School tax hike to hit businesses, vacation homes hardest

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SENECA — While Oconee homeowners won't see their property tax bills on primary residences directly affected by the 5.2-mill increase county council passed Tuesday to meet the school district's budgetary needs, business owners will experience a more painful pinch.

A business with a $1 million value would see an increase of $546 on its tax bill from the additional millage council approved to fully fund the School District of Oconee County's fiscal year 2018 budget request.

The grand total mills in Oconee will rise from 215.0 to 220.2 in tax year 2017. Thus, for a businesses with a $1 million value, the assessed value based on a 10.5 percent tax assessment ratio would be $105,000, making the total tax bill $23,121.

The total tax on a business with a $5 million value would be $115,605. Of that total, $2,730 would come from the additional mills passed Tuesday.

County Auditor Christy Hubbard provided those figures Wednesday to The Journal after citing examples of how other properties such as non-residential, or secondary, homes and vehicles would be affected during her TY 2017 millage proposal to council Tuesday.

The tax bill for a secondary home with an assessed value of $100,000 would see an increase of $31.20, while a home valued at $250,000 would see an increase of $78.

For real property such as vehicles, the tax increase on a $25,000 vehicle would be about $7.80, while a $50,000 vehicle would see double that amount, or $15.60, in additional taxes.

SEE HIKE, PAGE A6

THURSDAY, SEPTEMBER 7, 2017

HIKE: 'Where's the fairness?'

Hubbard explained that there would be no increase for residential properties, or for those with a Homestead Exemption, because school operational millage would be "100 percent given as a credit for the school tax credit."

The entirety of the 5.2-mill increase went to fund the $65.8 million needed from tax revenue to fully fund the school district's operational budget, while the total county mills remained at 73.9 to provide the $34.2 million needed for its budget.

A side effect of Act 388, the state law passed in 2006 that shifted the tax burden for funding school operations from those with owner-occupied residences to business property and vacation or rental homes, has been that it affects some school districts differently than others.

"Some counties are making money off of the tier money," Hubbard said Tuesday. "In Oconee County, (the school district) is losing money."

Thus, after the recent reassessment in Oconee, Hubbard reported that the value of a 2017 county mill came in at $537,612, while a school district operations mill is valued at $402,469 and an SDOC bond mill equals $564,670.

"(That's) $2.5 million lost," county administrator Scott Moulder explained. "So the revenue that the taxes would generate is $17-plus million, but the state is only sending them $15-plus million."

Had council opted to keep the SDOC at the 110.1 mills it had last year, it would have resulted in a shortfall of about $2.1 million in its approved budget, Hubbard said.

The SDOC presented a total budget of $96.7 million with a request of approximately $65.8 million from local taxes — more than $3 million above the approved budget from FY 2017 — despite adding no significant expenditures to the budget.

Rather, the budgetary increase is the result of a 1 percent cost-of-living adjustment for all employees, adjustments to the salary schedule for the district's three lowest salary tiers, step increases for those eligible, a state-mandated increase to the state employer retirement contribution and the employer portion of health insurance, according to SDOC finance director Gloria Moore.

School officials had hoped an increase in the value of a district mill in reassessment would cover a roughly $3 million increase in local tax revenue needed to fund the budget.

While all four council members present — Julian Davis was not — voted in favor of the tax increase, multiple members expressed concern over the decision.

"If we don't watch this, (the millage) will just keep going up and going up, and more and more people will lose their houses," Councilman Wayne McCall said. "Where's the fairness in that?"

Replied Hubbard: "Mr. McCall, I'm not trying to sway you either way when I tell you this, but if their house was valued at $100,000 last year and it's valued at $100,000 this year, they will not have an increase in tax. This will mainly hit the rental homes, the 6-percent properties, and any second homes that people may have and their vehicles."

McCall responded, "The problem I have is the school says, 'Well, the big, expensive buildings — that's different money (than school operational millage).' It just grinds me that it's all taxpayer money. It's all the same money — and I've got people in my district living on Rice-A-Roni and all this other stuff ... and that's why I go on such a tirade with this."