
State of South Carolina
Department of Revenue
301 Gervais Street, P. O. Box 125, Columbia, South Carolina 29214

SC INFORMATION LETTER #95-24 (TAX)

SUBJECT: ADMINISTRATIVE PRONOUNCEMENT
Rollback Millage
(Property Tax)

DATE: November 15, 1995

SUPERSEDES: All previous documents and any oral directives in conflict herewith.

REFERENCE: Act No. 145, Section 119

AUTHORITY: SC Code Ann. Section 12-4-320 (Supp. 1994)
SC Revenue Procedure #94-1

SCOPE: An Information Letter is a document issued for the purpose of disseminating general information or information concerning an administrative pronouncement.

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On June 29, 1995, the Governor signed into effect Act No. 145. Section 119 of Part II of this act provides a new homestead exemption for homeowners and adds SC Code Section 12-37-251. Paragraph (E) of this section states that:

In the year of reassessment the millage rate for all real and personal property must not exceed the rollback millage, except that the rollback millage may be increased by the percentage increase in the consumer price index for the year immediately preceding the year of reassessment.

To understand this statute, the term "rollback millage" must be defined. The legislation containing this statute does not provide a definition; however, the term is referred to in Code Section 12-43-280. "To aid in the construction of the language of a statute, the court should look to the construction placed upon similar language in other statutes dealing with the same or a cognate subject matter." *Spartanburg County v. Arthur*, 180 SC 81, 85; 185 SE 486, 488 (1936).

Code Section 12-43-280 requires that the ad valorem tax for a political subdivision, upon completion of a reassessment program, may not exceed the total ad valorem tax for the year prior to completion of the reassessment plus one percent plus any increase needed for new construction or for renovations of existing structures. If this limit is exceeded, the statute provides that the Department notify the governing body of the political subdivision, which is then required to transfer any excess to a segregated fund which "must be used to roll back the tax millage in the following year." Based on this section, the Department and property tax professionals have consistently defined rollback millage to be the millage rate needed to fund the prior year's property tax revenue actually collected in the prior year. This rate is computed by dividing the ***total property tax collections*** for the year prior to reassessment by the ***new reassessment tax base*** for all property subject to tax and all fee in lieu property within a taxing entity. A separate rollback millage rate must be computed for each taxing entity.

Total property tax collections are defined as the total amount of tax collected from all taxable property within a taxing entity. The total amount of tax includes any delinquent tax amounts for the current year collected in the current year plus any penalties and interest associated with such delinquencies. Delinquencies for prior years plus any penalties and interest associated with these delinquencies are not included. Collections from fee in lieu properties are also included in the total property tax collections.

New reassessment tax base is the assessed value of all taxable property for the year of reassessment within a taxing entity. The assessed values of all fee in lieu properties are also included in the new reassessment tax base.

Pursuant to Section 12-37-251(E) the rollback millage may be increased by the percentage increase in the consumer price index for the year preceding the year of reassessment.

In enacting this legislation (Act 145), the General Assembly stated that "all acts or parts of acts inconsistent with any of the provisions of Part II of this act are repealed." Hence, Code Section 12-37-251(E) impliedly repeals Code Section 12-43-290 (political subdivisions may increase millage for certain purposes) and the increases in ad valorem tax allowed in Section 12-43-280(A) (one percent over prior year's ad valorem tax plus increases for new construction or renovations).

For questions concerning rollback millage, contact Ronnie Cassels at (803) 737-4463.