

MULTI-LOT DISCOUNT PRESENTATION

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OLD LAW

□ Old § 12-43-224. Assessment of undeveloped acreage subdivided into lots.

- Notwithstanding the requirement that real property is required by law to be appraised at fair market value for ad valorem tax purposes, when undeveloped acreage is surveyed into subdivision lots and the conditional or final plat is recorded with the appropriate county official, the county assessor shall appraise each lot as an individual property and then discount his gross actual market value estimate of the developer's lot holdings under the following conditions:
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 - 1. The discount rate shall include only:
 - (a) typical interest rate as charged by developers within the county to purchasers of lots when the purchase is financed by the developer or, in the absence of financing by the developer, the typical interest rate charged by local savings & loan institutions for mortgages on new homes.
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 - (b) the effective tax rate for the tax district that the lots are located in.
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 - 2. The developer has ten or more unsold lots within the homogeneous area on the December 31 tax control date.
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 - 3. The assessor shall determine a reasonable number of years for the developer to sell the platted lots, however the estimate shall not exceed seven years.
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 - Each of these components shall be based on identifiable factors in determining "The Present Worth of Future Benefits" based on the discounting process.
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 - Platted lots shall not come within the provisions of this section unless the owners of such real property or their agents make written application therefore on or before May 1st of the tax year in which the multiple lot ownership discounted value is claimed.
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 - The application for the discounted value shall be made to the assessor of the county in which the real property is located, upon forms provided by the county and approved by the department and a failure to so apply shall constitute a waiver of the discounted value for that year.

OLD LAW

□ Old § 12-43-225. Multiple lot discounts.

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- (A) For subdivision lots in a plat recorded on or after January 1, 2001, and notwithstanding the provisions of Section 12-43-224, a subdivision lot discount is allowed in the valuation of the platted lots only as provided in subsection (B) of this section, and this discounted value applies for five property tax years or until the lot is sold, or a certificate of occupancy is issued for the improvement on the lot, or the improvement is occupied, whichever of them elapses or occurs first. When the discount allowed by this section no longer applies, the lots must be individually valued as provided by law.
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- (B) To be eligible for a subdivision lot discount, the recorded plat must contain at least ten building lots. The owner shall apply for the discount by means of a written application to the assessor on or before May first of the year for which the discount is claimed. The value of each platted building lot is calculated:
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 - (1) by dividing the total number of platted building lots into the value of the entire parcel as undeveloped real property; and
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 - (2) as provided in Section 12-43-224 and the difference between the two calculations determined.
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 - The value of a lot as determined under Section 12-43-224 is reduced as follows:
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 - For lots in plats recorded in 2001, the value is reduced by thirty percent of the difference.
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 - For lots in plats recorded in 2002, the value is reduced by sixty percent.
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 - For lots in plats recorded after 2002, the value is reduced by one hundred percent of the difference.
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- (C) If a lot allowed the discount provided by this section is sold to the holder of a residential homebuilder's license or general contractor's license, the discount continues through the first tax year which ends twelve months from the date of sale if the purchaser files a written application for the discount with the county assessor by May first of the year for which the applicant is claiming the discount.

NEW LAW (WITH CHANGES HIGHLIGHTED)

- **New § 12-43-224. Assessment of undeveloped acreage subdivided into lots.**
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- Notwithstanding the requirement that real property is required by law to be appraised at fair market value for ad valorem tax purposes, when undeveloped acreage is surveyed into subdivision lots and the conditional or final plat is recorded with the appropriate county official, the county assessor shall appraise each lot as an individual property and then discount his gross actual market value estimate of the developer's lot holdings under the following conditions:
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- 1. The discount rate shall include only:
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 - (a) typical interest rate as charged by developers within the county to purchasers of lots when the purchase is financed by the developer or, in the absence of financing by the developer, the typical interest rate charged by local savings & loan institutions for mortgages on new homes.
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 - (b) the effective tax rate for the tax district that the lots are located in.
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- 2. The developer has ten or more unsold lots within the homogeneous area on the December 31 tax control date.
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- 3. The assessor shall determine a reasonable number of years for the developer to sell the platted lots, however the estimate shall not exceed seven years.
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- Each of these components shall be based on identifiable factors in determining “The Present Worth of Future Benefits” based on the discounting process.
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- Platted lots shall not come within the provisions of this section unless the owners of such real property or their agents make written application therefore on or before May 1st of the tax year in which the multiple lot ownership discounted value is claimed.
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- The application for the discounted value shall be made to the assessor of the county in which the real property is located, upon forms provided by the county and approved by the department and a failure to so apply shall constitute a waiver of the discounted value for that year.
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- No lots platted and recorded not receiving the discount provided in this section on December 31, 2011, may receive the discount provided in this section.

NEW LAW (WITH CHANGES HIGHLIGHTED)

□ New § 12-43-225. Multiple lot discounts.

□ (A) For subdivision lots in a plat recorded on or after January 1, 2001, ~~and notwithstanding the provisions of Section 12-43-224,~~ a subdivision lot discount is allowed in the valuation of the platted lots only as provided in subsection (B) of this section, and this discounted value applies for five property tax years or until the lot is sold or a certificate of occupancy is issued for the improvement on the lot, or the improvement is occupied, whichever of them elapses or occurs first. When the discount allowed by this section no longer applies, the lots must be individually valued as provided by law.

□ (B) To be eligible for a subdivision lot discount, the recorded plat must contain at least ten building lots. The owner shall apply for the discount by means of a written application to the assessor on or before May first of the year for which the discount is initially claimed. After initially qualifying for the discount provided in this section, no further application is required, unless ownership of the property changes. A property owner may make a late application for the discount provided in this section until the thirtieth day following the mailing of the property tax bill for the year in which his discount is claimed provided the application is in writing and accompanied by a one hundred dollar late application penalty, payable to the county treasurer for deposit to the county general fund. The value of each platted building lot is calculated:

□ (1) ~~by dividing the total number of platted building lots into the value of the entire parcel as undeveloped real property; and~~

□ (2) ~~as provided in Section 12-43-224 and the difference between the two calculations determined.~~

□ The value of a lot as determined under Section 12-43-224 is reduced as follows:

□ For lots in plats recorded in 2001, the value is reduced by thirty percent of the difference.

□ For lots in plats recorded in 2002, the value is reduced by sixty percent.

□ For lots in plats recorded after 2002, the value is reduced by one hundred percent of the difference.

□ (C) If a lot allowed the discount provided by this section is sold to the holder of a residential homebuilder's license or general contractor's license, the licensee shall receive the discount ~~continues~~ through the first tax year which ends twelve months from the date of sale if the purchaser files a written application for the discount with the county assessor ~~by May first of the year for which the applicant is claiming the discount~~ within sixty days of the date of sale.

□ (D) (1) For lots which received the discount provided in subsection (B) on December 31, 2011, there is granted an additional three years of eligibility for that discount in property tax years 2012, 2013, and 2014, in addition to any remaining period provided for in subsection (B). If ten or more lots receiving the discount under this section are sold to a new owner primarily in the business of real estate development, the new owner may make written application within sixty days of the date of sale to the assessor for the remaining eligibility period under this section.

□ (2) For lots which received the discount provided in subsection (C) after December 31, 2008, and before January 1, 2012, upon written application to the assessor no later than thirty days after mailing of the property tax bill, there is granted an additional three years of eligibility for that discount in property tax years 2012, 2013, and 2014. If a lot receiving the additional eligibility under this item is transferred to a new owner primarily in the business of residential development or residential construction during its eligibility period, the new owner may apply to the county assessor for the discount allowed by this item for the remaining period of eligibility, which must be allowed if the new owner applied for the discount within thirty days of the mailing of the tax bill and meets the other requirements of this section."

SUMMARY OF CHANGES

- Taxpayer must apply by May 1 for the year in which the discount is initially claimed. No further application is necessary unless ownership changes.
- If Taxpayer misses May 1 deadline, he may file up to the 30th day after the property tax bill is mailed (for the year for which the discount is claimed) and pay a \$100 late application penalty to the county treasurer
- Value is determined by dividing number of platted lots into the value of entire parcel as undeveloped land – additional steps eliminated.
- Purchaser (if holder of residential homebuilder's or general contractor's license) will receive discount if he files application for discount within 60 days of date of sale
- Extension of discount through 2014 for owners receiving discount as of December 31, 2011 (needs to be fleshed out)
- No refund is allowed due to the amendments to § 12-43-225.

SUMMARY AS PROVIDED BY DEPARTMENT OF REVENUE

▪ A. House Bill 3934, Section 1 (Act No. 179)

☐ Multiple Lot Discount - Plats Recorded After 2000

- ☐ Code Section 12-43-225, which allows a discounted value for property subdivided into at least 10 building lots in a plat recorded on or after January 1, 2001, has been amended as follows.
- ☐ New Application Procedures. As provided in subsection (B), the owner must make a written application to the county assessor on or before May 1st of the year in which the discount is initially claimed. Once the property is initially qualified for the discount, no further application is required unless ownership changes. Previously, the owner was required to apply annually.
- ☐ A new provision in subsection (B) allows a late application to be made any time after May 1st until the 30th day following the mailing of the property tax bill for the year in which the discount is claimed. This late application must be submitted in writing with a \$100 late application fee payable to the county treasurer for deposit to the county general fund.
- ☐ Additional Eligibility Period. Subsection (A) states that the discount provided in subsection (B) applies for 5 property tax years or until the lot is sold or a certificate of occupancy is issued for the improvement on the lot, or the improvement is occupied, whichever of them elapses or occurs first. New item (D)(1) allows lots that received the discount on December 31, 2011 an additional 3 years of eligibility in property tax years 2012, 2013, and 2014 in addition to any remaining period for the discount provided in subsection (B).
- ☐ Item (D)(1) further provides that, if 10 or more lots receiving the discount under this section are sold to a new owner primarily in the business of real estate development, the new owner may make written application to the assessor within 60 days of the date of sale to obtain the discount for the remaining eligibility period under this section.
- ☐ Valuation Method Clarified. The discounted value of each platted building lot is calculated by dividing the total number of platted building lots into the value of the entire parcel as undeveloped real property. Additional steps phasing in this result have been eliminated from subsection (B).
- ☐ Lots Purchased by Residential Homebuilders and General Contractors - New Application Procedures and Eligibility Provisions. Subsection (C) allows the discounted value to apply to a lot sold to the holder of a residential homebuilder's license or a general contractor's license through the first tax year that ends 12 months from the date of sale under certain circumstances. The lot sold must already be allowed the discounted value, and the license holder must make a written application to the county assessor within 60 days of the date of sale. Previously, the application deadline was May 1st of the year for which the license holder claimed the discount. 12
- ☐ New item (D)(2) allows lots that received the discount provided in subsection (C) after December 31, 2008 and before January 1, 2012 an additional 3 years of eligibility in property tax years 2012, 2013, and 2014 on written application to the assessor no later than 30 days after mailing of the property tax bill.
- ☐ Item (D)(2) further provides that, if a lot receiving the additional eligibility under this item is transferred to a new owner primarily in the business of residential development or residential construction during its eligibility period, the new owner may apply to the county assessor for the discount allowed under this item for the remaining period of eligibility. The discount must be allowed if the new owner applied within 30 days of the mailing of the tax bill and meets the other requirements of this section.
- ☐ No Refunds. An uncodified provision states that no refund is allowed due to these amendments to Code Section 12-43-225.
- ☐ Effective Date: Applies to property tax years beginning after 2011.

SUMMARY AS PROVIDED BY DEPARTMENT OF REVENUE

■ B. House Bill 3934, Section 2 (Act No. 179)

- ▣ Multiple Lot Discount - Plats Recorded Before 2001
- ▣ Code Section 12-43-224 allows an annual discounted value if (a) a developer owns at least 10 unsold lots within the homogeneous area, (b) the plat was recorded before January 1, 2001, and (c) the owner makes a written application on or before May 1st of the tax year in which the discount is claimed. It has been amended to exclude lots eligible for the discount under Code Section 12-43-224 from receiving the discount in property tax years after 2011 if the lots were not receiving this discount on December 31, 2011.
- ▣ Effective Date: Applies to property tax years beginning after 2011.