

117-1720 Department of Revenue Responsibilities.

117-1720.1. [Reserved]

117-1720.2. General Requirements for Ratio Study.

117-1720.3. Computation of Index of Taxpaying Ability for School District When Property is Under Appeal.

117-1720 Department of Revenue Responsibilities.

These regulations are designed to address the Department of Revenue’s Responsibilities in the Area of Property Tax and How the Department Administers Its Responsibilities.

117-1720.1. [Reserved]

117-1720.2. General Requirements for Ratio Study.

A. In accordance with Section 12-43-250 of the South Carolina Code of Laws, the Department of Revenue shall annually make a ratio study of all the counties in the State to determine if the level of appraisal and/or assessment and the degree of equity has been achieved as required by law. This information shall be obtained initially from the Assessor and field checked when necessary by personnel from the department. The sales that best reflect market value sales will be used to make an analysis to determine the level of appraisal and/or assessment and the degree of equity. If a county has a median appraisal level for all property as a whole or any class higher than 105% or lower than 80% of fair market value it shall be deemed unacceptable by the department. If the index of inequality reaches a rating higher than 15% for the county as a whole or any class of property, it shall be deemed unacceptable by the department. However, in the classification of agricultural when there is an insufficient number of market sales to determine the level of appraisal or the index of inequality, the department shall make a determination as to whether or not reassessment is required.

B. Average Appraisal. The median shall be the criteria to determine the level of appraisal or assessment for all property as a whole or for any class.

C. Index of Appraisal or Assessment Inequality. The index of inequality is defined as: one-half the difference between the ratio of the third and first quartile values over the median ratio.

$$\frac{1}{2} (Q3 - Q1) \\ = \\ \text{Median}$$

The answer when computed is registered as a percent. Whenever this formula is used on all property as a whole or any class with a rating above 15%, it shall be deemed unacceptable by the department.

D. Appraisal in Lieu of Sales. Whenever a county lacks sufficient market value sales to make an accurate ratio study for the county as a whole or any class, the department shall make appraisals of real property which shall be used in lieu of sales in ascertaining level of assessment and the degree of equity.

E. Valuation of Agricultural Property Based on Use. The department shall make studies to determine if agricultural real property is being appraised based on use as prescribed by law. The department shall make necessary studies to estimate what the market value of agricultural real property is when the highest and best use is for agricultural purposes.

F. Counties' Failure to Meet the Requirements of the Law. Ratio studies will be made from market value sales taking place from January 1 through December 31 of each year and the county shall be notified of the findings of the ratio study on or before June first.

When a county fails to meet the standards herein prescribed, the department shall notify the county assessor and governing body by June first that the county fails to meet the standards and that a reassessment program must be immediately initiated which must be completed within two (2) years from the date of the notice or unless a one-year extension is granted within the two (2) year period because of extreme circumstances. All corrections in market sales reported for the preceding calendar year must be made to the department on or before March 21st of the year in which the reassessment program is to be implemented.

A failure to implement an acceptable reassessment program by June first of the year in which implementation of the program is required will mandate an order to the county auditor to abate or reduce the assessed value of all other classes of property at the level of assessment of the real property included in the program.

117-1720.3. Computation of Index of Taxpaying Ability for School District When Property is Under Appeal.

Section 59-20-20 of the South Carolina Code of Laws as amended, requires the Department of Revenue to compute the index of taxpaying ability for each school district in South Carolina. The final index is to be furnished to the Department of Education and the auditor of each county on or before February 1 of each year. Changes and corrections may be made to the index before February 1 but no change is allowed after that date.

When an assessment is under appeal and the appeal extends beyond the year in which the assessment is made, the department will not take into account the full value of the property. Instead, for real property, the department will only take into account eighty percent of the assessed value or any valuation greater than eighty percent agreed to in writing by the taxpayer; and for personal property, the department will only take into account the value asserted by the taxpayer in the appeal. Once the appeal is resolved, the department will adjust the index in the year the appeal is resolved by the amount of any difference between the assessments.

When an appeal of the assessed value of property assessed pursuant to Section 12-43-220(a) of the Code (the assessment ratio for manufacturing or utility property) extends for more than two years and the amount in dispute is more than thirty percent of the total of assessed value of property in the school district in which the property under appeal is located, the index of taxpaying ability for the school district must be calculated using the value asserted by the taxpayer in the appeal, even if it is less than eighty percent of the assessed value.

The department shall maintain the necessary records for property under appeal. The Auditor shall notify the department of the value of property currently under appeal, the value of property that was under appeal where the appeal is now resolved and the value has been determined and of any additional assessment. The Auditor shall furnish this information to the department on or before October 1 of each year.

HISTORY: Added by State Register Volume 28, Issue No. 6, eff June 25, 2004. Amended by State Register Volume 32, Issue No. 2, eff. February 22, 2008.