

# PROPERTY Taxes 101

**P**roperty taxes! Nobody likes them, but it is the primary source of revenue in South Carolina for counties, school districts and municipalities. And right now property taxes are very much in the news as all local governments in our area prepare their budgets prior to the start of the new fiscal year on July 1st. Beyond that, reassessment notices are expected to go out in the mail in July and many of you are concerned about how that will affect your tax bill. So, let's spend a little time talking about property taxes.

There are two components to your tax bill. The first is the taxable value of your home or business. The second is the combined tax rate (expressed as a "millage" rate) of the county, school district, municipality, and any special-purpose districts that serve you. The taxable value, multiplied by the tax (or millage) rate, gives you your total tax bill. Of course, the state pays a portion of your school property taxes, and those over 65 years of age can qualify for a "homestead" exemption, both of which will reduce your total tax bill.

Wherever you live in South Carolina, your primary residence is assessed at 4% of your home's fair market value. Put in its simplest terms, each "mil" of taxes charged by a local government will cost you \$4 for every \$100,000 of value on your home. This provides a very rough indication of your tax burden. Your actual tax bill will likely be somewhat less because of the adjustments noted in the previous paragraph and because what the tax assessor thinks your home is worth is often less than its true market value. If you own commercial property or have a second home, your property is assessed at 6% of fair market value, or \$6 per mil for every \$100,000 in value.

While the cost of a mil to the homeowner is the same no matter where you live or what level of local government assesses it, there are dramatic differences in what that mil generates in terms of revenues for each governmental entity. The table above (Table 1) shows the tax rates throughout Beaufort County and the value of a mil in each jurisdiction.

Hilton Head Island has a very strong tax base and thus one of the lowest millage rates of any municipality in South Carolina. We have a far



greater capacity to meet any new needs or demands than many other governments. We generate nearly 54% of the total property tax revenues for all of Beaufort County, enabling the county to keep its rates relatively low, particularly when you compare the millage rate Jasper County must assess to maintain its service levels.

Another reason our millage rate is low is that the town has aggressively pursued other sources of revenue to help build parks, roads, and other facilities and to pay our operating expenses. Because of this, property taxes represent 41% of the total revenues in the newly proposed town operating budget as compared to 62% of revenues in the 1994 budget. This has also enabled us to avoid raising property taxes,

except to buy land, for over 12 years.

Obviously the entire amount of the tax bill you receive each Fall does not go to the town. Table 2 (left) indicates how your tax payment is allocated among the various jurisdictions. The town represents a relatively low percentage of your total tax bill. For a \$100,000 home, the total tax bill is 224 mills x \$4.00 = \$896. Of that amount, only \$124 (i.e. 31 x \$4.00)

goes to the town.

Reassessment notices will be going out later this summer. In South Carolina, reassessment occurs every five years. State law obligates us to "roll back" our millage rate so that we don't reap a windfall in revenue collections. Other states allow towns to leave tax rates alone and at the same time capture more revenue without, technically, raising taxes. We do not have that option. Because of this, an increase in your assessed value does not automatically translate into a higher tax bill. When you get your reassessment notice, compare the percentage increase to the countywide average increase. If your property value increased by an amount that is more than the countywide average, you will likely see some level of increase. Even then, however, you need to look at your total tax burden. With the mandatory rollback in millage rates, everyone's car taxes will be going down! If you have questions about your reassessment notice, you can contact the Beaufort County Assessor's Office at 341-8411, or 470-2513. □

TABLE 1

Government	Property Tax Rates		1 Mil Generates (\$)
	2004 Millage Rate		
Town of Bluffton	49.0		4,581
Town of Port Royal	85.0		10,000
City of Beaufort	73.4		38,000
Hilton Head Island	31.0		512,000
Beaufort County	58.0		950,000
Jasper County	273.6		52,700

TABLE 2

	County Tax Bill-2004	
	Millage Rate	% of Total
County Operations/Debt	58	26%
School Operations/Debt	130	58%
Hilton Head #1 PSD	5	2%
Town of Hilton Head Island	31	14%
<b>Total</b>	<b>224</b>	<b>100%</b>