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**COLUMBIA TAX MODERNIZATION COMMITTEE MEETING AGENDA  
TUESDAY, MAY 3, 2022**

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The Columbia Tax Modernization Committee will conduct a meeting on Tuesday, May 3, 2022 at 10:00 a.m. in Council Chambers at City Hall, 1737 Main Street, Columbia, SC 29201. Members of the public may view the meeting online at [www.columbiasc.gov](http://www.columbiasc.gov) or participate via telephone by dialing **855-925-2801**. When prompted, enter meeting code: **4757**. During the meeting: press \*1 to listen; \*2 to leave a message; or \*3 to request to speak. For additional information, visit [www.columbiacitysc.iqm2.com](http://www.columbiacitysc.iqm2.com), call (803)545-3045, or email [cityclerk@columbiasc.gov](mailto:cityclerk@columbiasc.gov).

The Honorable Daniel J. Rickenmann, Mayor  
The Honorable Joe E. Taylor, Jr., Chair ■ The Honorable Edward H. McDowell, Jr.

*Prior to entering the meeting please turn all electronic communication devices to the silent, vibrate or off position. All presenters are asked to speak directly into the microphone for recording purposes.*

**CALL TO ORDER**

**COMMITTEE DISCUSSION**

1. Impacts on Richland County and Richland County School Districts 1 and 2 - Ms. Rebecca Gunnlaugsson, Ph.D., President of Acuitas Economics
2. Additional Data and Trends - Ms. Rebecca Gunnlaugsson, Ph.D., President of Acuitas Economics
3. Date, time, and discussion of next committee meeting - The Honorable Joe E. Taylor, Jr., Chairman

**PUBLIC INPUT**

**ADJOURNMENT**



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We Are Columbia

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**MEETING DATE:** May 3, 2022

**DEPARTMENT:** City Clerk

**FROM:** *Erika Hammond, City Clerk*

**SUBJECT:** **Impacts on Richland County and Richland County School Districts 1 and 2 - Ms. Rebecca Gunnlaugsson, Ph.D., President of Acuitas Economics**

**FUNDING SOURCE & ORIGINAL BUDGET:**

**ATTACHMENTS:**

- Tax Plan-2022-0503 Gunnlaugsson (PDF)

# COLUMBIA COMPETITIVE PROPERTY TAX PLAN



# COMMERCIAL/RENTAL COMPETITIVE TAX PLAN

**1**

## TARGET COMMERCIAL/RENTAL

Offer a credit to “*all other real property*” that would have the effect of reducing the assessment rate from 6% to 4%. Model after Act 40 of 2017, which did the same for manufacturing property statewide.

**2**

## DEVELOP LEGISLATION

Draft legislation at:  
**State level** to enable counties the opportunity to implement a rate credit for “all other real property,” and  
**County level** to opt into the state-legislated rate exemption opportunity.

**3**

## CALCULATE PHASE-IN FORMULA

Property tax rate reduction plan for Columbia/Richland County would be based on the template outlined by Dr. Stephen Walters, to be phased in over 10 years.

# COMMERCIAL/RENTAL COMPETITIVE TAX PLAN

1

Announce an 8-year schedule of incremental tax rate reductions to begin in two years.

2

Build escrow account from new investment (and by slowing spending) during first two years.

3

Use escrowed funds and growth in other revenues to satisfy spending while new investment grows, and tax reductions are phased in.

4

Enact "triggers" that adjust the tax rate reductions faster/slower, based on availability of new revenues each year.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total Change
<b>Cumulative Assessment Rate Reduction</b>	-	-	0.25%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	
<b>New "Effective" Assessment Rate</b>	6.00%	6.00%	5.75%	5.50%	5.25%	5.00%	4.75%	4.50%	4.25%	4.00%	-33.3%

Build Escrow Account

Phase in Tax Rate Reduction

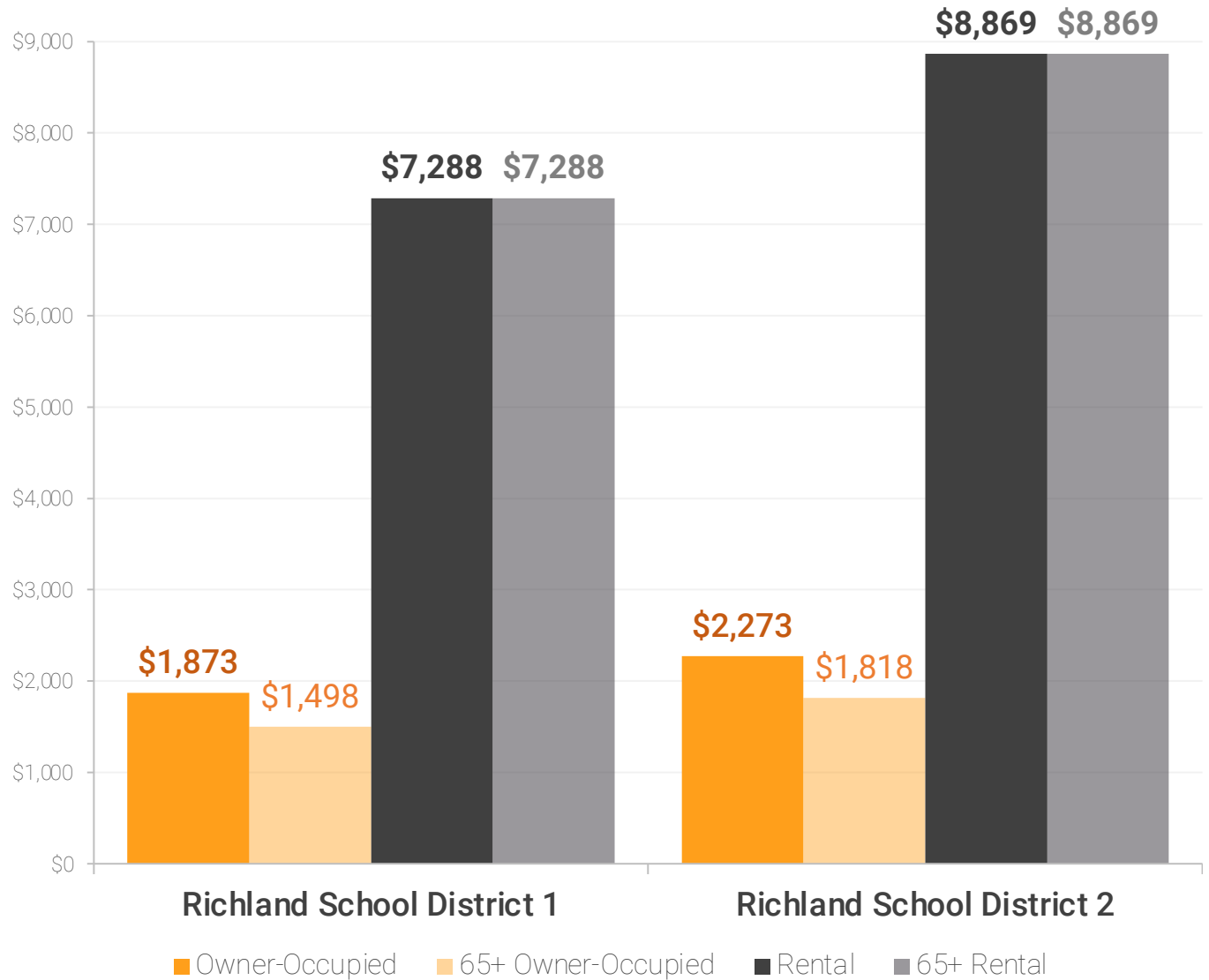
# RENTAL PROPERTY TAX DISPARITY



Rental properties, pay **3.9 times** more property tax than owner-occupied properties.

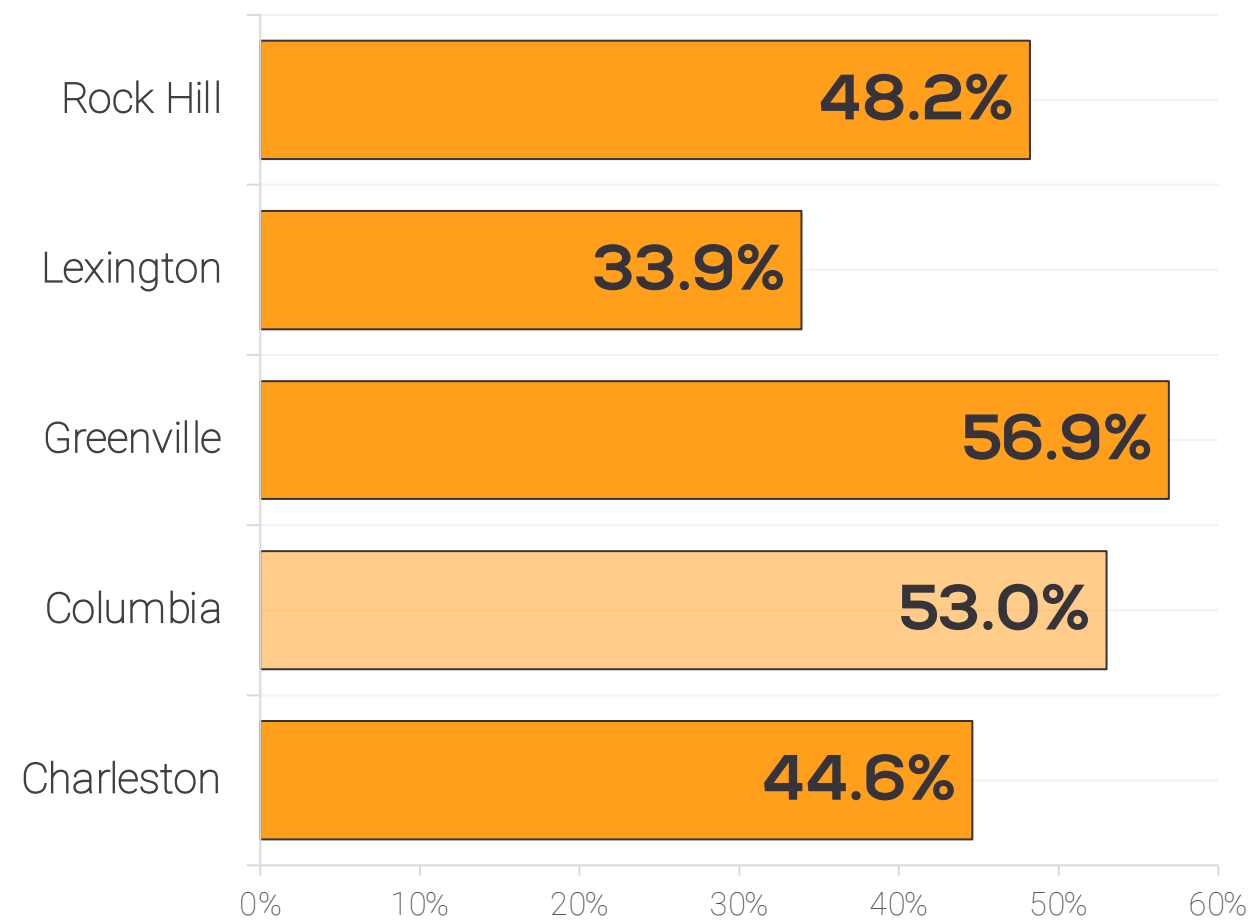


Residents aged **65 or older** do **not** receive the state's Homestead reduction if they rent.

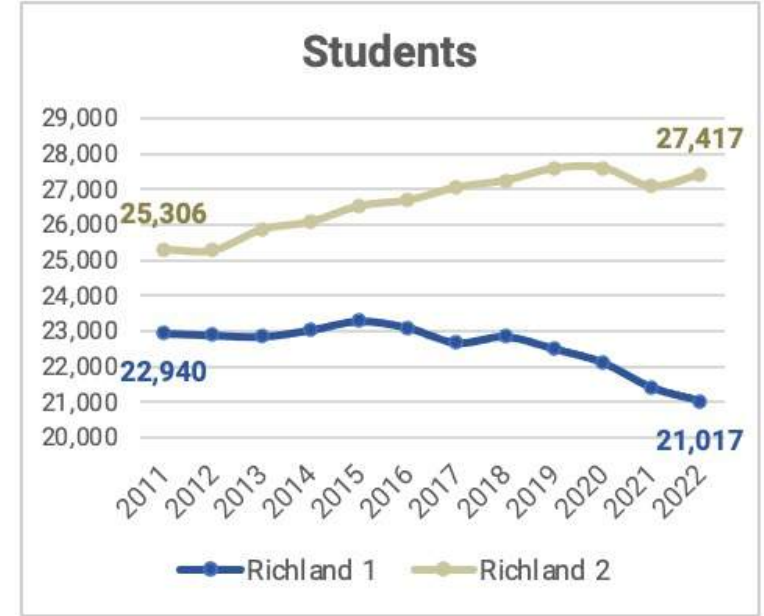
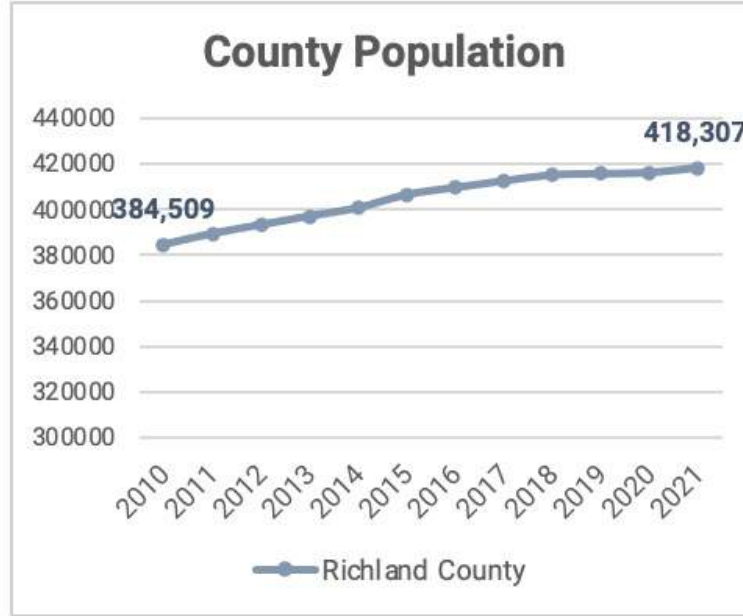
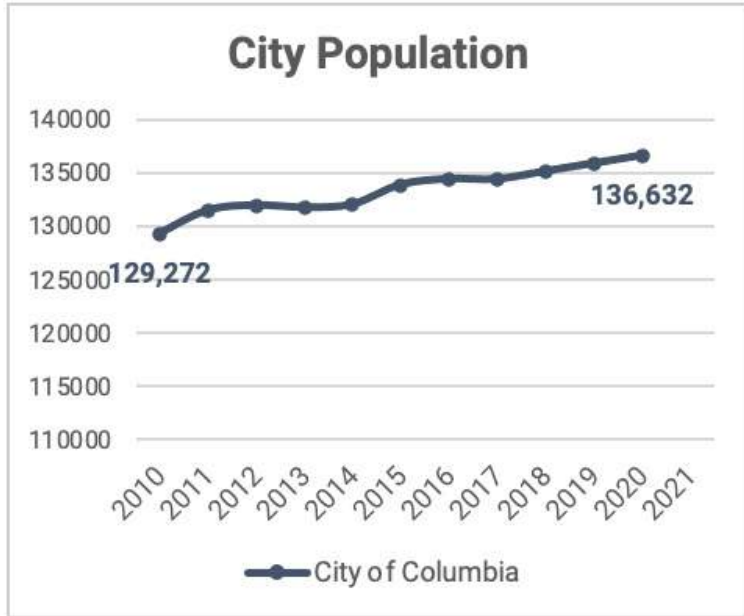


Attachment: Tax Plan-2022-0503 Gunnlaugsson (7507 : Impacts on Richland County and

# RENTER- OCCUPIED HOUSING RATE



# POPULATION GROWTH TRENDS



**Columbia: 5.7%**

Rock Hill: 12.4%      Charleston: 25.1%  
 Lexington: 31.9%      Greenville: 21.1%

**Richland 8.8%**

York: 27.7%      Charleston: 17.9%  
 Lexington: 14.4%      Greenville: 18.3%

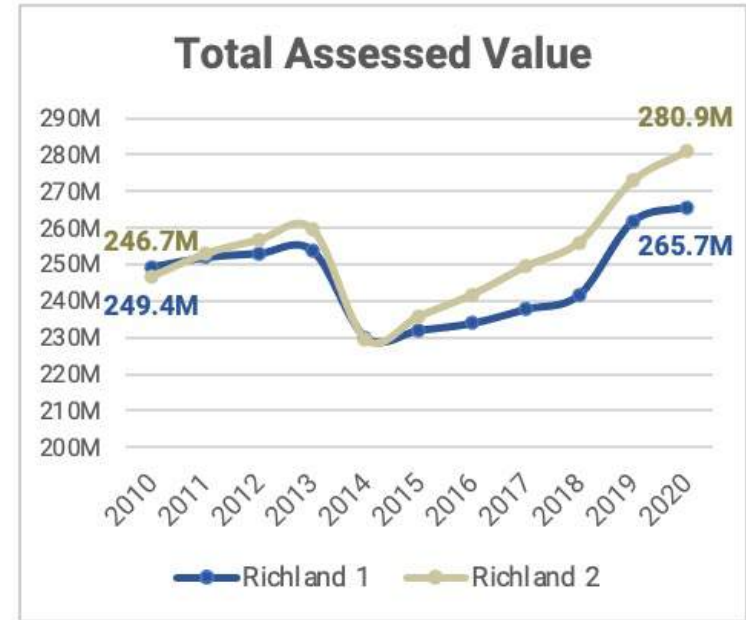
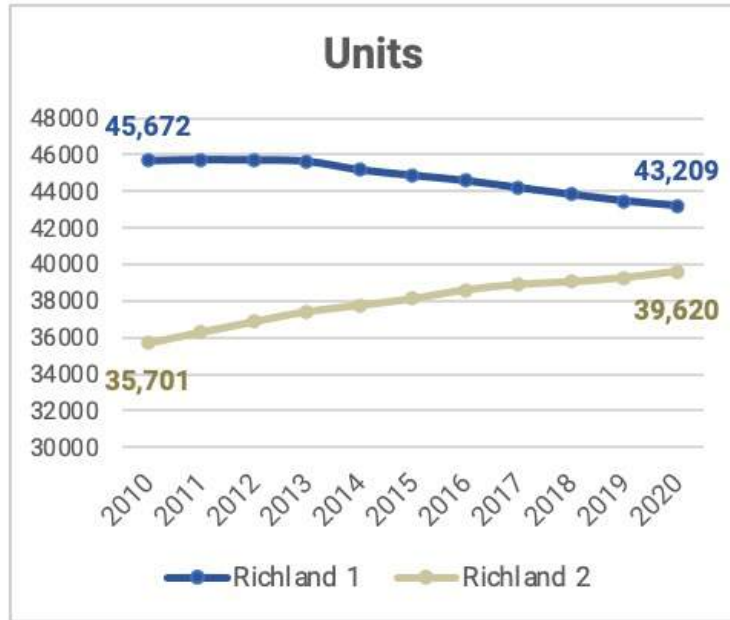
**RSD1: -8.4%**

York 3: -3.0%  
 Lexington 1: 22.6%

**RSD2: 8.3%**

Charleston: 12.1%  
 Greenville: 7.4%

# OWNER-OCCUPIED PROPERTY GROWTH



**RSD1: -5.4%**

**RSD2: 11.0%**

**RSD1: 12.6%**

**RSD2: 2.6%**

**RSD1: 6.6%**

**RSD2: 13.8%**

York 3: 8.2%  
Lexington 1: 16.1%

Charleston: 14.7%  
Greenville: 10.2%

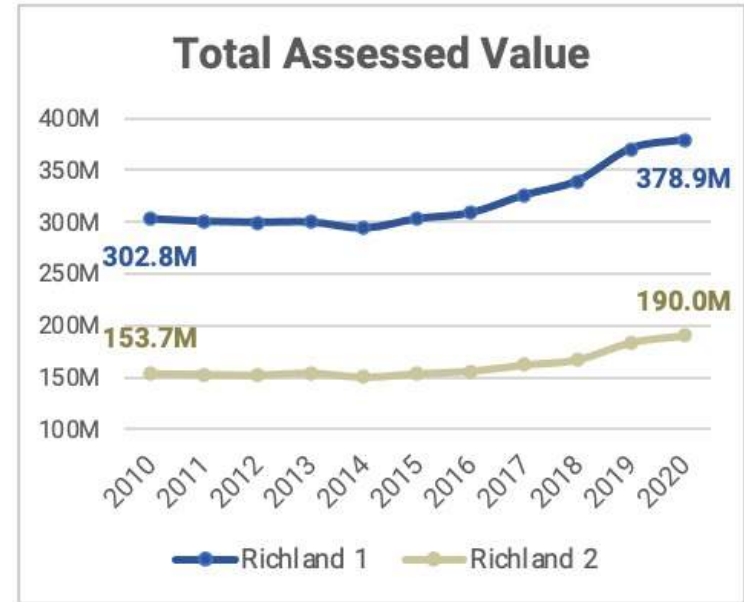
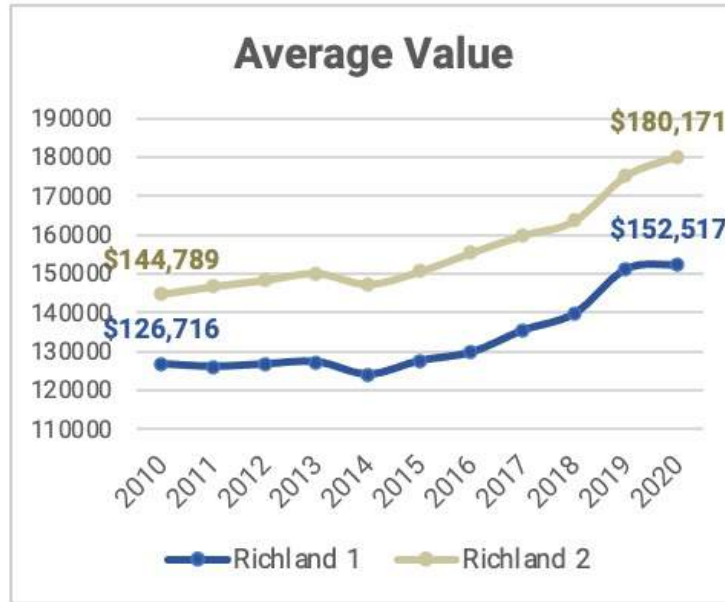
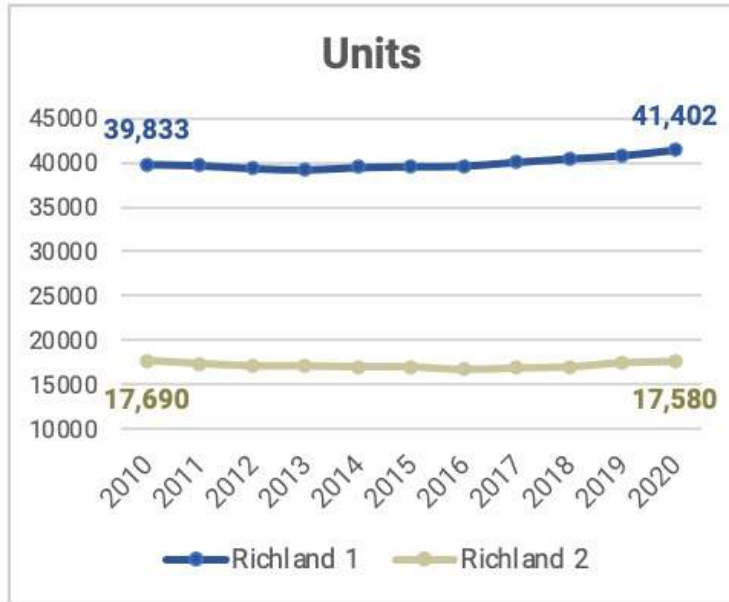
York 3: 29.9%  
Lexington 1: 33.0%

Charleston: 51.3%  
Greenville: 23.7%

York 3: 40.5%  
Lexington 1: 54.4%

Charleston: 73.6%  
Greenville: 36.4%

# COMMERCIAL/RENTAL PROPERTY GROWTH



**RSD1: 3.9%**

**RSD2: -0.6%**

York 3: -6.5%

Charleston: 9.8%

Lexington 1: -13.2%

Greenville: 2.5%

**RSD1: 20.4%**

**RSD2: 24.4%**

York 3: 58.9%

Charleston: 39.6%

Lexington 1: 48.5%

Greenville: 35.1%

**RSD1: 25.1%**

**RSD2: 23.7%**

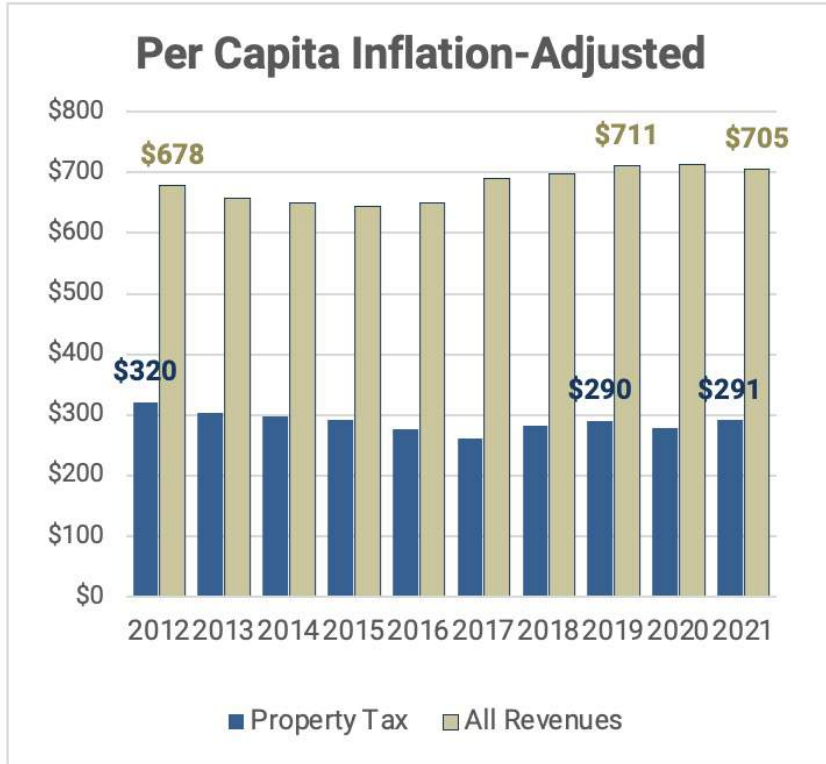
York 3: 48.6%

Charleston: 53.2%

Lexington 1: 28.8%

Greenville: 38.5%

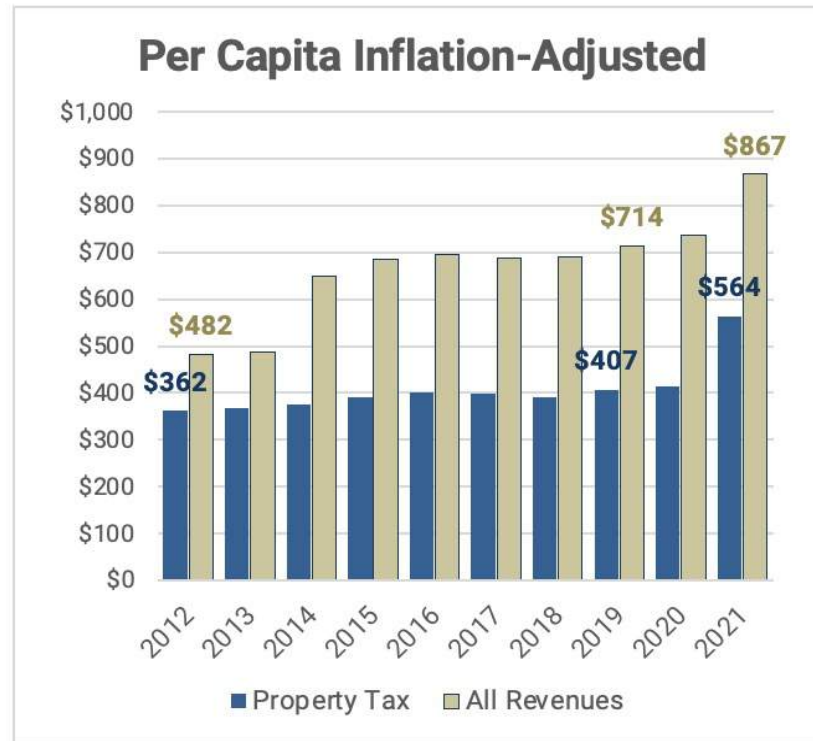
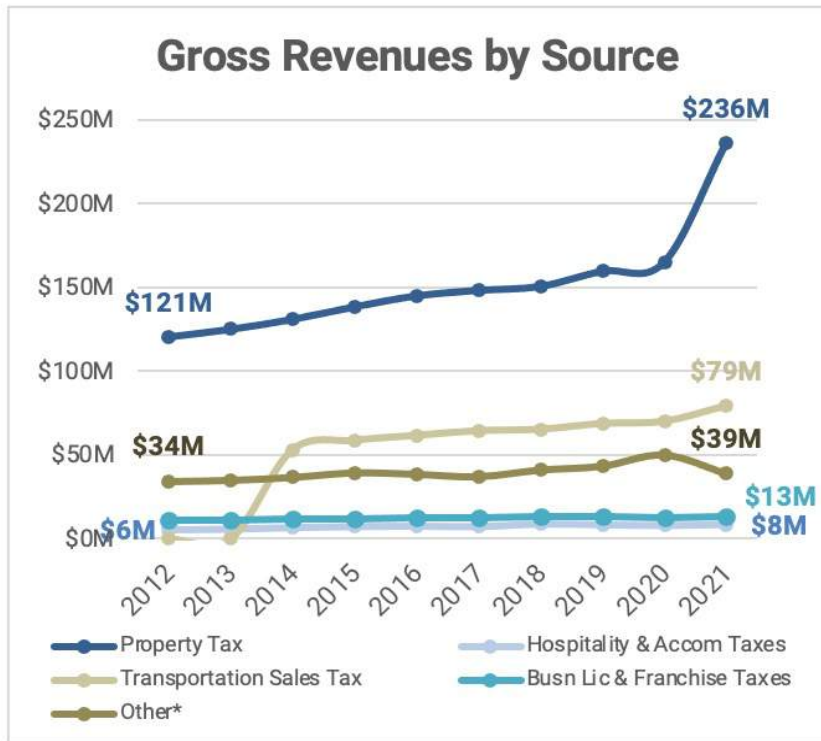
# CITY OF COLUMBIA REVENUES



### Historic Annual Growth

	2012-19	2012-21
Property Tax	0.7%	1.4%
Local Option Sales	5.0%	5.6%
Hospitality & Accom	1.8%	0.0%
Other*	7.6%	7.3%
<b>All Revenues</b>	<b>2.7%</b>	<b>2.8%</b>

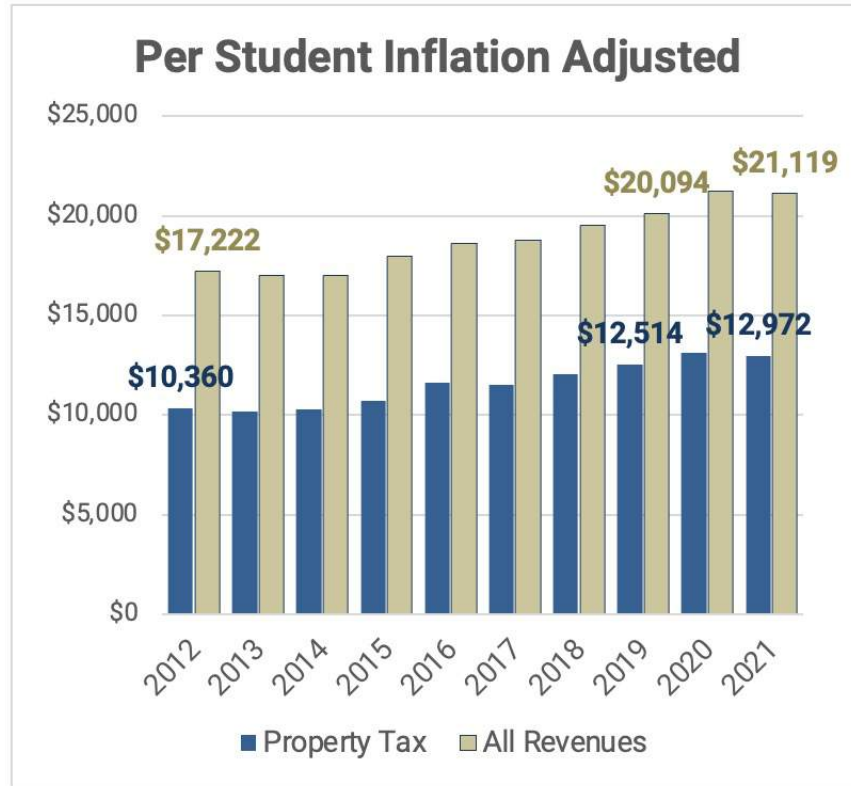
# RICHLAND COUNTY REVENUES



### Historic Annual Growth

	2012-19	2012-21
Property Tax	4.1%	8.3%
Transportation Sales	3.8%	4.6%
Hospitality & Accom	6.0%	4.9%
Busn Lic & Franchise	2.6%	2.4%
Other*	3.5%	2.0%
<b>All Revenues</b>	<b>4.0%</b>	<b>6.8%</b>

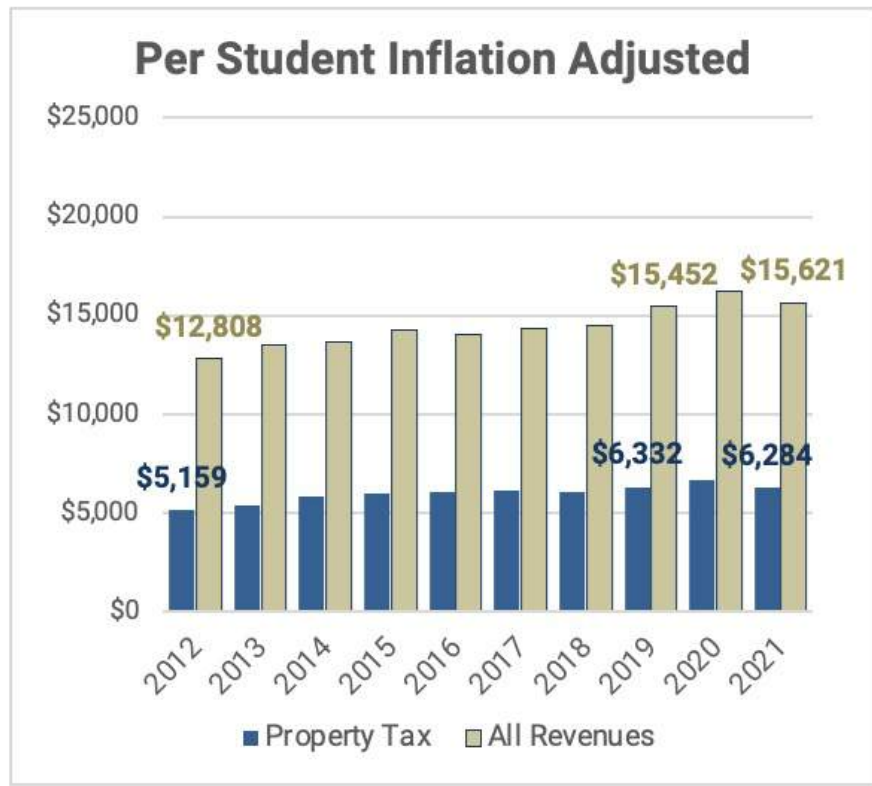
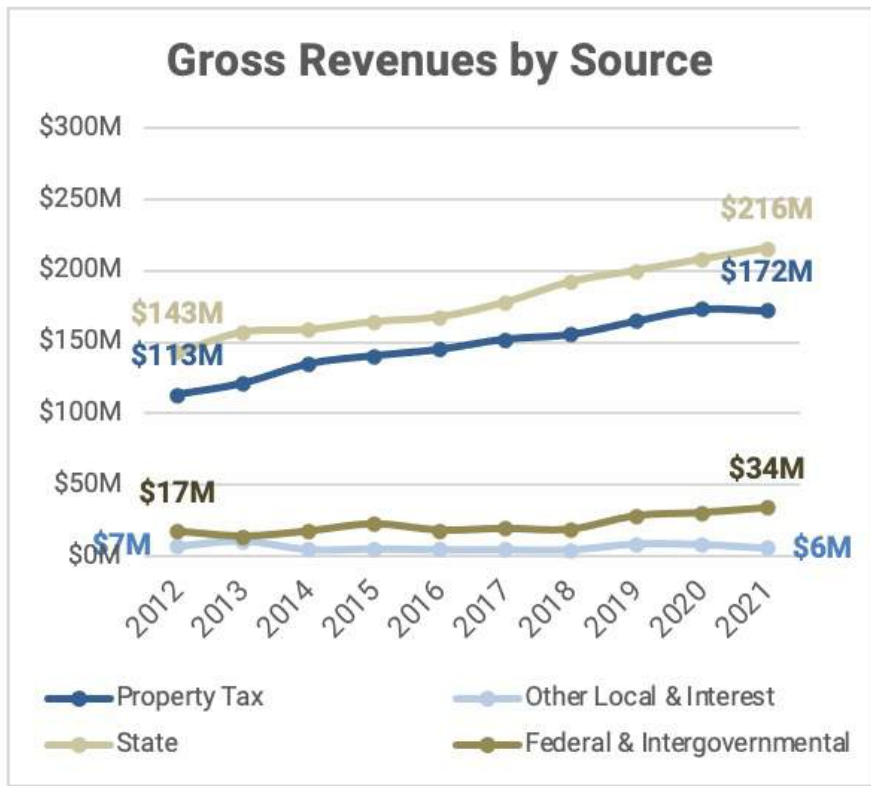
# RICHLAND DISTRICT 1 REVENUES



### 2020-21 Revenues Per Student

<b>RSD1</b>	<b>\$21,119</b>
RSD2	\$15,621
Charleston	\$21,940
Greenville	\$13,892
Lexington 1	\$15,103
York 3	\$13,982
<b>State Average</b>	<b>\$15,259</b>

# RICHLAND DISTRICT 2 REVENUES



### 2020-21 Revenues Per Student

<b>RSD2</b>	<b>\$15,621</b>
RSD1	\$21,119
Charleston	\$21,940
Greenville	\$13,892
Lexington 1	\$15,103
York 3	\$13,982
<b>State Average</b>	<b>\$15,259</b>

# SOURCES

"Revenue Per Pupil Report by School District for 2021-22 Excluding Bond Revenue." South Carolina Revenue and Fiscal Affairs Office (RFA). Revised 11/15/21.

"School District Detailed Index of Taxpaying Ability" dataset, Tax Years 2010 - 2020. South Carolina Department of Revenue.

Comprehensive Annual Financial Reports, FY 2021 (FY 2020 where 2021 not available). Cities of Greenville, Charleston, Rock Hill, and Columbia; Town of Lexington; Counties of Greenville, Charleston, York, Lexington, and Richland; School Districts of Richland 1 and Richland 2.

Richland County Assessor Property Tax Dataset, Tax Year 2021.

US Census Population Estimates, 2000 – 2021 (through 2020 for cities and towns).

"Membership Report 135 Day, School Year 2020-21." South Carolina Department of Education - Office of Finance.

SC Constitution Article X, §1(5) (<https://www.scstatehouse.gov/scconstitution/A10.pdf>)

SC Act 40 of 2017 ([https://www.scstatehouse.gov/sess122\\_2017-2018/bills/3516.htm](https://www.scstatehouse.gov/sess122_2017-2018/bills/3516.htm)).

Source: U.S. Census Bureau, 2016-2020 American Community Survey 5-Year Estimates.

# APPENDIX SUPPLEMENTAL MATERIAL



# SOUTH CAROLINA PROPERTY TAX FORMULA

$$\left[ \begin{array}{c} \text{Taxable} \\ \text{Value} \end{array} \right] \times \left[ \begin{array}{c} \text{Assessment} \\ \text{Rate} \end{array} \right] \times \left[ \begin{array}{c} \text{Millage} \\ \text{Rate} \end{array} \right] - \left[ \begin{array}{c} \text{Local Option} \\ \text{Sales Tax Credit} \end{array} \right]$$

Determined by County Assessor. Limited to 15% increase every 5 years, unless property is transacted.

Constitutionally Specified by Property Type

Combined City, County, Schools (Operations & Debt Service), Special Purpose Districts

Credit to property owners totalling 71% of Local Option Sales Tax collections

# EXAMPLE

## PROPERTY TAX CALCULATION

SC Property Tax Formula	Owner-Occupied House	Rental Home / Commercial Property
Taxable Value	\$250,000	\$250,000
X Assessment Rate	X 4%	X 6%
X [ City Millage	X [ 0.0938	X [ 0.0938
+ County Millage	+ 0.1257	+ 0.1257
+ School Ops Millage	+ 0	+ 0.2665
+ School Debt Millage ]	+ 0.064 ]	+ 0.064 ]
- [ [ City LOST Factor	- [ [ 0.00228	- [ [ 0.00228
+ County LOST Factor ]	+ 0.00157 ]	+ 0.00157 ]
X Taxable Value ] ]	X \$250,000 ] ]	X \$250,000 ] ]
= Property Tax	= \$1,872.50	= \$7,287.50

	Owner-Occupied House	Rental Home / Commercial Property
Assessed Value	\$10,000	\$15,000
Property Tax (Before LOST Credit)	\$2,835	\$8,250
LOST Credit	\$963	\$963

# KEY POINTS

1

Commercial, rental, and second home properties are all classified as "*all other real property*" under South Carolina law.

2

"*All other real properties*" have an assessment rate of **6%**, 1.5 times higher than owner-occupied properties.

3

Owner-occupied properties are further exempted from **school operations** millage rates.

4

SC has one of the lowest tax rates for owner-occupied properties in the US, yet one of the highest for commercial and rental properties.

# PEER CITIES

Commercial/rental property tax rates are more severe in Richland County than peer locations, not due to Act 388, but due to **high combined city, county and school millage rates.**

CHARLESTON

**\$3,810**

GREENVILLE

**\$5,339**

LEXINGTON

**\$8,125**

WEST COLUMBIA

**\$6,186**

ROCK HILL

**\$5,859**

COLUMBIA

**\$7,288** RSD1

**\$8,886** RSD2



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**MEETING DATE:** May 3, 2022

**DEPARTMENT:** City Clerk

**FROM:** *Erika Hammond, City Clerk*

**SUBJECT:** Additional Data and Trends - Ms. Rebecca Gunnlaugsson,  
Ph.D., President of Acuitas Economics

**FUNDING SOURCE &  
ORIGINAL BUDGET:**



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**MEETING DATE:** May 3, 2022

**DEPARTMENT:** City Clerk

**FROM:** *Erika Hammond, City Clerk*

**SUBJECT:** Date, time, and discussion of next committee meeting - The Honorable Joe E. Taylor, Jr., Chairman

**FUNDING SOURCE & ORIGINAL BUDGET:**