State senate rejects bill to equalize property

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The South Carolina Senate agrees the state's property tax laws are flawed.

But disagreement on how to fix them Thursday scuttled what many considered a remedy to exorbitant taxes on commercial real estate.

The so-called point-of-sale bill was effectively killed in the Republican-led Senate on Thursday.

Leaders in the 27-member GOP majority failed to muster 31 votes required.

Real estate agents who pushed the bill will do some heavy lobbying over the weekend in an effort to swing three to four votes.

The legislation, born out of sweeping 2006 property tax reform known as Act 388, would have eliminated increased taxes on second homes, businesses and commercial real estate sold this year.

Owner-occupied homes are taxed at 4 percent under Act 388, while second homes, businesses, and commercial real estate are taxed at 6 percent.

The legislation says that when sold, "6 percent property" is to be taxed based on the selling price, not the county-assessed value, which in many cases is much lower.

After a few years in the field, real estate agents complained and wanted commercial properties taxed like residential property. They told lawmakers the higher taxes were sinking commercial real estate deals at closing, presumably because the buyer was unaware of the law.

tax laws

Sen. Larry Grooms, R-Berkeley — the only Republican to vote against the point-of-sale legislation in Wednesday's critical third vote — offered an amendment this week to get rid of the higher tax, but the Senate voted it down.

"A deal is a deal," said Sen. Gerald Malloy, D-Darlington, speaking of Act 388, which now is law.