residential 2 Family	275	299,892	252,622	84.2375	15.7625	293,000	10	3,084	1.0282
		Residential 3 Family	32	340,998	275,286	80.7295	19.2705	n.i.	0	3,551	1.0414
		Residential 4 Family	40	310,293	266,394	85.8524	14.1476	450,333	3	3,728	1.2016
		Residential Auxiliary Improvem	372	78,217	40,761	52.1133	47.8867	196,893	7	469	0.6001
		Residential Dwelling on Leased	870	191,777	139,993	72.9977	27.0023	286,953	2	1,443	0.7524
		Residential Structure on Comm	277	238,776	157,542	65.9789	34.0211	881,516	17	1,928	0.8075
		Condominium (Fee Simple)	3,183	143,707	131,505	91.5093	8.4907	151,473	248	1,653	1.1503
		Residential Vacant Land	4,483	60,345	33,075	54.8096	45.1904	127,510	129	428	0.7092
		Commercial (a)	4,669	657,624	451,758	68.6955	31.3045	625,517	161	5,172	0.7865
		Other (b)	13,303	92,925	64,469	69.3767	30.6233	145,301	105	494	0.5314
		Total or Weighted Average (15.21%) (c)	**35,671**	**205,325**	**155,056**	**75.5173**	**24.4827**	**279,082**	**1,089**	**1,449**	**0.7058**

Note: The observations without information about the Appraised Value and/or the Capped Value and/or Tax Amount (missing values) have been removed from the analysis so they do not interfere with the computation of the average. Additionally, only properties with a non-zero tax amount (no exempt properties) were considered.

(a) This category was created by aggregating original county classifications. The main objective was to group several types of similar properties into a single category to simplify the comparison. This category comprises the following properties: 1) Amusement Park, 2) Auditorium, 3) Auto Dealer Full Service, 4) Auto Service, 5) Garage, 6) Auxiliary Improvement C/I, 7) Bank, 8) Bar/Lounge, 9) Boarding/Rooming House, 10) Boat Slips, 11) Boat with Legal Residence, 12) Bottling Plant, 13) Bowling, 14) Alley, 15) Campground, 16) Car Wash (Automatic), 17) Car Wash (Manual), 18) Cemetery, 19) Cinema/Theatre, 20) Clothing Mfg.(Excluding Leather, 21) Club House, 22) Commercial/Auxiliary Improvement, 23) Community Shopping Center, 24) Convenience Food Market, 25) Country Club(w/out Golf Course, 26) Department Store, 27) Discount, 28) Department Store, 29) Downtown Row Type, 30) Enclosed Shopping Mall, 31) Fast Food, 32) Fishing Pier, 33) Food Stand, 34) Funeral Home, 35) Furniture Mfg., 36) Garage Only/Condo Complex, 37) Gas Utility, 38) Golf Club with Clubhouse, 39) Golf Course w/out Clubhouse, 40) Government Owned, 41) Greenhouse/Florist, 42) Hanger, 43) Health Spa, 44) High Rise Apartments, 45) Hotel/Motel Hi Rise w/out Lounge, 46) Hotel/Motel Hi Rise with Lounge, 47) Hotel/Motel Lo Rise w/out Lounge, 48) Hotel/Motel Lo Rise with Lounge, 49) Ice Plant, 50) Jewelry, Silverware & Plated Ware, 51) Legitimate Theatre, 52) Library, 53) Limitation for Septic Tank, 54) Logging, Cutting of Timber, 55) Lumber, 56) Storage, 57) Machinery & Equipment Mfg, 58) Mini Warehouse, 59) Miniature Golf Course, 60) Misc Amusement, 61) Motel Tie Back, 62) Motion Picture Theatre, 63) Multiple Service Utility, 64) Neighborhood Shopping Center, 65) Newspaper Plant, 66) Night Club/Dinner Theatre, 67) Nursing Home, 68) Office Building Hi Rise(5 tory), 69) Office Building Lo Rise(4 Story), 70) Office Condominium, 71) Office Warehouse, 72) Other Mfg. Nec, 73) Other Utility Nec, 74) Paired Beach Houses, 75) Paired Ranches, 76) Par 3 Golf Course, 77) Parking Garage/Deck, 78) Parking Miscellaneous, 79) Patio Home, 80) Print Shop, 81) Radio, TV or Motion Picture Studio, 82) Radio/TV Transmitter Building, 83) Rail/Bus/Air Terminal, 84) Recreation & Entertainment, 85) Recreational/Health, 86) Restaurant, 87) Retail Condominium, 88) Retail-Multi Occupancy, 89) Retail-Single, 90) Occupancy, 91) Service Station w/out Bays, 92) Service Station with Bays, 93) Supermarket, 94) Telephone Equipment Building, 95) Telephone Utility Nec, 96) Tennis Club Indoor, 97) Textile Mfg, 98) Time Share Condominium, 99) Town House, 100) Truck Terminal, 101) Veterinary Clinic, 102) Warehouse, 103) Warehouse, Prefab, 104) Water, 105) Amusement, 106) Water Utility, 107) General Commercial Vacant Land, 108) Mixed Residential/Commercial, 109) Strip Shopping Center, 110) Unsound Commercial Structure, and 111) Woodworking Shop.

(b) The *Other* category was created by aggregating original county classifications: 1) Apartment Vacant Land, 2) Apartments Garden (3 story & under), 3) Cold Storage Facility, 4) College & University, 5) Condo/Tel (marketed & operated), 6) Condominium (common element), 7) Correctional, 8) Cultural Facilities, 9) Day Care Center, 10) De-titled Mobile Home, 11) Electric Utility, 12) Electrical Equipment Mfg, 13) Hospital, 14) Leased Land, 15) Marina, 16) Medical Office, 17) Metal Working, 18) Mobile, 19) Home & Addition No Land, 20) Mobile Home Ag, 21) Mobile Home Park, 22) Mobile Home with Legal Resident, 23) Mobile Home(not taxed with land, 24) Mobile home(valued with land), 25) Police or Fire Station, 26) Private Road, 27) Public Boat Ramp or Dock, 28) Public Service, 29) Quarries, Stone & Gravel, Limestone, 30) Religious, 31) Research & Development, 32) Residential Structure on Comme, 33) Savings Institution, 34) School, 35) Sewer Utility, 36) Skating Rink, 37) Social/Fraternal Hall, 38) Traveler Trailer/Mobile Home, 39) Unsound Residential Structure, and 40) Utility Vacant Land.

(c) The *Total* row only includes the properties that appear in the table, that is, the total of residential, commercial and, *Other* property categories. Therefore, this total does not include industrial, farm use, and tax-exempt properties.

Orangeburg County

Unfortunately, data on capped values was unavailable for Orange County. Therefore, the differential effect of tax caps was not considered. However, table 3.9 provides information on the effective tax rates for different property classes.

Table 3.9. Mean of Appraised Value, Capped Value, Sale Prices, Tax Payment and Ratios by County and Property Type, Orangeburg, South Carolina (2018)

		Type of Property	Number of Properties	Mean Appraised Value (1)	Mean Capped Value (2)	Ratio (2)/(1) x 100	Tax Base Reduction (1 – Ratio) x 100	Mean Sale Price	Number of Sales	Mean Tax Payment (3)	Effective Tax Rate (3)/(1) x 100 (%)
All Properties	Residential	Residential Four Family Platte	16	127,169	*n.i.*	*n.i.*	*n.i.*	140,000	1	3,412	2.6827
		Residential One Family < 10AC	5,783	85,934	*n.i.*	*n.i.*	*n.i.*	154,268	86	803	0.9350
		Residential One Family Platted	16,871	94,179	*n.i.*	*n.i.*	*n.i.*	132,854	446	1,022	1.0856
		Residential Two Family Platted	224	83,563	*n.i.*	*n.i.*	*n.i.*	110,622	6	1,848	2.2118
		Mobile Home Platted Lot	14,513	16,895	*n.i.*	*n.i.*	*n.i.*	72,319	62	308	1.8210
		Residential Vacant Land	5,591	16,448	*n.i.*	*n.i.*	*n.i.*	63,523	81	202	1.2288
		Residential Vacant	7,264	17,716	*n.i.*	*n.i.*	*n.i.*	73,406	130	246	1.3902
		Commercial (a)	2,354	211,007	*n.i.*	*n.i.*	*n.i.*	652,591	91	5,416	2.5666
		Other (b)	2,538	126,460	*n.i.*	*n.i.*	*n.i.*	452,503	75	2,894	2.2886
		Total or Weighted Average (100%)	**55,154**	**61,466**	***n.i.***	***n.i.***	***n.i.***	**189,999**	**978**	1,047	1.7030
Properties with Ratio <1	Residential	Residential Four Family Platte	16	127,169	*n.i.*	*n.i.*	*n.i.*	140,000	1	3,412	2.6827
		Residential One Family < 10AC	5,783	85,934	*n.i.*	*n.i.*	*n.i.*	154,268	86	803	0.9350
		Residential One Family Platted	16,871	94,179	*n.i.*	*n.i.*	*n.i.*	132,854	446	1,022	1.0856
		Residential Two Family Platted	224	83,563	*n.i.*	*n.i.*	*n.i.*	110,622	6	1,848	2.2118
		Mobile Home Platted Lot	14,513	16,895	*n.i.*	*n.i.*	*n.i.*	72,319	62	308	1.8210
		Residential Vacant Land	5,591	16,448	*n.i.*	*n.i.*	*n.i.*	63,523	81	202	1.2288
		Residential Vacant	7,264	17,716	*n.i.*	*n.i.*	*n.i.*	73,406	130	246	1.3902
		Commercial (a)	2,354	211,007	*n.i.*	*n.i.*	*n.i.*	652,591	91	5,416	2.5666
		Other (b)	2,538	126,460	*n.i.*	*n.i.*	*n.i.*	452,503	75	2,894	2.2886
		Total or Weighted Average (100%) (c)	**55,154**	**61,466**	***n.i.***	***n.i.***	***n.i.***	**189,999**	**978**	1,047	1.7030

Source: These data are a subset of a larger database from CoreLogic that has property tax information for all counties in South Carolina.

Note: The observations without information about the Appraised Value and/or the Capped Value and/or Tax Amount (missing values) have been removed from the analysis so they do not interfere with the computation of the average. Additionally, only properties with a non-zero tax amount (no exempt properties) were considered.

(a) This category was created by aggregating original county classifications. The main objective was to group several types of similar properties into a single category to simplify the comparison. This category comprises the following properties: 1) Arts & Crafts Bldg (School), 2) Auto Dealership, Complete, 3) Automobile, 4) Showroom, 5) Automotive Center, 6) Bag Fertilizer Storage, 7) Bank, 8) Bar/Tavern, 9) Barber Shop, 10) Bowling Alley, 11) Bulk Fertilizer Storage, 12) Bulk Oil Storage, 13) Cafeteria, 14) Car Wash, Automatic, 15) Car Wash, Drive-thru, 16) Car Wash, Self-serve, 17) Clubhouse, 18) Cocktail Lounge, 19) Cold Storage Facilities, 20) Comm Outbuilding, 21) Comm Shopping Ctr, 22) Convenience Market, 23) Departmental Store, 24) Discount Store, 25) Dist Warehouse, 26) Drugstore, 27) Equip Storage Bldg, 28) Equipment (Shop) Building, 29) Equipment Shed, 30) Fast Food Restaurant, 31) Fitness Center, 32) Florist Shops, 33) Fraternal Building, 34) Fruit & Nut Farm, 35) Greenhouses, 36) Hotel, 37) Hotel, Limited Service, 38) Office Building, 39) Other Comm, 40) Restaurant, 41) Restroom Building, 42) Retail Store, 43) Service Garage, 44) Service Garage Sheds, 45) Service Repair Garage, 46) Service Station, 47) Shower Building, 48) Skating Rink, 49) Snack Bar, 50) Storage Garage, 51) Storage Warehouse, 52) Supermarket, 53) Theatre, Cinema, 54) Warehouse Discount Store, 55) Warehouse Showroom Store, and 56) Commercial Vacant.

(b) The *Other* category was created by aggregating original county classifications: 1) Apartment, 2) Cemeteries, 3) Central Bank, 4) Church, 5) Church w/Sunday School, 6) City Club, 7) Community Center, 8) Condominium Unit, 9) Convalescent Hospital, 10) Cotton Gin, 11) Country Club, 12) Day Care Center, 13) Dental Office/Clinic, 14) Group Care Home, 15) Gymnasium (School), 16) Health Club, 17) High School (Entire), 18) Home for the Elderly, 19) Jail, 20) Kennels, 21) Laboratories, 22) Lagoon/Tile Field, 23) Laundromat, 24) Ligah Comm Utility Building, 25) Lumber Storage Horizontal, 26) Market, 27) Material Storage Building, 28) Medical Office, 29) Mini Warehouse, Hi-rise, 30) Mini-lube Garage, 31) Mini-mart, 32) Convenience Store, 33) Mini-warehouse, 34) Mixed Retail w/Res Units, 35) Mobile Home (< 10 Ac), 36) Mobile Home Park, 37) Mortuary, 38) Motel, 39) Motel Room (1-stry, dbl. row), 40) Motel, 41) Room (2-stry, dbl. row), 42) Multi Resid Assist Liv (low rise), 43) Multiple Resid (Low Rise), 44) Neighborhood Shopping Ctr, 45) Nurseries, 46) Outbuildings Only No House, 47) Parking Structure, 48) Post Office, 49) Poultry House, 50) Recreational Enclosure, 51) Regional Shopping ctr., 52) Rooming House, 53) Secondary School(Entire), 54) Shed Office Structure, 55) Transit, 56) Warehouse, 57) Truck Stop, 58) Utility Building and 59) Veterinary Hospital.

(c) The *Total* row only includes the properties that appear in the table, that is, the total of residential, commercial and *Other* property categories. Therefore, this total does not include industrial, farm use, and tax-exempt properties.

Sumter County

With a population of 106,512 Sumter is a smaller county and as with most other counties the assessment limit has had a minimal effect on the tax base; capped value is about 91 percent of the tax base (see table 3.10).

Table 3.10. Mean of Appraised Value, Capped Value, Sale Prices, Tax Payment and Ratios by County and Property Type, Sumter, South Carolina (2018)

	Type of Property	Number of Properties	Mean Appraised Value (1)	Mean Capped Value (2)	Ratio (2)/(1) x 100 (%)	Tax Base Reduction (1 – Ratio) x 100 (%)	Mean Sale Price	Number of Sales	Mean Tax Payment (3)	Effective Tax Rate (3)/(1) x 100 (%)
All Properties	Residential Land	48,126	84,631	82,296	97.2410	2.7590	160,775	1,620	767	0.9067
	Commercial Land	2,906	328,796	322,922	98.2134	1.7866	562,742	75	5,532	1.6825
	Other (a)	2,453	99,744	53,704	53.8417	46.1583	319,405	77	430	0.4309
	Total or Weighted Average (100%) (b)	**53,485**	**98,766**	**94,107**	**95.2832**	**4.7168**	**184,682**	**1,772**	**994**	**1.0063**
Properties w/Ratio <1	Residential Land	3,575	98,714	67,282	68.1582	31.8418	172,872	50	596	0.6041
	Commercial Land	236	511,221	438,889	85.8513	14.1487	425,402	8	8,347	1.6328
	Other (a)	1,461	91,040	13,739	15.0912	84.9088	170,158	37	190	0.2086
	Total or Weighted Average (9.86%) (b)	**5,272**	**116,625**	**69,441**	**59.5418**	**40.4582**	**193,081**	**95**	**831**	**0.7128**

Source: These data are a subset of a larger database from CoreLogic that has property tax information for all counties in South Carolina.

Note: The observations without information about the Appraised Value and/or the Capped Value and/or Tax Amount (missing values) have been removed from the analysis so they do not interfere with the computation of the average. Additionally, only properties with a non-zero tax amount (no exempt properties) were considered.

(a) The *Other* category was created by aggregating original county classifications: 1) Airports-Private-Comm, 2) Barn, 3) Churches, 4) Clubs, Lodges, Union Halls, 5) Colleges-Gov Owned, 6) Communication Tower Site, 7) Condominium-Vacant, 8) Counties-Other, 9) County-Vacant, 10) Federal-Other, 11) Florist and Greenhouses, 12) General Purpose, 13) Warehouse, 14) Golf Course-Driving Range, 15) Homeowners Association, 16) Homes for Aged, 17) Institutional Land, 18) Leasehold Interest, 19) Lot Will Not Qualify for Lumber Yards-Sawmills, 20) Mining, 21) Mobile Home Lot, 22) Mobile Home Parks, 23) Mortuaries, Cemeteries, 24) Multi Family-10 or more, 25) Municipal-Other, 26) Municipal-Vacant, 27) Office Bldg-Multi Story, 28) Open Storage, Junk Yards, 29) Orphanages, 30) Parking Lots, 31) Race Tracks, 32) Reservoir and Pond, 33) Restaurants-Cafeterias, 34) Right of Ways-Streets, 35) SCTC Assessed Industr, 36) Schools-Public, 37) Schools, Colleges-Private, 38) Service Station, 39) Single Family, 40) Solid Waste, 41) Lagoon, 42) State-Other, 43) Swamp-Wooded, 44) Timber Site Index 50-less, 45) Timber Site Index 51–65, 46) Timber Site Index 66–75, 47) Timber Site Index 76–85, 48) Timber Site Index 86–95, 49) Truck Scales, 50) Utilities, RR, Canals, 51) Vacant Lot Multilot Disc, and 52) Waste Land, Marsh.

(b) The *Total* row only includes the properties that appear in the table, that is, the total of residential, commercial, and *Other* property categories. Therefore, this total does not include industrial, farm use, and tax-exempt properties.

Conclusion

Based on this evaluation, several observations can be offered.

- Each county has its own property classification system; there is no common statewide property classification standard. It is therefore difficult to compare and evaluate property tax bases and tax burdens across counties. Each county table required the inclusion of detailed notes on property

classifications. A valuable policy step would be to create a common statewide property classification system.

- While there are some effects of the assessment limit in some counties, in general the assessment limit has, to date, not caused significant tax base erosion. This is in part because rural counties have not experienced significant growth, and thus the cap has not affected many properties. In faster growing counties the cap effect is partially mitigated by revaluation when properties are sold. However, in counties where there has been some tax base erosion, commercial property owners have benefited more than residential property owners.
- Despite the assessment limit not having a large effect on the overall tax base, some property owners are receiving significant reductions in tax payments from the assessment limit. A case study approach of individual parcels might offer insight regarding the assessment process; however, additional analyses along these lines is beyond the scope of this project. See Appendix C for a summary of research on assessment limits and Appendix D for a description of four states and one county that have repealed assessment limits.

From this evaluation the following questions are answered:

- How do effective property tax rates vary by type of property and by county?
- How does the assessment limit affect equity in property tax burdens among different types of property owners and within individual types of property?
- To what extent has the property tax burden been shifted from residential taxpayers to business taxpayers?

How do effective property tax rates vary by type of property and by county?

Effective tax rates depend on four factors: 1) statutory tax rate; 2) the assessment rate; 3) the exemptions; and 4) the assessment limit. The focus in this chapter is on the assessment limit. Generally, we see that the assessment limit has not had a significant effect on effective tax rates to date. However, depending on the rate of property price growth in the future, it could have a larger effect. Residential properties benefited less from the assessment limit than commercial properties. However, some properties that had a reduced tax as a result of the assessment limit enjoyed substantial savings.

How does the assessment cap affect equity in property tax burdens among different types of property owners and within individual types of property?

As previously discussed, commercial properties have, to date, benefited more from the assessment limit than residential properties. Because of the classified property tax system in South Carolina, and as illustrated by the figures for York, Richland, and Edgefield counties, commercial properties pay a higher share of property taxes than their share of the property tax base. If the cap reduces property taxes paid by commercial property owners more than residential property owners, then this differential is reduced by the assessment limit.

Regarding differentials in effective tax rates between property owners within the same property class, the evaluation of York County demonstrated that higher valued properties had a greater likelihood of having a gap between appraised value and capped value. This suggests that owners of higher value properties benefit more from the assessment limit than owners of lower value properties. Within the category of residential properties, the assessment limit may undermine equity of the property tax by giving the most property tax relief to owners of higher value properties.

To what extent has the property tax burden been shifted from residential taxpayers to business taxpayers?

The lower assessment rate for primary residential properties as well as the exemption from paying taxes for school operating costs has resulted in a much lower effective tax rate for primary residential properties relative to other types of residential and commercial properties. However, the assessment limit seems to have helped lower the effective tax rate for commercial properties more than for residential properties. Thus, the cap has reduced average effective tax rates among commercial properties relative to residential properties. However, overall the tax savings generated from Act 388 is much larger for primary residential properties than for commercial property owners. Comparing the residential and commercial share of the property tax base to the residential and commercial share of property taxes paid reveals that in all of the counties for which we have data businesses are shouldering a greater share of the tax burden, relative to market value, than homeowners. Unfortunately, the data are for a single point in time, and thus do not precisely calculate relative changes in residential and commercial property effective tax rates before and after Act 388.

Appendix A
Utilities

The following table shows a brief analysis of the properties that we were able to identify as utilities. Specifically, a search for the term utility in the CoreLogic dataset identified utility-oriented properties in Charleston, Florence, Horry, Orangeburg, and Richland Counties. As shown in appendix table A1, effective tax rates varied from 0.05 percent in Horry County to nearly 2.3 percent in Orangeburg and Richland Counties. Also, note that the share of total appraised value and the share of property tax revenues is relatively small. This is an indication that not all utility properties were successfully identified in this evaluation. In addition, railroad properties do not appear to be included in the CoreLogic database.

Table A1. Mean of Appraised Value, Tax Payment, and Ratios for Utilities Properties by County, South Carolina (2018)

County	Utility Category Name (a)	Number of Properties	Mean Appraised Value (1)	Mean Tax Payment (3)	Effective Tax Rate (3)/(1) x 100 (%)	(Total Utilities Appraised Value/Total Appraised Value) x 100 (b) (%)	(Total Utilities Property Tax Revenue / Total Property Tax Revenue) x 100 (c) (%)
Richland	Pvt Util Electric	2	303,050	6,884	2.2716	0.0023	0.0032
Charleston	Electric/Utility	13	25,446	387	1.5216	0.0005	0.0008
Florence	Improved & Vacant Utility	46	33,395	587	1.7577	0.0207	0.0388
Horry	Electric, Sewer & Vacant Utility	536	126,181	62	0.0490	0.1612	0.0091
Sumter	Utilities, RR, Canals	27	38,953	210	0.5394	0.0190	0.0105
Orangeburg	Utility Building	9	117,030	2,685	2.2942	0.0233	0.0480
Total or Weighted Average		633	114,077	172	0.2633	0.1392	0.0117

Source: These data are a subset of a larger database from CoreLogic, which has property tax information for all counties in South Carolina.
(a) This table includes only the categories that explicitly have the word *Utility* in the name. In the case of Florence, Horry and Orangeburg, there is more than one category with that name. However, to simplify the analysis we have simplified a category for utilities.
(b) To calculate the value of this column we proceed as follows. The numerator *Total Utilities Appraised Value* corresponds to the multiplication between the number of properties and Mean Appraised Value only for utilities properties. The calculation for the denominator is the same, however, all county properties are included (except for tax-exempt properties and missing values).
(c) To calculate the value of this column we proceed as follows. The numerator *Total Utilities Property Tax Revenue* corresponds to the multiplication between the number of properties and Mean Tax Payment only for utilities properties. The calculation for the denominator is the same, however, all county properties are included (except for tax-exempt properties and missing values).

Appendix B
Additional Analysis of Residential and Commercial Properties for York County

The propensity for a parcel to have gap between appraised value and capped value is defined by the discrete variable G_i, equal to 1 if *appraised value > capped value* and 0 if *appraised value = capped value*. This variable is assumed to be determined for each parcel i by a set of variables discussed above that include appraised value in 2015 (in thousands of dollars), distance from Charlotte in miles,[6] and the number of years a property is continuously owned by the same person. The years of continuous ownership are restricted to 11 years because Act 388 took effect in 2007.[7] These variables are represented by Z_i, and a random component u_i. G_{it} is therefore defined as:

$$(1) \quad G_{it} = \begin{cases} 1 \text{ if } Z_{it}\tau + u_{it} > 0 \\ 0 \text{ if } Z_{it}\tau + u_{it} = 0 \end{cases}$$

where τ is a vector of coefficients. The probit regression estimates of this equation are presented in Table B1 below. The coefficient estimates show that the probability of having a gap between appraised value and capped value in 2018 increases: 1) the greater is the appraised value in 2015; 2) the greater is the distance to Charlotte, 3) and the greater is the number of years since the date of last sale. Coefficient estimates from 1) and 3) are consistent with expectations. To gain a better sense of how these factors influence the probability of a primary residential property having a gap, consider figure B1. The graph shows the average marginal effects that are generated from the probit regression using primary residential property data. A property with $100,000 greater value has a 1.37 percent greater likelihood of having a gap. A property that is ten miles farther from Charlotte will have a 4.2 percent higher likelihood of having a gap. A property that was last sold ten years ago has a 1.5 percent greater likelihood of having a gap relative to a property that was sold in 2018. While we note that these relationships are statistically significant, the overall model fit as measured by the pseudo-R-square is low; this means that there are other important factors that we are unable to fully capture in this analysis.

Table B1. Probit Regression for Residential Improved Occupied (RIO) Properties in York County, SC

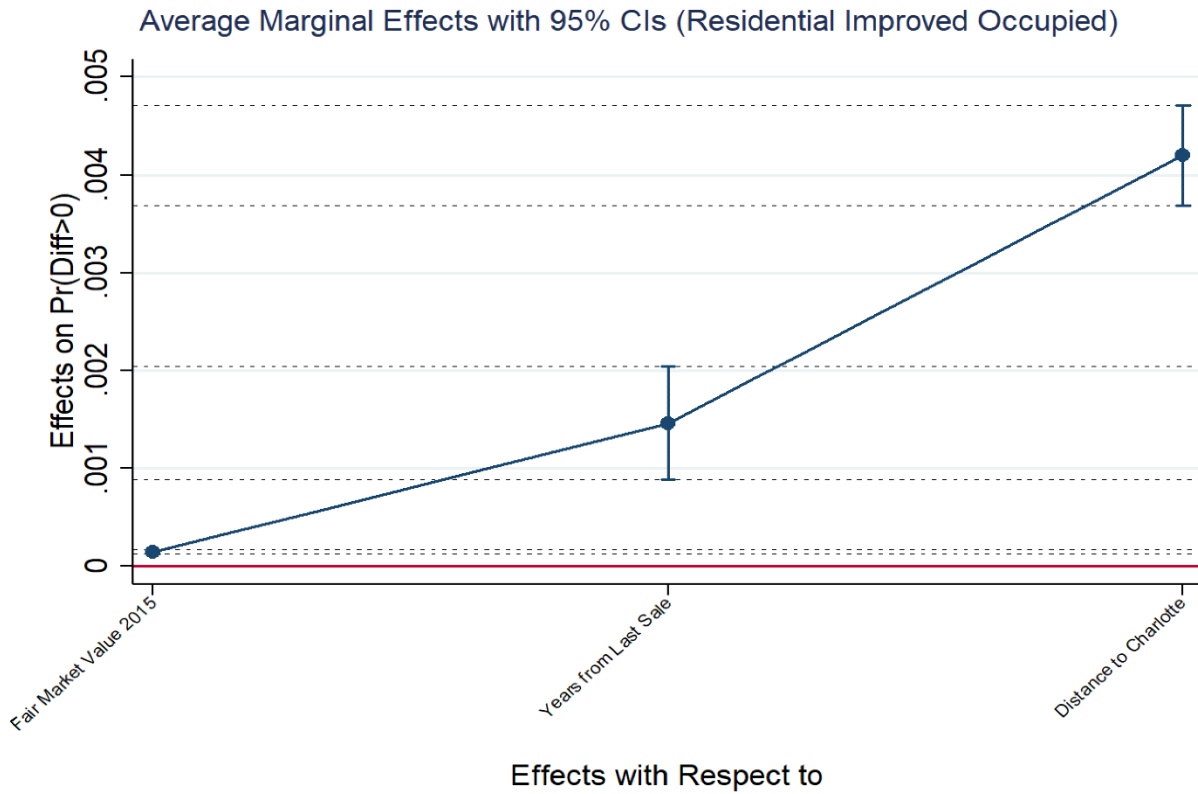| Independent Variable equals 1 if appraised value > capped value, and 0 if appraised value = capped value							
Dependent Variable	Coef.	St. Err.	t-value	p-value	[95% Conf Interval]		Sig
Market Value 2015	0.002	0.000	19.28	0.000	0.002	0.002	***
Distance to Charlotte	0.068	0.004	16.27	0.000	0.060	0.076	***
Years from the Last Sale	0.024	0.005	4.98	0.000	0.014	0.033	***
Constant	–3.891	0.111	–34.91	0.000	–4.110	–3.673	***
Mean dependent var	0.030		SD dependent var		0.169		
Pseudo r-squared	0.102		Number of obs		23985.000		
Chi-square	445.685		Prob > Chi-square		0.000		
Akaike crit. (AIC)	5755.646		Bayesian crit. (BIC)		5787.987		

*** p<0.01, ** p<0.05, * p<0.1
Note: The dependent variable corresponds to a binary variable where "1" is assigned to the properties with a non-zero difference between the 2018 Market Value and the 2018 Capped value (Market Value 2018 – Capped value 2018 > 0). "0" is assigned to the properties with a zero difference between the 2018 Market Value and the 2018 Capped value (Market Value 2018 – Capped value 2018 = 0).

---

[6] The database uses georeferenced coordinates for each of the properties. Using these coordinates, the distance from each of the properties to Charlotte (Euclidean distance) was calculated, and these calculations were used as variables in the probit regression.

[7] Note that we are considering the year 2018 as the last year (assigning a value of 0).

Figure B1. Average Marginal Effects from the Result of Probit Model for Residential Improved Occupied Properties, York County, South Carolina (2018)

Average Marginal Effects with 95% CIs (Residential Improved Occupied)

Source: These data are obtained from a subset of a larger database with information for all counties in South Carolina. This information comes from CoreLogic. The subset is York County.

Note 1: In the case of non-linear models such as the probit, the marginal effects vary with *x*. Hence, we compute the marginal effect for each property in the sample and then we average these marginal effects. This is known as the Average Marginal Effect (AME). Note that the marginal effect for continuous variables is given by

$$\frac{\partial P(y=1|\boldsymbol{x})}{\partial x_j} = g(\boldsymbol{x}\beta)\,\beta_j \quad \forall j$$

where g(.) is the standard normal Probability Density Distribution (PDF). The result of this calculation is a number between 0 and 1 and it has a probability interpretation. It is the average change in probability when *x* increases by one unit.

Commercial Properties

The probit regression estimates presented in Table B2 and figure B2 are analogous to the residential property estimates above except they examine commercial property. Results again show that parcels with a higher value, a greater distance from Charlotte, and with more years of continuous ownership are more likely to have a gap between appraised value and capped value.
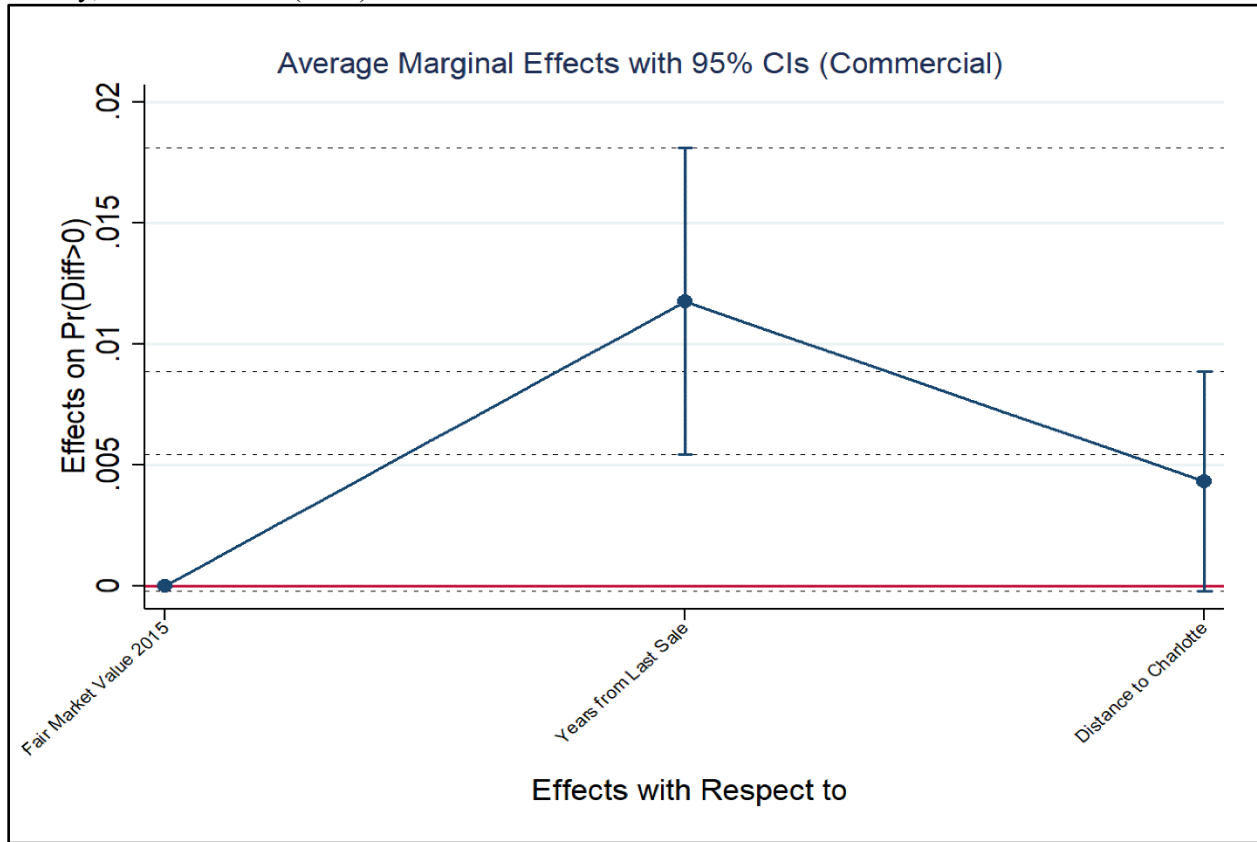
Table B2. Probit Regression for Commercial Improved (CI) Properties in York County, SC

Independent Variable equals 1 if appraised value > Capped value, and 0 if appraised value = Capped value									
Dependent Variable	*Coef.*	*St. Err.*			*t-value*	*p-value*	*[95% Conf Interval]*		*Sig*
Market Value in 2015	0.000	0.000			1.83	0.068	0.000	0.000	*
Distance to Charlotte	0.018	0.010			1.87	0.062	–0.001	0.037	*
Years from the Last Sale	0.049	0.014			3.59	0.000	0.022	0.075	***
Constant	–1.576	0.214			–7.36	0.000	–1.996	–1.157	***
Mean dependent var			0.162		SD dependent var		0.369		
Pseudo r-squared			0.019		Number of obs		1122.000		
Chi-square			18.349		Prob > chi²		0.000		
Akaike crit. (AIC)			983.757		Bayesian crit. (BIC)		1003.848		

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Note: The dependent variable corresponds to a binary variable where "1" is assigned to the properties with a non-zero difference between the 2018 Market Value and the 2018 Capped value (Market Value 2018 – Capped value 2018 > 0). "0" is assigned to the properties with a zero difference between the 2018 Market Value and the 2018 Capped value (Market Value 2018 – Capped value 2018 = 0).

Figure B2. Average Marginal Effects from the result of Probit Model for Commercial properties, York County, South Carolina (2018)

Source: These data are obtained from a subset of a larger database with information for all counties in South Carolina. This information comes from CoreLogic. The subset is York County.

Note 1: In the case of non-linear models such as the probit, the marginal effects vary with x. Hence, we compute the marginal effect for each property in the sample and then we average these marginal effects. This is known as the Average Marginal Effect (AME). Note that the marginal effect for continuous variables is given by

$$\frac{\partial P(y=1|\boldsymbol{x})}{\partial x_j} = g(\boldsymbol{x}\beta)\,\beta_j \quad \forall j$$

where g(.) is the standard normal Probability Density Distribution (PDF). The result of this calculation is a number between 0 and 1 and it has a probability interpretation. It is the average change in probability when x increases by one unit.

Similar to the analysis of residential properties, table A3 and figure A2 show the average marginal effects of each variable for commercial properties that are generated from the probit regression. A property with $100,000 greater value has a 0.07 percent higher likelihood of having a gap between appraised value and capped value. A property that is ten miles farther from Charlotte will have a 4.3 percent higher likelihood of having a gap, and a property that was most recently sold ten years ago is 11.8 percent more likely to have a gap relative to a property that was sold in 2018.

Appendix C
Summary of Assessment Limit Research

This appendix summarizes findings from Haveman and Sexton's 2008 report *Property Tax Assessment Limits: Lessons from Thirty Years of Experience*. That study concludes assessment limits "are among the least effective, least equitable, and least efficient strategies available for providing property tax relief" (Haveman and Sexton, 37).

An assessment limit or assessment cap is a legal limit on annual increases in assessed values (or in South Carolina's case in appraised values) that either freezes such values or ties increases to an index or formula. Most assessment limits restrict growth in the assessed value of individual properties to a fixed percentage or some measure of inflation. Less commonly, states limit growth in the aggregate value of an entire class of property, such as residential. Although some states authorize local government limits or impose limits only in select geographic areas, most impose statewide, uniform assessment limits. In 2018, 19 states limited assessments in some way. Most of these states also imposed other caps, such as rate limits or levy limits (Significant Features of the Property Tax).

Most states with assessment limits freeze or limit a property's assessed value until it is sold, then start over with the new market value. This is known as an acquisition value based assessment system (State-by-State Property Tax at a Glance). In South Carolina, acquisition value is known as Assessable Transfer of Interest (ATI).

Impact on Local Government

The tax bases of local governments erode when assessment limits hold assessed values of properties below fair market value. The higher the growth in local property values, and the lower the allowable growth percentage, the more the limit will erode the property tax base. If local governments can raise property tax rates to offset the tax base loss, then revenues may remain stable, but most states with assessment limits also restrict property tax rates. When property tax limits restrict local revenues, governments may resort to alternative revenue sources or reduce local services. Increased reliance on state aid can hamper local autonomy (Haveman and Sexton 2008).

Equity and Efficiency Concerns

Often touted as a means of restraining property tax bills and reducing the burden of taxes on homeowners relative to businesses, assessment limits can actually alter tax burdens in a way that favors properties with appreciating values. Properties with the highest rate of appreciation receive the greatest tax reductions. Under an acquisition value assessment system, the limit can alter the burden in a way that disadvantages properties that are frequently resold (Haveman and Sexton 2008).

Acquisition value assessment also leads to horizontal inequities. A policy that resets property values to market value upon sale favors long-time property owners and shifts the burden of the tax to new homeowners creating a scenario in which owners of similar homes face very different property tax bills. This inequity can distort voter decision making when long-time homeowners pay substantially less for local services than they would if their property was assessed at market value (Haveman and Sexton 2008).

Resetting property values to market value upon sale can reduce mobility by discouraging property owners from moving to a new property. Homeowner decisions to remain in their homes rather than face a much higher effective tax rate to move to a new property can lead to a low supply of starter homes (e.g. when homeowners add on to their homes instead of moving to a larger home), inefficient resource allocation (e.g. when empty nesters decide not to downsize), and reduced welfare (e.g. when homeowners commute

longer rather than moving closer to their place of employment). This phenomenon is often referred to as the lock-in effect (Haveman and Sexton 2008).

Haveman and Sexton (2008) examine various alternatives for property tax relief including levy limits, homestead exemptions and credits, classification, circuit breakers, deferral, and truth in taxation. They suggest states consider truth-in-taxation measures along with property tax circuit breaker programs to provide targeted relief to taxpayers without hindering equity or efficiency.

Appendix D
Case Studies of Successful Assessment Limit Repeals

Although assessment limits or assessment caps are an inefficient and inequitable mechanism for property tax relief, 19 states have adopted them. Despite their flaws, homeowners tend to favor assessment limits and repeals are rare. Our research has identified only four states that have successfully lifted limits on property tax assessments. This appendix summarizes the history of repealed assessment limits in Idaho, Oregon, Minnesota, and Montana (phased assessment) and briefly describes the termination of a county assessment limit in Cook County, Illinois.

Idaho 1% Initiative

Idaho enacted an assessment limit in November 1978 to take effect in 1980. The "1% Initiative," modeled closely after Proposition 13, set assessed values at December 1978 market value, limited property taxes to 1 percent of a property's value, and capped assessment increases at 2 percent per year (Kuttner 1980 and Dornfest 2006). The citizen-initiated state statute (INIT 1 of 1978) passed, supported by 58 percent of Idaho voters (Ballotpedia).

The 1979 legislature subsequently enacted HB 166 to implement and clarify the 2 percent assessment limit.[8] The law stated:

> The 1978 market values for assessment purposes of real and personal property shall be adjusted from year to year to reflect the inflationary rate but at a rate not to exceed two percent (2% for any given year as shown in the consumer price index or comparable data for the area under the taxing jurisdiction).[9]

In 1981, the legislature struck the 2 percent limit from the law.[10] Beginning in 1982, property assessments returned to full market value.[11] The same year a citizen's initiative established a permanent homestead exemption, reducing assessed values of improvements by 50 percent, up to a $50,000 reduction (Dornfest 2006 and Ballotpedia).

The remainder of this section explains how Idaho came to adopt an assessment cap in the first place.

By common measures of tax burden, Idaho was an unlikely candidate for a tax revolt. In the late 1970s Idaho had low per pupil spending and low state and local taxes per capita. Property tax collections per capita were 40 percent lower than the U.S. average and property taxes as a percent of personal income had declined from 4.3 percent in 1967 to 3.7 percent in 1977 (Kuttner 1980).

However, the state experienced "one of the sharpest tax shifts of any state" in the 1970s (Kuttner 1980, 98). The residential share of the property tax base climbed from 24 percent in 1969 to 44.5 percent in 1978. Kuttner (1980) observed two causes for this shift:

(1) Residential properties were assessed far below market value prior to 1967. That year a group of utilities sued the state claiming their assessments, which were 30 percent above market value, violated the state's uniformity clause. The Supreme Court agreed with the plaintiffs and the legislature established a 13-year time frame for county assessors to equalize assessment ratios at 20 percent of market value.

(2) Idaho's preferential assessment of commercial and farm property was a second factor. These classes were valued using an income capitalization approach. This typically produced appraisals

---

[8] Idaho Session Laws 1979, Chapter 18 (HB 166)
[9] Idaho Session Laws 1979, Chapter 18, section 1, 63-923 (2)(b)
[10] Idaho Session Laws 1981, Chapter 224, Section 4 (amending Idaho Code 63-923 (2)(b))
[11] Idaho Session Laws 1982, Chapter 112 (HB 488), Section 2 (amending Idaho Code 63-923 (2))

at less than 50 percent of market value leading to assessed values dramatically lower than market values. One assessor reported farmland parcel appraisals at $500 to $600 per acre.

Elected assessors in three large counties failed to gradually equalize assessment ratios as directed by the legislature. Businesses responded by suing the state, an action that prompted the Idaho Tax Commission to order reassessments by a private firm. The reassessment led to dramatic jumps in residential market values – in some cases assessments doubled or tripled in a single year. In Ada County, residential property taxes increased by 50 percent on average. The county which had typically received 10 assessment appeals per year, received at least 7,000 appeal filings in 1976. Idaho did not have residential tax relief programs to absorb the impact on homeowners. The assessment firm reclassified some farmland and residential development land, leading to dramatically higher assessments for some farmers. The 1% initiative gained traction against this backdrop (Kuttner 1980).

Oregon Property Tax Relief Program

Oregon first enacted an assessment limit in 1979. Voters extended the limit by ballot in 1980, but the legislature repealed it in 1985. This was not the end of Oregon's experience with assessment limits, however. In 1997 Oregon passed its current assessment limit known as Measure 50 Maximum Assessed Value. The following paragraphs give a more detailed account of this history.

In 1979, during a period of historic revenue growth and rapid growth in property values, Oregon legislators passed an assessment limit as part of a tax relief package (HB 2540) that also introduced classification, established a state-funded homestead credit, expanded a homeowner and renter property tax relief program, and imposed revenue and expenditure limits (City Club of Portland 2002 and Oregon Legislative Revenue Office 2007). HB 2589, included with HB 2540 in a tax reform package, cut state income taxes. The legislature enacted these reforms for one year, with continuation contingent on voter approval by ballot. In 1980 Measure 5 to continue the property tax relief program (HB 2540) and income tax cuts (HB 2589) won the approval of over 90 percent of voters (Ballotpedia).

HB 2540 instituted the following reforms:

(1) Set a uniform date for which cash values must be established each year.
(2) Abandoned uniform taxation, splitting property into two classes: one class for homestead property, and a second class for all other property.
(3) Limited increases in total assessed value for each class to 5 percent per year. If statewide growth in either class exceeded 5 percent, the state must calculate an assessment ratio to bring assessments down to the 5 percent cap. Because residential values had been growing at a faster pace than non-residential values, the rationale for assessment limits by class was to constrain growth in residential values. A report by the City Club of Portland (1980) explains how the limit affected assessed values in the first year of the law:

> *In early 1980, the county assessors and the Department of Revenue conducted a study that found that the average increase in the true cash value of all homesteads in the state between January 1, 1979, and January 1, 1980, was 24.6%. Therefore, the true cash value of an average homestead in Oregon, on January 1, 1980, was 124.6% of what it was on January 1, 1979. However, since HB 2540 limits the average assessed value increase to 5% per year, the average assessed value on January 1, 1980, can only be 105% of what it was a year earlier. The ratio of 124.6% to 105% is 84.2%, and the latter figure has been certified by the Department of Revenue to all county assessors for use in determining 1980 assessed values. Thus, if a homestead anywhere in Oregon has a true cash value in 1980 of $50,000, the county assessor must fix its assessed value at $42,100 (i.e., 84.2% of $50,000).*

It is possible, of course, for the assessed value of any particular homestead to increase by more than 5% in any year, for it is the increase in total statewide assessed values (or seen from a different perspective, the increase in the average assessed value for the whole state) that is limited to 5%.

The Department of Revenue study also showed that the true cash value of all non-homestead property increased by an average of 19.8% between January 1, 1979 and January 1, 1980, resulting in a ratio of 87.6% (i.e., 105% divided by 119.8%). Thus, a business property that has a true cash value of $50,000 in 1980 will be assessed at $43,800 (i.e., 87.6% of $50,000).

(4) Established a homestead credit under which the state was to pay 30% of the homeowner's "qualified" property tax, up to a maximum payment of $800.[12]
(5) Expanded the existing Homeowner and Renter Relief Program (HARRP) program for low income homeowners and renters. HARRP provided tax refunds for low-income homeowners and renters for the remaining tax liability after the 30% state credit up to $375 for renters or $750 for homeowners in 1979 (City Club of Portland 1980). One analysis estimated that the homestead exemption coupled with the HAARP exemption would increase the percentage of homeowners paying no property taxes from 18 percent to 30 percent.

Though popular, the Property Tax Relief Program became difficult to fund particularly during the 1981-1982 recession. Amid budget shortfalls, state payments (homestead credits) gradually shrank from a maximum payment of $800 the first year to a maximum payment of $100 in 1985, the last year of payments. The Oregon legislature ultimately repealed the property tax relief program, including the assessment limit, in 1985. Assessments reverted to market value (true cash value).

The standard of assessment did not change dramatically again until Measure 50 (1997) which imposed a complex 3 percent annual assessment limit with no reassessment upon transfer. Measure 5 passed in 1990 restricted rates and eliminated HAARP (City Club of Oregon 2002 and Oregon Department of Revenue 2009).

Minnesota Limited Market Value

Minnesota has twice adopted and abolished a Limited Market Value (LMV) law to limit assessments. LMV caps assessments at the greater of a growth limit (for example, 15%) or a difference factor which is a percentage of the dollar amount difference between the previous assessment and estimated market value (EMV). The Minnesota Department of Revenue (2000) provides the following example of how LMV would apply to three different scenarios in the 1999 assessment year when the limit was 8.5 percent and the difference factor was 15 percent:

---

[12] Qualified property tax excludes property taxes for bond payments or voter-approved levies over the adjusted levy (previous year's levy adjusted for inflation).

Table D1. Limited Market Value Determination Examples

	Examples		
	A	**B**	**C**
Estimated Market Value Comparison			
1) 1999 Taxes Taxable Market Value	$100,000	$100,000	$100,000
2) 2000 Taxes Estimated Market Value*	$105,000	$112,000	$175,000
3) Market Value Increase (2-1)	$5,000	$12,000	$75,000
Percentage Increase	5.0%	12.0%	75.0%
Maximum Market Value Determination			
4) 108.5% of 1999 Taxes Taxable Market Value (1 x 108.5%)	$108,500	$108,500	$108,500
5) 1999 Taxes Taxable Market Value Plus 15% of Estimated Market Value Increase [(1 + (3 x 15%)]	$100,750	$101,800	$111,250
6) 2000 Taxes Maximum Market Value (Greater of 4 or 5)	$108,500	$108,500	$111,250
Limited Market Value Determination			
7) 2000 Taxes Limited Market Value (Lesser of 2 or 6)	$105,000	$108,500	$111,250
Percentage Increase	5.0%	8.5%	11.3%

Example A: Limitation does not apply.
Example B: 8.5 percent limitation applies.
Example C: 15 percent limitation applies

Source: Minnesota Department of Revenue, 2000
*Excluding the value of new improvements for pay 2000.

The state's legislature first enacted LMV in 1973.[13] In the first two years, the limit capped annual growth in assessments at 5 percent; from 1975 to 1978, the limit was the greater of 10 percent of the preceding assessment or a 25% difference factor.[14]

The Tax Court ruled the limit unconstitutional in 1979 and the legislature responded by repealing the limit; in 1979 Minnesota increased the difference factor to 50 percent as it phased out the limit.[15] The Minnesota Supreme Court reversed the Tax Court decision in 1980, after the repeal, ruling the limit was in fact constitutional (Baker and Hinze 1998).

Minnesota revived LMV in 1993 effective for six years, initially capping growth in assessments for residential property (up to 3 units), agricultural property, cabins, and timberland at the greater of 10 percent of the preceding assessment or a third of the increase over the preceding assessment.[16] The limit excluded value increases due to improvements or new construction (Baker and Hinze 2009). In 1997 and 1998, the assessment growth limit was the greater of 10 percent of the value for the preceding year or a quarter of the increase over the preceding year (Baker and Hinze 1998).[17] In 1999 and 2000, the limit was

---

[13] 1973, chapter 650, article 23, sections 1-4; 1974, Chapter 556, Section 14
[14] 1975 Chapter 437, article 8, section 4-6; 1976 Chapter 345, section 1; 1977, chapter 423, article 4, section 4
[15] 1979, chapter 303, article 2, section 7
[16] 1994, chapter 587, article 5, sections 3-5
[17] 1997, chapter 231, article 3, section 10

reduced to 8.5 percent and the difference factor was reduced to 18 percent (Minnesota Department of Revenue 2009).

The legislature acted in 2001 to phase out the limit over six years (2002-2007) and then extended the phase out by two additional years in 2005. During the phaseout the annual growth limit ranged from 10 to 15 percent of the preceding assessment (LMV) and the difference factor ranged from 15 to 50 percent of the difference between the preceding assessment and the property's market value (Baker and Hinze 2009). The program was fully repealed after the 2008 assessment year (2009 payable).

Montana Assessment Phasing

Between 1997 and 2009, the State of Montana limited assessments by phasing in reappraisals (State of Montana 2011).

Montana first began restricting valuation changes in 1997 when the legislature implemented a 50-year phase in for assessed value increases and decreases due to reappraisal (State of Montana 2011). In 2003 the legislature passed HB 461 establishing a six-year reappraisal cycle and implementing a six-year phase in of valuation increases. HB 461 also increased the homestead exemption and decreased the tax rate. (State-by-State Property Tax at a Glance 2018 and Montana Department of Revenue 2010).

In 2015, the state moved to a two-year reappraisal cycle for residential, commercial, industrial, and agricultural properties, effectively terminating phased assessment.[18] The law also modified assessment rates (Significant Features of the Property Tax).

Cook County (IL) Seven Percent Solution

In 2003 the Illinois legislature authorized the Cook County assessor to modify the homestead exemption to limit assessment growth for homesteads to 7 percent per year, up to a $20,000 reduction. Business taxpayers in Chicago, which lies in Cook County, organized an effort to keep the "Seven Percent Solution" from becoming permanent. The law had to be reauthorized for three-year periods and ultimately expired in 2014 (Youngman 2007 and 2016).

Observations/Lessons from Repeal Case Studies

The experiences of Minnesota, Idaho, Oregon, Montana, and Cook County (IL) demonstrate that repealing an assessment limit is achievable. These states and county successfully lifted restrictions on property tax assessments despite the popularity of the limits.

However, lifting an assessment can take time. Minnesota repealed the Limited Assessed Value law in 2001 via a six-year phase out which the 2005 legislature delayed an additional two years. When recession followed on the heels of Oregon's enactment of its first assessment limit in 1979, the state quickly faced fiscal consequences but did not achieve a repeal until 1985.

Minnesota's and Oregon's experiences illustrate that a successful repeal does not provide assurance against future limits. Minnesota repealed its Limited Market Value law in 1980 and then reenacted the law in 1993, only to repeal it again in the 2000s. Oregon enacted a more stringent assessment limit, which is still in effect, 17 years after repealing its first limit.

---

[18] Senate Bill 157