

# HORRY COUNTY PROPERTY TAX REASSESSMENT

Horry County is currently in the process of performing the fifth reassessment of all parcels in the county. Rendel Mincey, County Assessor, has been involved in all five of these reassessments. Just like what we are experiencing with the national economy, historic trends from previous times are no longer applicable for this reassessment and the current statistics that the County is dealing with are unprecedented.

## *Processing property value appeals during the reassessment process*

The Assessor's Office is currently working to resolve 11,800 property value appeals for 2009 which is well above a typical year when the number of appeals filed are between 1,500 to 2,000. With about 60% of the appeals concluded, Mr. Mincey is reporting an average downward adjustment in values of those properties which were under approximately 24%. The value declines are mostly occurring in the condominium market and vacant lots. These new values will most likely be the values assigned as the reassessment value.

## *Addressing declining property values during the reassessment process*

The 2010 reassessment process will result in all 240,000 properties in the County being assessed at values as of December 31, 2008, but this reassessment process is again different from years past. During past reassessments, the economic climate has always been in a rising value environment. In many instances, by the time the reassessment notice was received, the property had already appreciated in value. However, we have experienced some downward trends in values since December 31, 2008, which are being considered now as the new values are assigned.

## *15% cap on property value increases*

Even with some market declines, many properties have undoubtedly increased in value since December 31, 2003. State legislation known as Act 388 has become effective since the County's last reassessment and results in another unprecedented impact on this process. All property increases in values are capped at 15%. This means that a property that was valued at \$100,000 as of December 31, 2003, and now has a fair market value of \$120,000, will be assessed a value of \$115,000 due to the 15% cap. (This cap effectively redistributes the tax liability from the higher appreciating properties that would have paid property taxes on these increased values, to properties that experienced a lesser percentage of appreciation. In effect, it is a shifting of the tax burden.) This is the law approved by the State legislature, with which the County must comply. The County also incurred software programming costs in order to comply with this legislation.

## *Reduction in tax revenue as a result of reassessment tax rate calculation*

As part of the reassessment process, state law requires the County's millage to be reduced if there is an increase in total assessed value so that there is no additional tax revenue generated by the County. The legislation enacted requiring this in actuality results in the County generating less revenue in the year of reassessment. The following math explains why this happens. Assume the following scenario:

Assessed value	Millage (tax rate)	Taxes Billed	Taxes Collected
\$1,500,000,000	3.67% (36.7 mills)	\$55,050,000	\$53,013,150

In the year of reassessment, the County can only bill the amount of revenue that was previously collected. Therefore, since the County has never collected 100% of what was billed in a fiscal year, the County actually collects less revenue during a reassessment year. In the above example, the County's collection rate is assumed to be 96.3%. If the County bills what was previously collected, assuming the same collection rate, it is expected that taxes collected will be \$51,051,663. This would result in a decrease from prior year's revenue to the County of \$1,961,487 (calculated as \$53,013,150 - \$51,051,663). In order to generate the same amount of revenue as the prior year, we would need to bill the same amount as was billed last year. However, the law requires that we bill the same amount that we **collected** last year.

Challenged with currently changing assessed values due to appeals and market declines since December 31, 2008, and newly effective legislation that caps value increases, the Assessor's staff continues to move forward with this reassessment effort. The staff is on target at this point to issue reassessment notices in July.

### **Assessment Facts:**

The last County-wide reassessment, completed during calendar year 2005, assigned values as of December 31, 2003. This year's reassessment, being completed during calendar year 2010, will assign values as of December 31, 2008. Assessment notices will be in the mail by July 31, 2010 (by law, they must be mailed by October 1, 2010). Upon receipt of assessment notice, taxpayer has 90 days to appeal the assigned values. Real property tax bills are mailed October 1, 2010.