

2020 Legislative Update

Ted Riley, Riley Pope & Laney



Topics

- Primary Issues
 - Business License Tax Reform (H.4431)
 - Property Tax Exemption for Affordable Housing (H.4675)
 - Childcare Safety – Summer Camps (S.680)
 - Stormwater Fees (S.497)
- Topics Being Monitored (Handout)
 - Small Wireless Facilities Deployment Act
 - Local Accommodations and Hospitality Tax
 - Municipal Tax Relief Act (Capital Project Sales Tax)
 - Local Preemption – Tobacco and Auxiliary Containers
 - Inclusionary Zoning/Affordable Housing
 - Tort Claims Act – Increased Caps
 - Review Committee on Tax Reform
 - State Budget

Business License Tax Reform

- Currently resides in the House Labor, Commerce and Industry Committee (LCI)
- The LCI Ad Hoc Subcommittee chaired by Rep. Craig Gagnon (R, Abbeville) met on Wednesday, January 22nd
 - 3 hours of testimony from business owners, the SC Manufacturers Alliance, SC Chamber of Commerce, Municipal Association of SC and others
 - Mayor White submitted a letter to the House LCI Committee noting the City's opposition to the bill as currently drafted, and Kai Nelson testified on behalf of the City at the hearing.
- A second Subcommittee hearing will be held in two weeks, tentatively on Wednesday, February 5th.

Business License Tax Reform

- Changes basis of calculations from gross revenues to net income
- Establishes April 30th as standard due date
- Creates online payment portal through Secretary of State – no experience or role with administering local business licenses
- Creates “delivery license” that creates unfair burden on resident businesses
- Establishes uniform business class designations and categorizes businesses by profitability – IRS and NAICS
- Requires MORE documentation from businesses
- Potential impact of significant shifting tax burden
- Local Business Licenses represent 20% of Greenville’s General Fund revenues – equivalent to 35.8 mills on tax rate

Property Tax Exemption for Affordable Housing

- Bi-partisan bill introduced by Reps. Chandra Dillard (D, Greenville) and Bill Herbkersman (R, Beaufort)
- Would amend the existing property tax law exemption to cover affordable housing partnerships and incentivize private developers and investors to partner with the SC Public Housing Authorities and nonprofit affordable housing corporations to build and rehabilitate affordable housing.
- Currently resides in the House Ways and Means Committee, and a similar bill passed the House of Representatives in 2017 by a vote of 104 – 0.

Childcare Safety – Summer Camps

- Introduced by Senate Family and Veterans' Services Committee Chairlady Katrina Shealy (R, Lexington), and the bill resides in the Chairlady's Committee.
- SC Attorney General's office issued an Opinion on April 12, 2019 stating any summer camp in business or operation for more than three weeks during the summer is not exempt from the definition of a child care facility and would need to be licensed as such.
- Subcommittee hearing was held on Wednesday, January 22nd to consider a Stakeholder Amendment which was proposed by legal counsel with the Joint Citizens and Legislative Committee on Children, the SC Recreation and Parks Association and numerous interested parties such as the YMCAs, Boys and Girls Clubs and the City of Greenville.
- The Stakeholder Amendment was adopted, and S.680 as amended received a favorable report and will be on the next full Committee agenda.

Stormwater Fees

- Introduced by Sens. Rex Rice (R, Pickens) and Dwight Loftis (R, Greenville)
- Would limit the stormwater fees which can be assessed to a single property at up to 15% of ad valorem property taxes.
- There is currently no standardized rate in place for stormwater fees according to Senate Finance staff.
- Senate Finance Subcommittee hearing was held on Tuesday, January 21st with Sen. Rice stating he introduced the bill after noticing a significant increase – specifically in Greenville County – in stormwater fees, and he believes the County could be taking more in fees than necessary.
- Testimony was received from the Municipal Association of SC, representatives from North Charleston and the City of Columbia, and the SC Association of Counties with a recurring theme of EPA compliance and revenue needed to manage stormwater systems.
- Purpose of this initial hearing was to receive testimony, and Senator Rice moved to carry the bill over for additional study and consideration.

Stormwater Fees

- City bills 25,325 properties a Stormwater Fee. Of those, 4,093 (16.2%) had Stormwater Fees in excess of 15% of their total property tax bill.
- 1,787 of those properties are tax-exempt, and pay only a Stormwater Fee and another per-parcel fee charged by the County. Based on the draft legislation, we would have to basically eliminate the fee on those properties, **reducing our revenues by \$1,577,678**
- Some of those properties have significant Impervious Surface, for example PRISMA/GHS Memorial campus. No property tax bill, but \$84,866 stormwater fee. A fee that size means that the property has impervious surface equivalent to 1,113 residential units. Or Bob Jones University campus...no tax bill, \$67,557 stormwater fee. Impervious surface equivalent to 886 residential units.
- The other 2,306 properties represent \$553,079 in Stormwater fees. If we had to limit those fees to meet the 15% limit, we would lose an additional \$228,163 in revenue.
- **Total lost revenue of \$1,805,841, or 28.75% of our stormwater billings.**

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