Groups seek changes to 2006-tax reform

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SENECA — The South Carolina Association of Realtors and the state Chamber of Commerce are joining forces to lobby lawmakers for property-tax assessment modifications in 2009.

Both organizations are dead set against keeping a reassessment provision called "Point of Sale" introduced during the property tax reform of 2006 enacted by the General Assembly. According to this provision, when a property is purchased the assessed value of the property becomes the sale price.

Nick Kremydas, chief executive officer (CEO) of the state realtors' group, said the Point of Sale Act is having a "devastating effect" on South Carolina's economy.

Kremydas said property is being reassessed each time it is transferred based on the sales price, which creates inequities in the real estate market. For instance, in the residential market, neighboring properties have big differences in property tax obligations based only on the date of sale.

As a result, longtime residents are wary of moving, while investors looking for property are scared away by the tax complications.

Similarly, businesses looking to locate to South Carolina are getting cold feet and taking their business elsewhere once they learn of the property tax burden created by the point-of-sale provision.

"It makes it harder to get buyers to the table," Kremydas said.

Otis Rawl, president and CEO of the South Carolina Chamber of Commerce, is adamantly opposed to provision. He recently called it "the worst piece of tax policy that has been passed in South Carolina in the last 30 years."

Rawl said point-of-sale reassessment has killed hundreds of residential and commercial deals.

"Our realtors and appraisers are screaming bloody murder about how point of sale is stopping transactions," Rawl said.

Aside from the point of sale, the 2006 property tax reform law eliminated school operating taxes on owner-occupied property and replaced that revenue stream with a 1-cent statewide sale tax increase.

Included in the reform was a cap on increases in assessed value to 15 percent over a five-year period on all classes of property. Counties reassess all property every five years.

Kremydas and Rawl agreed that getting the law changed so there is no point of sale change at the time of transaction is a priority in 2009 for the groups they represent.

But stiff resistance from lobbyists may come on behalf of the counties because the point-of-sale provision is putting more money in local governments' coffers.