

Realtors again strive to change point-of-sale reassessment

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The S.C. Realtors again are striving to get the state's point-of-sale reassessment changed in this legislative session, saying that the tax policy is harming the real estate market.

Nick Kremydas, CEO of S.C. Association of Realtors, said the policy is hurting both residential and commercial real estate transactions. A bill introduced last week in the House would provide an exemption to the increase in tax that can occur when a property is immediately reassessed at the sale price.



Nick Kremydas,
CEO of S.C.
Association of
Realtors

The Municipal Association of South Carolina again will oppose the change, saying that a larger fix for the state's property tax rules is what's needed.

A similar measure passed the House in the last session but could not get through the Senate. Negotiations that involved the Realtors and Municipal Association failed to coalesce around a compromise. Both sides say that there are open to further efforts to find a compromise.

The new property tax law was part of Act 388, which passed in 2006. Instead of regular reassessments, properties get a new value when they are transferred or sold. To Kremydas and the Realtors, this is a major incentive not to sell your property.

Any business property that sells goes on the books at a higher rate than its competitors, which is unfair, Kremydas said. Major businesses that are coming into the state can negotiate a fee-in-lieu deal but that's not usually available to smaller firms. One fast-food franchise owner told Kremydas that he was looking to expand in North Carolina or Georgia, in part because of the tax consequences of buying new locations here.

"It keeps us from being competitive," Kremydas said.

Reba Campbell, deputy executive director of the Municipal Association, said the organization opposes removing the point-of-sale reassessment without also getting rid of the cap on values. Currently, no property's assessed values can rise more than 15% at a time.



Reba Campbell,
deputy executive
director of the
Municipal
Association of
South Carolina

That cap will lead, Campbell said, to neighborhoods with faster-rising property values taking less of the tax burden than those whose values rise more slowly. The reassessment cap is in the state constitution, which makes it more difficult to change, she said.

The Municipal Association is asking lawmakers to give local governments more flexibility in this session to set taxes and raise revenues, including more control of how millage can be raised and how to use sales tax dollars.

Will the Legislature focus on point-of-sale again this year? The House Republican Caucus has said fixing point-of-sale is a priority item for them, Kremydas said, and that makes it likely that the measure will pass the House, as it has before. However, the measure's Senate future is unclear.

It will be a busy year for the Legislature, Campbell noted, with issues such as the budget crisis and the coming reapportionment of election districts still to be dealt with. That might not leave much time for issues such as point-of-sale, she said.