

# Citizen's Guide

Beaufort County Reassessment Program 2023

# reassessment



## The goal of this guide

A state-mandated county-wide reassessment of all real estate properties in Beaufort County will occur for the tax year 2023. Beaufort County last conducted a reassessment in the tax year 2018, which determined the fair market value of the real property and the real property tax paid on those properties.

The fair market value of a real property is constantly changing, such as location, market demand, the age and physical condition of a neighborhood, and the state of the economy. A reassessment resets the base value to the current market value as of a fixed state-mandated date. The Beaufort County Assessor's Office is conducting a countywide reassessment in the tax year 2023, which has appraised all property at fair market value as of December 31, 2022.

This guide is designed to strengthen your understanding of the County's 2023 reassessment program and provide pertinent information which may be helpful to you. Thank you in advance for cooperating as we ensure fairness and equity in our local taxation.





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## **South Carolina Code of Laws 12-43 217(A):**

Notwithstanding any other provision of law, once every fifth year, each county or the State shall appraise and equalize those properties under its jurisdiction. Property valuation must be complete at the end of December of the fourth year, and the county or State shall notify every taxpayer of any change in value or classification if and change is one thousand dollars or more. In the fifth year, the county or State shall implement the program and assess all property on the newly appraised values.



## Role of the Assessor's Office

An essential role of the Beaufort County Assessor's Office is to establish a fair market value for all real property in Beaufort County, which helps to ensure that the property tax burden is shared fairly and equally. To this end, the Assessor's Office is responsible for conducting a countywide reassessment of all real property within its jurisdiction once every five years as prescribed by State law. In the performance of its duties, the Assessor's Office has three main goals:

**First**, to achieve accuracy in property tax assessments. The Assessor's Office appraises all property at 100% of fair market value, which enables property owners to evaluate the accuracy and fairness of their assessments straightforwardly. If assessments differed significantly from market values, property owners would have difficulty comprehending and determining the fairness of their assessments. **Second**, to achieve equity in the property valuation process. The Assessor's Office sees that all properties are assessed similarly. **Third**, to achieve fairness in property tax distribution. The Assessor's Office ensures that property owners' share of the total property tax in Beaufort County is the same as their share of the total value of their property.

### Essential Services of the Assessor's Office

- Appraises and revalues all real property in Beaufort County once every five years and the year following property sale, non-exempt ownership transfer, or new construction.
- Keeps records for all real property in Beaufort County, including descriptions, ownership, sales, and location data.
- Provides information, education, and assistance to Beaufort County real property owners.
- Provides public computer access to current assessment data on the County's website.
- Annually certifies the taxable appraised and assessed valuations to the Beaufort County Auditor.
- Administers and provides information for 4% Primary Resident Special Assessment Ratio, and Agricultural Use
- Legal Residency Special Assessment Ratio (4%) Homeowners Association Special Valuation, Assessable Transfer of Interest, and Builder Unsold/Unoccupied Single Family Residential tax exemption applications.
- Updates and maintains tax maps.

Transparency in government is essential for building public trust and is one of Beaufort County's top priorities.

## Reassessment 101

The South Carolina Code of Laws requires that once every five years, all real property in every county within the State will be reappraised and adjusted to a current fair market value as of December 31st of the year before implementing the reassessment. Only real property is appraised during a reassessment. Personal property valuations, such as cars and boats, are adjusted annually and kept current through the Beaufort County Auditor's Office at the direction of the South Carolina Department of Revenue. A reassessment aims to update and equalize the valuations of all real property in a county. The five-year reassessment cycle in South Carolina is an appraisal freeze, only broken on a property sale or change to a property.

The fair market value of the real property is constantly changing due to location, market demand, the age and physical condition of a neighborhood, and the state of the economy. As a result, non-uniformity in values occurs within tax jurisdictions, whether property values increase or decrease. The reassessment ensures that all properties with similar characteristics are valued consistently and equalized, allowing property tax to be redistributed more equitably.

Property owners will pay no more or less than their fair share of the property tax burden.

**Property ownership, assessed valuation, maps, and other public information regarding real estate may be viewed using the self-service computers located at the Assessor's Office Beaufort location, Monday through Friday, 8 a.m. to 5 p.m. Searches can also be done online with Property Max at [www.beaufortcountysc.gov](http://www.beaufortcountysc.gov) to view tax information, payment histories, property descriptions, legal descriptions, sales, and other taxation data.**





**Q** How is property reassessed?

**A** Via the mass appraisal process.

The Assessor's Office maintains a database of the physical characteristics of over 133,000 properties within Beaufort County. The data includes information such as heated square footage, garages, decks, pools, type, and quality of construction, land area, water features, and several other attributes required for the mass appraisal process. Properties are then grouped into one of approximately 1,300 appraisal models based on similar market characteristics.

Licensed staff appraisers determine land values for each appraisal model based on the vacant and improved property sales analysis. Structural improvements to the land are valued using a market sale modified Marshall & Swift cost service. The valuations produced for each appraisal model are tested for accuracy using actual market sales. After testing, the result of the mass appraisal model for Beaufort County is then measured against the statistical standards of the International Association of Assessing Officers.

Commercial properties may be evaluated on stabilized rental income streams, operating expenses, and the investment return that could be reasonably expected. After the valuation processes and testing, the reappraisal results must be submitted to the South Carolina Department of Revenue for further statistical testing and State approval. The Beaufort County Assessor is then notified of the approval and program implementation to the taxpayer.



# Property Tax

Real property is appraised and taxed at 100% of fair market value or the taxable capped value. In South Carolina, property tax is the primary source of revenue for local government entities. Many people believe that the County keeps all property taxes since the County issues tax bills and collects payments; however, this is not true. To streamline the tax billing and collecting process, most taxing entities, such as the school district, municipalities, and fire districts, choose to let the County bill and collect taxes. Once the taxes are collected, the County disperses the money to the respective taxing entities.

By simplifying the process, property owners receive only one property tax bill yearly instead of several. Most taxing entities, not County Council, determine how much is needed to pay for essential government services through their budgeting processes. Once the budgets have been adopted and County Council passes a resolution, the amount of taxes to be collected is certified by the Auditor’s Office. All property owners pay a fair share of property taxes based on the property’s taxable value. The County and other taxing entities utilize property tax revenue to provide essential services that help to sustain the quality of life in Beaufort County.

## Important Dates

<b>90 - Days</b>	<b>Appeal period. From the date on the assessment notices</b>
<b>December 31, 2022</b>	<b>The effective date of the 2023 reassessment</b>
<b>Fall 2023</b>	<b>Production and Mailing of the Assessment Notice</b>
<b>January 15, 2024,</b>	<b>Deadline to apply for the “Legal Residency Special Assessment-4%.”</b>

## Appeal process

Assessment notices will contain information on appeal procedures if you disagree with the new value assigned to your property. Appeals will be based on the property's market value as of December 31, 2022, and not the amount of taxes. Property owners wishing to file an appeal must do the following:

- File a written notice of appeal or objection to their value, within ninety days of the assessment notice date, with the Beaufort County Assessor's Office.
- State why you believe the new value is incorrect; and
- Provide supporting documents or facts that substantiate your appeal and support your opinion of the property value questioned.

Upon receipt of the appeal, a staff appraiser will review all submitted information and look for any apparent errors in the record. If data errors are not found, the staff appraiser will review sales of comparable properties in your neighborhood to determine if your market value is reasonable and equitable compared with these sales. The staff appraiser may contact you by phone to answer your questions and discuss the review findings. Should you disagree with the results, you are entitled to an informal conference by telephone or in person at one of the Assessor Office locations in Beaufort or Bluffton. Beaufort County staff will schedule this conference with you.

After this review, you will receive by mail a "Notice of Determination" indicating whether there is a change or no change to your value. Should you disagree with the determination, you have thirty days from the date on this notice to protest in writing to the Assessor's Office. Your appeal will continue until resolved.

State Law requires that penalties be imposed for all property tax bills unpaid as of January 15th. If your appeal is pending, you must still pay your account to avoid these penalties. However, you may request in writing to pay a lower amount based on 80% to 99% of the taxable value. The Assessor's Office must receive this request on or before December 31st. If your appeal is unsuccessful, you may be charged interest on the amount of the underpayment. Please note that penalties will be assessed for all payments made after January 15th, even if revised tax bills are issued after that date.

In 1995, the State legislature enacted a law specific to who may represent or make a presentation for a taxpayer in the administrative tax review process. The administrative tax review presentation would include preparing and filing documents, correspondence, communication with local tax authorities, and representation at meetings, hearings, and conferences. Only the following persons can make a presentation on behalf of a taxpayer:

- Taxpayer
- A member of the taxpayer’s immediate family (providing no compensation is made)
- Taxpayers’ full-time employee
- Partner of partnership
- Attorney
- Certified Public Accountant (CPA)
- An Internal Revenue Service enrolled agent (refer to the Internal Revenue Service)
- A real estate appraiser who is registered, licensed or certified by the South Carolina Real Estate Appraiser’s Board

### **Appeal Supporting Documents Examples**

- Appraisal by a South Carolina-certified appraiser must reflect market conditions as of December 31, 2022.
- Closing statement or sales contract reflecting an “arms-length transaction” on the open market.
- Recent comparable sales of similar properties in the same neighborhood or a comparable neighborhood.
- Estimates for repairs showing structural issues or conditions that affect the house’s market value.
- Photos of the structure showing existing structural issues or conditions that a buyer may require a seller to repair before closing.
- Statement of construction costs or recent bills demonstrating the value of new construction or additions.



## How to Contact Us:

LOCATION	ASSESSOR'S OFFICE	AUDITOR'S OFFICE	TREASURER'S OFFICE
Beaufort	<p>100 Ribaut Road                      County Administration                      Building Room 210                      Beaufort, SC 29902                      Tel 843-255-2400</p>	<p>100 Ribaut Road                      County Administration                      Building Room 160                      Beaufort, SC 29902                      Tel 843-255-2500</p>	<p>100 Ribaut Road                      County Administration                      Building Room 165                      Beaufort, SC 29902                      Tel 843-255-2600</p>
Bluffton	<p>4819 Bluffton Parkway                      Myrtle Park Building,                      3rd Floor Bluffton, SC                      Tel 843-255-2400</p>	<p>4819 Bluffton Parkway                      Myrtle Park Building                      3rd Floor Bluffton, SC                      Tel 843-255-2500</p>	<p>4819 Bluffton Parkway                      Myrtle Park Building,                      3rd Floor Bluffton, SC                      Tel 843-255-2600</p>
	<p>Mailing Address:                      Beaufort County Assessor's Office                      Post Office Box 1228                      Beaufort, SC 29901</p>		



# appendix

## **What is a reassessment?**

An essential condition for equity in property tax systems is uniform assessment, which helps to ensure that tax liabilities and property values are directly related. The only way to ensure that all properties are valued at the same level of assessment (LOA) is to analyze each value with respect to the current market at a specific point in time (the valuation date) and then adjust the assessments as necessary to achieve equity and the desired LOA; it does not necessarily mean that values will decrease or even be changed. During a reassessment, the Assessor's Office will review the market values of all properties in the County. Based on changes in the real estate market, the Assessor's Office will determine which property values need to be increased or decreased. Only real property is appraised during a reassessment. Real property is land and any improvements, such as a house, outbuilding, swimming pool, or dock. Values of personal property, such as vehicles and boats, are kept current through the Auditor's Office at the direction of the South Carolina Department of Revenue.

## **Are mobile homes included in a reassessment?**

Yes. Mobile homes are classed as real property for property tax purposes and are included in the county's reassessment of all real property.

## **Why is a reassessment necessary, and when will it occur?**

Reassessment is mandated by State law to equalize market values that change over time between reassessments. Therefore, Beaufort County must complete the reassessment and implement the results in 2023.

## **How often does a reassessment occur?**

Act 145 of 1995 established the quadrennial reassessment statute 12-43-217 of the South Carolina Code of Laws, mandating that once every five years, each County of the State shall appraise and equalize those properties under its jurisdiction. Beaufort County implemented reassessment programs in tax years 1998, 2004, 2009, and 2013 (Beaufort County Council delayed the 2003 and 2008 programs each by one year as allowable by State law). Beaufort County is on track to implement a countywide reassessment in the tax year 2023. Individual property reassessments also occur the year following a property sale, non-exempt ownership transfers, and new construction.

## **What does a reassessment do?**

Non-uniformity occurs within tax districts, whether values increase or decrease. The five-year reassessment cycle in South Carolina is an "assessment freeze" as of a valuation date (December 31st before the year of reassessment implementation). Reassessment changes the valuation date so that all properties are valued using the same effective date of value at the time of reassessment implementation. The "assessment freeze" is only broken the year following a property sale, non-exempt ownership transfers, or new construction.



## Can my land value increase at a faster rate than my house?

Yes, if the highest and best use of the land as vacant is worth more than the land and improvements together.

## Who is responsible for a reassessment?

The Beaufort County Assessor's duties include responsibilities outlined in the South Carolina Code of Laws 12-37-90. Per Code, the Assessor is responsible for the operations of the Assessor's Office and shall do the following:

- Maintain a continuous record of recorded deed sales transactions, building permits, tax maps, and other documents necessary for a continuous reassessment program.
- Diligently search for and discover all real property not previously returned by the owners or their agents or not listed for taxation by the County Auditor. List such property for taxation in the name of the owner or person to whom it is taxable.
- When the value changes, reappraise and reassess real property to reflect its proper valuation considering changed conditions (does not apply to changes in value over time), except for exempt property and real property required by law to be appraised and assessed by the South Carolina Department of Revenue, and furnish a list of these assessments to the County Auditor.
- Determine assessments and reassessments of real property so that the ratio of assessed value to fair market value is uniform throughout the County.
- Appear before an appellate board to give testimony and present evidence to justify an appraisal.
- Perform duties relating to the office of tax assessor required by the laws of this State.
- Be the sole person responsible for the valuation of real property, except that required by law to be appraised and assessed by the South Carolina Department of Revenue, and the values set by the Assessor may be altered only by the Assessor or by legally constituted appellate boards, the department, or the courts; and
- Have the right to enter and examine all new nonresidential buildings and structures and those portions of an existing nonresidential building or construction covered by a building permit for renovations or additions.

## How is property reassessed?

Countywide reassessment involves the mass appraisal process to determine fair market value. This approach utilizes the analysis of market sales in valuing all property in the County using accepted methods of appraisal that conform to the standards of the Appraisal Foundation and the accuracy of the International Association of Assessing Officials and the South Carolina Department of Revenue.



### **Do I have to let the Appraiser into my home?**

Under state law, residential property owners are not required to invite the Assessor or their designated property appraisers into their home; however, the Assessor or their designated property appraiser is permitted by law to enter commercial buildings.

### **Will I be notified when my property is going to be reviewed?**

No. Notification of the changes made to the appraisal, property classification, or assessment ratio is done through a mass mailing of assessment notices to all property owners.

### **Should I do anything with the new assessment if my taxes are paid through my mortgage escrow?**

Yes. Once millage rates are certified by the County Auditor, you should notify your mortgage company of your new assessment so the distributions can be adjusted to your escrow account accordingly.

The County website will have a convenient tax calculator for estimates after the millage rates are certified. Otherwise, your mortgage company will be notified of any change in your tax amount once they receive the next tax bill. This could create a shortfall in your escrow account balance, potentially affecting your mortgage payment.

### **How do I correct misspelled names on my tax notice?**

Refer to your deed. If the names are misspelled on the deed, you must contact an attorney to record a corrective deed at the Beaufort County Register of Deeds Office (843.255.2555).

### **What should I do with the tax notice if I no longer own the property?**

If ownership is transferred in the current year, forward the tax notice to the new owner or contact the closing attorney for advice. If property ownership/interest is transferred after January 1st, information for the new owner will be updated with the Assessor's files for the following tax year. If ownership/interest was transferred last year, contact the Assessor's Office. NOTE: Any changes in billing addresses should be directed to the Beaufort County Treasurer's Office.

### **What is millage?**

The millage is the rate at which property taxes are levied on the property. A mill is 1/1000 of a dollar. Property taxes are computed by multiplying the property's taxable value by the number of mills levied.

### **How is property tax calculated?**

Each property class is assessed at a ratio unique to that property type. The assessment ratio is applied to the market or the capped value of the property to determine the assessed value of the property. Each county, municipality, unincorporated fire district, school district, and special purpose district then applies its millage rate to the assessed value to determine the tax due. The millage rate equals the tax per \$1,000 assessed value. For example, if the millage rate is 200 mills and the property's assessed value is \$1,000, the tax on that property is \$200.

### What is millage rollback?

A rollback is implemented when the overall assessed values grow. To avoid a windfall to the county, the corresponding millage goes down compared to the previous tax year. Please note that the calculation works for the county as a whole. Individuals can see increases or decreases depending on whether their assessed value increases or decreases more than the county or district average. The State of South Carolina Code of Laws 12-37-251 calculates both. For example:

#### **Before Rollback:**

Old Taxable Value = \$1,000

Old Millage = 30

Old Tax Bill:  $\$1,000 \times 30 / 1,000 = \$30.00$

#### **After Rollback:**

New Taxable Value = \$3,000

New Millage = 10

New Tax Bill:  $\$3,000 \times 10 / 1,000 = \$30.00$

### When will we know more about the likely impacts of the reassessment?

Tentative appraised and assessed value data to determine final numbers were first provided to County Council and available to the public in May 2023. This date was used for creating budget forecasts. Individual property tax amount estimates will be available after the establishment of the millage rates.

### How will I be advised of my 2023 reassessment?

A notice of reassessment was mailed to all Beaufort County real property owners on file with the Assessor's Office fall of the tax year 2023.

**When will property owners know more about what will happen with their taxes?** When final millage rates are approved, reassessment notices are mailed in late October/early November 2023.

### What is the difference between a reassessment notice and a property tax bill?

A reassessment notice is issued by the Assessor's Office and is notified of the appraised market value, classification, and property assessment. Reassessment notices are mailed to all property owners the year the reassessment is implemented. In a non-reassessment year, notices are mailed to property owners when a change in value, classification, or assessment occurs. Property tax bills are mailed annually by the Auditor's Office and reflect property tax amounts associated with a specific tax year. See the sample reassessment notice on pages A-17.

### **When will my tax bill be mailed?**

The Treasurer's Office will mail tax bills in late October/early November 2023. These bills are payable to the Beaufort County Treasurer without penalty by the following January 15.

### **Whom do I contact if I do not receive my property tax bill?**

Contact the Beaufort County Auditor's Office. (Address changes or updates should be sent to the Beaufort County Treasurer's Office). See the "Key Contacts" section on page 9.

### **What if I disagree with the value placed on my property?**

The reassessment notices will contain information on appeal procedures should you disagree with the value.

### **What is appraised value?**

The appraised value (also known as the appraised "Market Value") is the opinion of a qualified appraiser based on knowledge, experience, and property analysis. A thorough property appraisal generally scrutinizes factors beneficial for the homeowner to understand. These factors include the current market value for the same type of home in the same condition and the neighborhood of the homeowner's property. In addition, fluctuations in the real estate market and the demand for housing of that property type as of the date of value (December 31, 2022) must be considered.

### **What is the Definition of Market Value?**

Market value is the most probable price real estate should bring when offered for sale by a person who is willing but not obligated to sell it and is bought by a person who is willing to purchase it but is not forced to do so (as per the market value on December 31 of the tax year preceding the reassessment).

### **What is Taxable or Capped value?**

Market Value may be "capped" at the time of reassessment. If applicable, the taxable (Capped) value is the lower market value or a maximum increase of 15% to the previous market value.

**What factors are weighed when determining the new taxable value of properties?** Act 388 of 2006 established definitions of market value for ad valorem tax purposes. Accordingly, the 2023 reassessment taxable value will be the lower of either the property's fair market value as of December 31, 2022, or the limited (capped) value of no greater than 15% of the 2022 taxable value.

### **What is Assessed value?**

The assessed value is the Taxable (Market or Capped, as noted above) multiplied by the assessment ratio.

### **What is my Assessment Ratio?**

Residential property that is the owner's primary residence is assessed at 4% (assessment ratio) of its taxable value, providing proper application has been made to the Assessor's Office. All other residential and commercial property is assessed at 6%. Industrial property, which the SC Department of Revenue appraises, is assessed at 10.5%. To figure taxes on a property, the taxable value is multiplied by the assessment ratio to arrive at the assessed value. The assessed value is then multiplied by the millage rate to arrive at the amount of taxes. Remember that properties that qualify for the legal residency special assessment are exempt from the school operations millage.

### **How does the Assessor estimate market value?**

The Assessor's Office estimates market value using a mass appraisal process. The mass appraisal process involves the analysis of sales that have taken place in the County and the collection of the physical features of each property in the County. The Assessor's Office also analyzes information on construction costs, rent earnings potential, and many other financial considerations affecting market value, such as the current rate of interest charged for borrowing money to buy or build properties in the County. Using these facts, the Assessor's Office can determine property value using a sales comparison, cost, or income approach. After analyzing factors, the Assessor's Office appraisal staff determines the market value of a property.

### **Does the estimated market value change at the same rate on all properties?**

No. There are differences between individual properties and neighborhoods. In one area, the sales may indicate a significant change in value each year. There may be less of an increase in another neighborhood than in other areas of the County. Properties within the same neighborhood may show different value changes. There are numerous factors to be considered in each property, which will cause value changes to vary. Some factors that can affect value are location, condition, size, quality, number of baths, basement finish, pools, garages, and economic conditions.

### **What will happen to my estimated market value if I improve my property?**

Improvements that increase the market value of a property will increase the Assessor's estimated market value. The following are typical improvements that will increase the estimated market value of the property:

- Additions
- Substantial modernization of kitchens or baths
- Central air conditioning
- Fireplaces
- Extensive remodeling



### **Will my estimated market value go up if I repair my property?**

A combination of several items could increase the estimated market value. Good maintenance will help retain the market value of your property but generally will not lead to substantial value increases. Individual improvements, such as those listed below, will probably not result in any change in your property value:

- Replacing a water heater
- Repairing roof
- Repairing porches or steps
- Repairing original siding
- Painting/decorating
- Replacing plumbing or electrical fixtures

### **What can I do if the estimated market value for my property needs to be corrected?**

You have the right to appeal the estimated market value. See the “Appeal Process” section on page 7.

### **What is use value?**

Use value only applies to agricultural land and is an assessment based on the property’s value as it is currently used, not its market value.

### **Is there a tax break for an agricultural property?**

Yes. South Carolina Law provides a substantial tax break on agricultural real property used for bona fide agricultural use. There are two parts to this benefit. **First**, if qualified, the property's taxable value is based on use value, which is less than the property's market value. The use value is based on the soil or property type's productive capability. **Second**, the assessed value is 4% of the use value unless the property is owned by a corporation with ten or more stockholders; the applicable ratio is 6%. The owner must apply with the Assessor’s Office for this tax benefit. The filing period is January 1 through January 15th of the following year. Once the initial application is filed, it will automatically be renewed each year until there is a change in the property use or a title change. Owners are responsible for ensuring that applications are filed on time.

### **Where can I research my property data?**

Property ownership, appraised and assessed valuation, maps, and other public information regarding real estate may be viewed using the self-service computers located at the Assessor’s Office Beaufort location, Monday through Friday, 8 a.m. to 5 p.m. Searches can also be done online with Property Max at [beaufortcountysc.gov](http://beaufortcountysc.gov) to view tax information, payment histories, property descriptions, legal descriptions, sales, and other data as it relates to the offices of the Assessor, Auditor, and Treasurer.

### **How can a property be assessed for more than its purchase price?**

Real Estate may be assessed for more or less than the purchase price because the assessment reflects "fair market value." Fair market value is not necessarily the price paid for a piece of real estate but rather what it is worth on the real estate market at the valuation date, not closing. Since the market value is determined at a place in time, market value continues to change after a sale takes place. Values also change, and the property value may have gone up or down since the purchase. This is especially true if a piece of real estate was purchased several years ago or a buyer got a good buy because of a distressed sale condition. The Assessor's determination of market value should represent fair market value at the time of the reassessment, which may or may not be the same as the purchase price or a real estate sales price.

### **What is the assessment ratio for properties transferred into trusts?**

The 4% Special Assessment ratio will be removed from properties transferred into a trust; however, state law provides that if the residential real property is held in a trust and the income beneficiary of the trust occupies the property as their primary residence, the property may qualify for the 4% assessment ratio. For properties recently transferred into a trust, a new application must be reconsidered for the 4% assessment ratio for the tax year 2023 unless an application has already been submitted. Additionally, all applicants must show the Assessor's Office that they are the trust's income beneficiaries by submitting the trust for review. The owner is responsible for filing the initial and future applications on time. State law permits Beaufort County Council to extend the filing deadline if an owner can show good and reasonable cause for filing late. The late application must be filed with a petition stating "satisfactory" reason and "reasonable cause" for not filing by January 15th of the year following the tax year.

### **What is Act 388?**

Simply put, Act 388 of 2006 exempts owner-occupied homeowners from paying school operations taxes (Act 388 increased the sales tax by one cent to fund the school operating exemption). It also required a reassessment of property value the year following a property sale, non-exempt ownership transfer, and new construction. The market values are capped at a 15% increase over the previous 5-year reassessment of market values. For more information, contact the Assessor's Office.

### **Why do we pay property tax?**

Property taxes are the largest source of revenue to fund services that Beaufort County citizens rely upon daily. When you call the police or fire department, enjoy park amenities, or check out a book at the library, you use services paid for by your property taxes. Your taxes also pay for services to educate children and support those with disabilities and special needs, programs to repair and build roads, and much more. Also, see the "Property Tax" section on page 5 and a breakdown of real property ad valorem taxes by taxing entity on the next page.

## What are the four assessment ratio classifications of property:

<b>Class</b>	<b>Assessment Ratio</b>	<b>Meaning</b>
Owner Occupied Residential	4%	That portion of real estate is used as the owner's legal residence, up to 5 acres of land. The property owner must make an initial application to receive this rate.
Other Property	6%	All other real property appraised by the Beaufort County Assessor's Office is not classified as either the "owner-occupied residential" class or the "use value-agricultural" class. This includes idle or vacant land, residential property, non-owner occupied or rental, and all commercial property appraised by the Beaufort County Assessor's Office.
Market Value Agricultural	6%	The market value of the land being used for agricultural purposes. Taxes on this value are not paid until the use of the property changes from agricultural use. The assessed value from this class, less the assessed value from the "use value-agricultural" class below, generates the rollback assessment. This rollback assessment will have millage applied against it to produce the rollback taxes for the year the use changes and up to 5 previous years the property received the use value. See the section on rollback taxes for a further explanation of rollback taxes.
Use Value Agricultural	4% or 6%	The agricultural value of the land being used for agricultural purposes. The land in this class is the same property as in the "market value agricultural" class above. The property owner must apply to receive this use value classification. As long as the property continues to be used for agricultural purposes, taxes will be based on this value. The 4% ratio applies to privately owned property, and the 6% ratio applies to corporate-owned property not qualifying for the 4% ratio.

## **Ad Valorem Tax**

The term ad valorem is derived from the Latin ad valentia, meaning "according to the value." An ad valorem tax is based on the property's assessed value, which is not necessarily equivalent to its market value. Ad valorem tax is used for real estate, imports, or other goods in which the property of value changes hands and is based on the assessed value of the goods. Real property taxes imposed by counties and cities are the most common type of ad valorem taxes.

## **Appraisal Model**

This is a grouping of properties with similar characteristics (neighborhood) analyzed by appraisal staff, including property sales transactions within that grouping to determine appraisal factors or rates, which are then applied to all properties within that group. All appraisal models must meet or exceed the South Carolina Department of Revenue criteria for accuracy. The Beaufort County Assessor's Office employs approximately 1,300 appraisal models to value over 129,000 parcels of real estate.

## **Appraised Value**

Also known as "market value," the value the Assessor's Office determines before any modifiers or exemptions are applied. Appraised Value is the most probable price the property would sell for in an open market between a willing buyer and seller on the valuation date. The valuation date for the 2023 reassessment is December 31, 2022.

## **Arm's Length Transaction**

A transaction in which the buyers and sellers of a property act independently and have no relationship with each other. The concept of an arm's length transaction ensures that both parties act in their interest and are not subject to any pressure or duress from the other party.

## **Assessable Transfer of Interest**

An Assessable Transfer of Interest (ATI) transfers an existing interest in real property that subjects the property to appraisal. The appraisal date is December 31st of the year of transfer and represents the fair market value for property tax purposes following December 31st. Examples include conveyance by deed, land contract, distribution from a trust, or under a will.

## **Assessed Value**

The dollar value is assigned to a property to measure applicable taxes. Assessed Value equals an appraisal or fair market value of the real or personal property multiplied by the appropriate corresponding ratio. For example, assessed Value multiplied by the millage rate equals the amount of property tax due. Stormwater fees or applicable public utility special assessments are added to this amount.

## **Assessment Ratio**

The percentage is applied to the property's taxable value subject to taxation. For example, the assessment ratio of residential property in Beaufort County is four or six percent (4% or 6%). Therefore, multiply the taxable value of your home by the assessment ratio of 4% to determine the assessed value.

## **Capped (Limited) Value**

Also known as the "reassessment cap," this limits the amount a property's taxable value can increase; it is the limited value upon which modifiers or exemptions are applied. In Beaufort County, a property may not increase more than 15% of its prior year's appraised value at reassessment. In a declining market, appraised and capped values could be the same.

## **Cost Approach**

The Assessor's Office can use the value of your property based on how much money it would take, at current material and labor costs, to replace your property with a similar one. For example, if your property is not new, the cost of constructing a new building is depreciated to estimate the value of a building with your building's age. Then, the land value is added to this amount.

## **Date of Market Value**

The date, as required by law, in which to determine market value. For example, the market value date for Beaufort County's 2023 Reassessment is December 31, 2022.

## **Deed**

A deed is a written, legal instrument that conveys an interest in real property when executed and delivered.

## **(Fair) Market Value**

Fair market value is the price that property would sell for on the open market; it is the price that would be agreed on between a willing buyer and a willing seller, with both having reasonable knowledge of pertinent facts and not acting under any compulsion and are willing to do business.

## **Fiscal Year**

A period used for accounting purposes and preparing a financial statement. Beaufort County's fiscal year is from July 1 to June 30.

## **Grantee**

A grantee is a person to whom property is transferred by deed or a document grants property rights.

## **Grantor**

A person who transfers property by deed or grants property rights through a document.

### **Income Approach**

The Assessor's Office can estimate how much income a property would produce if rented as an apartment house, a store, or a factory. First, operating expenses, typical vacancy, insurance, and maintenance costs are considered to estimate how much net income the property could generate. Then, this net income is compared with how much income most people would expect to earn on other types of investments to estimate the value of your property.

### **Joint Tenancy**

Joint tenancy is joint ownership by two or more persons, which may include the right of survivorship.

### **Legal Description**

A legal description is a narrative of land that identifies the real estate according to a system established by law; an accurate description enables the real estate to be located and identified.

### **Legal Owner**

The owner of the title is distinguished from the holders of other interests, such as beneficial interests.

### **Marshall & Swift**

Considered the authority on the cost approach and provides building data needed for real estate cost valuations.

### **Millage**

The millage is the amount per \$1,000 used to calculate taxes on property, where the expressed millage rate is multiplied by the total assessed value of the property to arrive at the property taxes due. One mill equals 1/1000 of a dollar or 1/10 of a cent. For example, if the tax rate is 256 mills, multiply 0.256 by the assessed value to determine the amount of property tax due.

### **Notice of Classification, Appraisal and Assessment**

The Assessor must notify property owners of any taxable or assessed value or classification changes. Notices are mailed yearly if changes occur, allowing the property owner to appeal the value. The word "Notice" is commonly referred to as an assessment notice.

### **Owner of Record**

The owner of the title to a property as indicated by public records.

### **Parcel**

A parcel is a piece of land of any size in one ownership.





## **Parcel Number**

A parcel number is a unique code number that is an abbreviation of a parcel's legal description and is also used to store data in an information system.

## **Plat**

A plat is a plan, map, or chart of a jurisdiction indicating the location and boundaries of individual properties.

## **Personal Property**

Personal Property is generally considered all property that is not movable and not regarded as real estate. Some examples include furniture, fixtures, and leasehold improvements.

## **Property Class Code**

These codes describe by type the primary use of each parcel of real property on assessment rolls subject to appraisal, assessment, and taxation.

## **Property ID**

The tax parcel map number is shown on tax maps.

## **Mill Levy**

A mill levy is the assessed property tax rate that local governments and other jurisdictions use to raise revenue to cover annual expenses. The mill levy is calculated by determining how much revenue each taxing jurisdiction needs for the upcoming year, dividing that projection by the total assessed value of the property within the area and finally adding up the rate from each jurisdiction to get the mill levy for the entire area. There can be several taxing authorities in one region, including school, county, and municipal districts. For example, suppose all the property values in the area total \$1 billion—the school district needs \$100 million in revenue, the County needs \$50 million, and a town needs \$10 million. The tax levy for the school district would be \$100 million divided by \$1 billion (0.10); the tax levy for the County would be \$50 million divided by \$1 billion (0.05); and the tax levy for the town would be \$10 million divided by \$1 billion (0.01). Add all the tax levies up to get the mill levy of 0.16 (or 160 mills since 1 mill = 0.001).

## **Real Estate**

Property that is attached directly to the land, as well as the land itself. Real property includes buildings, other structures, rights, interests, and whatever is beneath the land's surface, like minerals, natural gas, and oil. Real property can be either rental or residential.

## **Real Property**

Real property is all interests, benefits, and rights inherent in the ownership of the physical real estate, the bundle of rights with which the real estate ownership is endowed.

**Reassessment**

Revaluation of real estate parcels for property tax purposes. A reassessment determines the property tax bills based on the property's assessed value and the property tax rates. A reassessment usually causes an increase or decrease in property tax values and subsequent tax bills. Beaufort County systematically reevaluates County properties as of a specific date. A "countywide" reassessment is State-mandated and performed on a five-year cycle unless delayed by County Ordinance.

**Sales Comparison Approach**

Each year the Assessor's Office analyzes all sales of the property in the County. State law provides guidelines for sales to be used for assessment purposes. Arm's length transactions are used in determining estimated market value. This approach compares a property's characteristics to a sold property with similar characteristics; adjustments are made for differences to estimate what the property would sell for if sold on the open market on December 31, 2022, date of valuation.

**Tax District**

A political subdivision of one or more assessment districts where a governmental unit has the authority to levy taxes.

**Taxing Entity**

A political subdivision of the state with the power to levy a tax on property within its geographical boundaries.

**Tax Year**

The tax year is any twelve-month period when a government calculates a property owner's tax liability.

**Taxable Value**

Taxable value is the lower of the market value, or the previous market value increased no more than 15% upward, if applicable

# Reassessment Notice Example:

Notice of Classification, Appraisal & Assessment of Real Estate

Market Value of property as determined by the Assessor.

Assessment ratio as prescribed by law, either 4% or 6%.

Total Assessment is NOT THE TAX AMOUNT. Value obtained by multiplying the taxable value by the assessment ratio.

CLASSIFICATION	LOTS/ACRES	MARKET VALUE	NEW CONSTRUCTION	CAPPED (LIMITED VALUE)	TAXABLE VALUE	x	RATIO	=	ASSESSED VALUES
OWNER OCCUPIED RESIDENTIAL	1.9800	235,000	10,000	184,000	194,000	x	0.04	=	7,760
OTHER PROPERTY						x		=	
MARKET VALUE AGRICULTURAL	10.2500	25,300				x		=	
USE VALUE AGRICULTURAL	10.2500				1,485	x	0.04	=	59
TOTAL MARKET VALUE ESTIMATE >>>		260,300		TOTAL TAXABLE VALUE >>>	195,485		TOTAL ASSESSMENT >>>		7,819
							NOT TAX AMOUNT		

The 15% CAP limitation does not apply to new construction and new sub-divided property.

Capped (limited value) as required under South Carolina Valuation Reform Act of 2006. The cap limits the increase in value of property to no greater than 15% during the five-year reassessment cycle. Exceptions to the limitation: new construction and Assessable Transfer of Interest.

Taxable value takes into consideration the market value, the capped (limited value), other value, new construction, new sub-divided property and agricultural use value. The taxable value is represented by any one of these classifications or a combination from the group.

# Property Tax Calculation Example:

<b>Appraised Value or Use Value</b>	x	<b>Assessment Ratio (4%, 6% or 10.5%)</b>	=	<b>Assessed Value</b>
<b>Assessed Value</b>	x	<b>Millage Rate (Tax Levy)</b>	=	<b>Property Tax</b>
<b>Property Tax</b>	-	<b>State Property Tax Relief (assessed at 4%)</b>	=	<b>Net Tax Due</b>

The example below shows the 2012 taxes on an owner-occupied property, in the City of Beaufort, taxable value at \$200,000.

<u>Appraised</u>		<u>Ratio</u>		<u>Assessment</u>		<u>Levy</u>		<u>Taxes</u>
<b>\$200,000</b>	x	<b>4%</b>	=	<b>\$8,000</b>	x	<b>.22840</b>	=	<b>\$1,827.20</b>
<b>School Tax Credit Savings</b>				<b>\$8,000</b>	x	<b>.09126</b>	=	<b>-\$730.08</b>
<b>Net Tax Due</b>								<b>\$1,097.12</b>