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

SC INFORMATION LETTER #97-8 (TAX)

SUBJECT: ADMINISTRATIVE PRONOUNCEMENT
Rollback Millage
(Property Tax)

DATE: March 11, 1997

SUPERSEDES: South Carolina Information Letter #95-24 and all previous documents and any oral directives in conflict herewith.

REFERENCE: South Carolina Code Ann. Section 12-37-251(E)(Supp. 1996)

AUTHORITY: SC Code Ann. Section 12-4-320 (Supp. 1996)
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.

Information Letters issued to disseminate general information have no precedential value and do not represent the official position of the Department. Information Letters designated as administrative pronouncements are **official advisory opinions** of the Department.

On June 29, 1995, the Governor signed into effect Act No. 145. Section 119 of Part II of this act provided a new homestead exemption for homeowners and added SC Code Section 12-37-251. Paragraph (E) of that section was amended by Act No. 401 in 1996 and 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. Rollback millage is calculated by dividing the prior year property tax revenues by the adjusted total assessed value applicable in the year the

values derived from a countywide equalization and reassessment program are implemented. This amount of assessed value must be adjusted by deducting assessments added for property or improvements not previously taxed, for new construction, and for renovation of existing structures.

This subsection was effective for property tax years beginning after 1995.

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 No. 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Assembly stated that "all acts or parts of acts inconsistent with any of the provisions of Part II of this act are repealed."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 Code Section 12-43-280(A) (one percent over prior year's ad valorem tax plus increases for new construction or renovations).

A question has been raised about the application of the restriction on millage increases to bonded indebtedness and lease purchase payments for capital construction. Because general obligation bonds of each political subdivision and school district are secured by a pledge of the political subdivision's and school district's "full faith, credit and taxing power" (Article X, Sections 14 and 15 of the South Carolina Constitution), the Department has determined that the restrictions on raising millage do not apply to the minimal additional millage necessary to raise the money to pay an increase in the payments due on general obligation debt or lease purchase payments from capital construction of the political subdivision or the school district.

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