



# **Citizens' Guide to Reassessment**

# **Table of Contents**

Role of the Assessor's Office & Key Services	Page 3
How Property is Appraised - Mass Appraisal	Page 4
Schedule of Activity	Page 4
The 2021 Reassessment Program in Lancaster County	Page 5
The South Carolina Real Property Valuation Act of 2006	Page 6-8
Classification of Real Property	Pages 8-11
Legal Residence	Page 9
Agricultural Use	Page 10
Property Appraised by SC DOR	Page 11
How to Appeal Your Appraisal	Page 11
Questions and Answers	Page 13-16
How to Calculate a Tax Estimate	Page 17
Definitions	Page 18-19

## **Assessor's Office Role**

An important role of the Lancaster County Assessor's Office is to establish fair market value for all real property in Lancaster 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 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 in a straightforward manner. 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 in a similar manner.

**Third**, to achieve fairness in property tax distribution. To achieve fairness, the Assessor's Office ensures that property owners' share of the total property tax in Lancaster County is the same as their share of the total value of property.

## **Assessor's Office Key Services**

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

## **How is property reassessed? Mass Appraisal Process.**

The Assessor's Office maintains a database of the physical characteristics for over 51,000 properties within Lancaster 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. Licensed staff appraisers determine land values for each of the appraisal models based on analysis of vacant and improved property sales. Structural improvements to the land are valued using a market sales 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 Lancaster County is then measured against statistical standards of the International Association of Assessing Officers. If a model fails the required standards, further review and refinements are necessary before acceptance. Commercial properties may be evaluated on rental income streams, operating expenses, and what kind of investment return can be reasonably expected. Subsequent to 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 appraisal method used by the Assessor's Office is mass appraising which is the process of valuing a group of like properties as of a given date, using standard methods (sales, cost, and income approaches), employing common data (square footage, age, number of baths, etc.), and allowing for statistical testing. **The Assessor's Office does not do individual parcel appraisals as a Fee Appraiser would.**

## **Lancaster County Activity Schedule**

<b>April 2021</b>	<b>Reappraisal file to County Administration for budget purposes</b>
<b>June 2021</b>	<b>Finalize Reappraisal file for the SC Department of Revenue approval</b>
<b>July 2021</b>	<b>Assessment Notice production</b>
<b>August 2021</b>	<b>Assessment Notice mailing to property owners</b>
<b>October 2021</b>	<b>Tax bills prepared by County Auditor</b>

### **Tax payment dates for real property are:**

Thru January 15 - No penalty

Thru February 1 - 3% penalty

Thru March 16 - 10% additional penalty added

Thru April 30 - 15% additional penalty and costs added

## **The 2021 Reassessment Program in Lancaster County:**

### **The Reassessment Program Act 208:**

Act 208, as passed by the General Assembly in 1975, provides that all real property will be valued at its current market value (the price your property would sell for in the open real estate market). Act 208 also provides for the classification of all real property for assessment purposes and provides that all real property be assessed at one time. The last five general reassessment programs were implemented for tax years 2000, 2005, 2010 and 2016. As with the previous programs, the 2021 reassessment is part of a continuing reassessment program designed to equalize property values, redistributing the tax on real property on a more equitable basis.

### **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 the 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

#### **A. WHY IS CURRENT MARKET VALUE SO IMPORTANT?**

The market value of property will continue to change. Unfortunately, property values do not all change at the same rate; some increase or decrease at a faster rate due to location, desirability of the neighborhood or property, age and physical condition, etc. The key word in the reassessment program is accuracy. Taxes cannot be levied fairly unless the true value of each property is known. Correct assessments are not possible unless correct appraisals of property are made in light of present value, not what it was worth in past years. This is the most important function of a continuing assessment equalization system.

## **B. WILL MY TAXES INCREASE BECAUSE OF REASSESSMENT?**

Some property will notice a decrease in taxes, some will stay the same and some will pay more taxes. Reassessment is not created to raise taxes; it is intended to distribute the taxes collected more fairly among all property owners. Because there have been five years since the last reassessment – of which most of those values were based on sales from 2014 and 2015 – property values are likely to change. Because of the changes in values during reassessment, state law requires that local government reduce the millage rate (i.e. tax rate or levy) to what is called a "rollback millage."

## **C. STATE LAW PROVIDES ROLLBACK MILLAGE**

Code of Laws of S.C. 12-37-251(E): "In the year of reassessment the millage rate for all real and personal property must not exceed the rollback millage, except that the rollback millage may be increased by the percentage increase in the consumer price index for the year immediately preceding the year of reassessment."

Rollback millage is calculated by dividing the prior year property tax revenue by the adjusted total assessed value applicable in the year the values derived from a county wide equalization and reassessment program are implemented. The amount of assessed value must be adjusted by deducting assessments added for property or improvements not previously taxed for new construction and for renovation of existing structures.

## **D. APPRAISAL/ASSESSMENT SYSTEM WILL CONTINUE TO BE UPDATED**

The countywide reassessment program is scheduled to be updated every five years. The 2021 values will remain as is (no changes) until the next general reappraisal unless:

1. Construction activity has taken place on the property.
2. Property was carried as part of an acreage parcel the prior year and is now a lot.
3. Multiple Lot Ownership Discount: Owners of ten (10) or more lots may apply to the Assessor by May 1.
4. Owners may have requested a review of the prior year's value to be effective for the current year.
5. Changes by the Assessor as required by law (see SC Real Property Reform Act of 2006). To read this act in its entirety, you can refer to 12-37-(3110-3170) of the S.C. Code of Laws

# **The South Carolina Real Property Valuation Reform Act of 2006**

## **A. The South Carolina Real Property Valuation Reform Act of 2006**

- Exempts legal residence from school operating millage.
- Reimburses school districts for the tax revenue exempted.
- Increases state sales tax by 1%.
- Reduces state sales tax on unprepared food to 0% effective 11/1/07.
- Caps county and school millage by CPI and population growth.
- Caps increases in value of all property to 15% during the five year reassessment cycle.
- This act also creates what is called an Assessable Transfer of Interest (ATI). An ATI is defined as a transfer of an existing interest in real property that subjects the real property to appraisal. For purposes of this definition, an existing interest in real property includes life estate interests. [S.C. Code of Laws Section 12-37-3150(A)]. See below for additional information on ATI's.

## **B. When to Revalue Property Based on ATI**

For property tax years beginning after 2006, the market value of real property is its market value applicable for the latter of:

1. The base year as defined in 12-37-3140. For purposes of determining a "base year" market value pursuant to this section, the market value of real property is its appraised value applicable for property tax year 2007.
2. December 31st of the year in which an assessable transfer of interest has occurred.
3. As it may be adjusted as determined in a countywide reassessment program conducted pursuant to Section 12-43-217, but limited to increases in such value provided in 12-37-3140(B).

## **C. Limits in a Reassessment Year**

Section 12-37-3140(B) of the S.C. Code of Laws limits reassessment increases in value to 15% within a five (5) year period. However, under section 12-37-3130(1) additions and improvements are exempt from the 15% cap and will be added at the current market value. Some common additions and improvements are:

1. New construction.
2. Reconstruction.
3. Major additions to the boundaries of the property or a structure on the property.
4. Remodeling.
5. Renovation and rehabilitation including installation.

Additions or improvements do not include minor construction or ongoing maintenance and repair of existing structures. The repair or reconstruction of a structure damaged or destroyed by a disaster, to include, but not limited to construction defects, defective materials, fire, wind, hail, flood and other acts of God, is not an addition or improvement to the extent that the structure as repaired or reconstructed, is similar in size, utility and function of the structure damaged or destroyed and the rebuilding or reconstruction is begun within eight years after

determination of the damage or destruction. Construction of facilities in a home that makes the home handicapped accessible is not an addition or improvement if the utility and function of the structure remains unchanged. Reassessment tables should be used to value all new houses built, additions and improvements for the reassessment period. Exception: If new construction is combined with an ATI in the same year, the assessor will use market value as of December 31 of that year.

## **Will Taxes Increase Due to Reassessment?**

- Some property owner's will notice a decrease in taxes, some will stay the same and some will increase. Reassessment was not created to raise taxes. It is intended to distribute the taxes collected more fairly among all property owners.
- Because there has been five years since the last reassessment, of which those values were based on sales from 2014 and 2015, property values are likely to increase.
- Because of increase in values during reassessment, state law requires that local government reduce the millage rate to what is called a "rollback millage".

## **How Millage Rates Are Set**

- All Taxing Entity's (County, Cities, Special Purpose and School District's) prepare a budget.
- Budgets are approved by County, City Councils and School Boards.
- The assessed (taxable) value of property within a taxing entity is determined. This includes all real, personal property and property assessed by the SC Department of Revenue.
- The Assessor and the Auditor furnish the County, School District and Municipalities with the total assessments each year.
- The budget divided by the taxable value of property equals the millage rate required to be set or levied.
- The millage rates are approved by County, City Council and School Boards based on the funds needed for the budget.

# **Classification of Real Property**

The County Assessor is charged by South Carolina Law (Act 208 of 1975 as amended) with classifying real property for assessment purposes. All property appraised by the Lancaster County Assessor has been classified into four categories depending on whether an application has been made for either legal residence and/or agricultural use value. Below, you will find a brief explanation as to the meaning of each of the four classes and the appropriate assessment ratio associated with each class.

## **1. LEGAL RESIDENCE**

Legal Residence refers to the special 4% assessment ratio for owner-occupied homes. This results in a tax savings of more than one-third of the tax bill compared to the 6% ratio if application for the special assessment is not made.

### **A. Definition of Legal Residence:**

For property tax purposes the term "Legal Residence" shall mean the permanent home or dwelling place owned by a person and occupied by the owner thereof. It shall be the place where he intends to remain permanently for an indefinite time even though he may temporarily be living at another location. However, the same shall not include a residence maintained principally for vacation, recreational purposes or rental property.

### **B. Qualification Requirement for Legal Residence:**

To qualify for the special property tax assessment ratio allowed by this item, the owner-occupant must have actually owned and occupied the residence as his legal residence and been domiciled at that address for some period during the applicable tax year and remain in that status at the time of filing the application required by this item. The owner must have title (deed or will) or bond for title recorded in the Register of Deeds Office or have an equity interest (Contract for Sale); and the property must be occupied by the owner as his legal residence. The property can include not more than five acres contiguous thereto and be owned totally or in part in fee or by life estate, but shall not include any portion which is not owned and occupied for residential purposes. The owner-applicant must make Application attesting, "Under penalty of perjury I certify that: the residence which is subject of this application is my legal residence and where I am domiciled at the time of this application and that I do not claim to be a legal resident of a jurisdiction other than South Carolina for any purpose and that neither I nor any other member of my household is residing in or occupying any other residence which I or any member of my immediate family has qualified for the special assessment ratio allowed by this section."

Taxpayers who qualify for legal residence also qualify for additional relief as provided in the Property Tax Reform Act of 2006. This relief is applied to 100% school operating portion of the millage.

### **C. When to File for Legal Residence:**

The owner of the property or the owner's agent must make Application for the 4% assessment ratio before the first penalty date for the payment of taxes for the tax year for which the owner first claims eligibility. In any year that you change legal residence to another property, a new application must be filed on the new legal residence during the filing period. The owner shall notify the assessor of any change in use within six months of the change. Remember: Failure to file and become qualified means an automatic 6% assessment.

## **2. AGRICULTURAL USE VALUE**

Agricultural Use Value refers to the appraised value assigned to those acreage tracts of land that qualified based on bona fide agricultural use of the property.

### **A. Requirements for Agricultural Real Property, 12-43-232:**

1. If the tract is used to grow timber, the tract must be five acres or more. Tracts of timberland of less than five acres which are contiguous to or are under the same management system as a tract of timberland which meets the minimum acreage requirement are treated as part of the qualifying tract. Tracts of timberland of less than five acres are eligible to be agricultural real property when they are owned in combination with other tracts of non-timberland agricultural real property that qualify as agricultural real property. For the purposes of this item, tracts of timberland must be devoted actively to growing trees for commercial use.

2. For tracts not used to grow timber as provided in item (1) of this section, the tract must be ten acres or more. Non-timberland tracts of less than ten acres which are contiguous to other such tracts which, when added together, meet the minimum acreage requirements, are treated as a qualifying tract. For purposes of this item (2) only, contiguous tracts include tracts with identical owners of record separated by a dedicated highway, street/ road or separated by any other public way.

3. Non-timberland tracts not meeting the acreage requirement of item (2) qualify as agricultural real property if the person making the application required pursuant to Section 12-43-220(d)(3) earned at least one thousand dollars (\$1,000.00) of gross farm income for at least three of the five taxable years preceding the year of the application.

The assessor may require the applicant(s) to give written authorization consistent with privacy laws allowing the assessor to verify farm income from the Department of Revenue or the Internal Revenue Service and (ii) to provide the Agriculture Stabilization and Conservation Service (ASCS) farm identification number of the tract and allow verification with the ASCS Office.

### **B. Qualification Requirements for Agricultural Use Value:**

Agricultural real property which is actually used for such purposes shall be taxed on an assessment equal to:

1. Four percent of its market value for such agricultural purposes for owners or lessees who are individuals or partnerships and certain corporations which do not:

- (i) Have more than ten shareholders.
  - (ii) Have as a shareholder a person (other than an estate) who is not an individual.
  - (iii) Have a nonresident alien as a shareholder.
  - (iv) Have more than one class of stock.
2. Six percent of its market value for such agricultural purposes for owners or lessees who are corporations, except for certain corporations specified in (A) above [South Carolina Code 12-43-220(d) (1)].

### **C. When to File for Agricultural Use Value:**

The owner of the property or the owner's agent must apply for the special valuation based on agricultural use before the first penalty date for the payment of taxes for the tax year for which the owner first claims eligibility. Example: For tax year 2016, file between January 1, 2016 and January 15, 2017. Once an initial application for agricultural use value has been qualified, no further application is necessary while the property continues to meet the eligibility requirements of this item. In any year that the ownership changes a new application must be filed by the new owner during the filing period. The owner shall notify the assessor of any change in use within six months of the change. Remember: Failure to file and become qualified means an automatic 6% assessment.

### **D. Rollback Taxes:**

When real property which is in agricultural use and is being valued, assessed and taxed under the provisions of this article, is applied to another use other than agricultural, it shall be subject to additional taxes, hereinafter referred to as rollback taxes, in the amount equal to the difference, if any, between the taxes payable on the basis of the agricultural use valuation and assessment, and the taxes that would have been paid had the property been taxed at the market value appraisal and 6% assessment ratio. The rollback can be applied to the property for the current tax year (the year of change in use) and each of the five tax years immediately preceding the year of change in use [South Carolina Code 12-43-220(d) (4)].

## **3. PROPERTY APPRAISED BY THE SC DEPARTMENT OF REVENUE**

Properties involving transportation, utilities, manufacturing and personal property are appraised by the South Carolina Department of Revenue and are assessed as follows:

- Transportation, railroads, airlines, and pipelines real and personal property are assessed at 9.5%
- Utilities real and personal property are assessed at 10.5%.
- Manufacturing real and personal property are assessed at 10.5%.

Notification of Appraisal/Assessment information on property appraised by the South Carolina Department of Revenue is sent to the property owner directly from the Department of Revenue.

Information on the appraisal notice described in this brochure is for property appraised by Lancaster County only and does not include property appraised by the South Carolina Department of Revenue.

# **Appeal Process**

## **Taxpayer's Right to Appeal Value**

SC Code of Law Section 12-60-2510 (3)

**“In years when there is a notice of property tax assessment, the property taxpayer, within ninety days after the assessor mails the property tax assessment notice, must give the assessor written notice of objection to one or more of the following: the fair market value, the special use value, the assessment ratio, and the property tax assessment”. In a reassessment year, all property owners (including mobile homes) are mailed a notice of assessment. Property taxpayer's must object to the value within the 90 day time frame on the Notice of Assessment, not when they receive the 2011 tax notice.**

### **How can a property owner check or challenge the appraisal and/or assessment of his property?**

Under the provision of state law, the property owner may reasonably challenge his appraisal/assessment using the following procedure (South Carolina Department of Revenue 12-60-2520 as amended).

1. Within ninety (90) days after dated notice of reassessment, the property owner or their agent must file a written objection with the assessor.
2. After a formal review has been completed, the Assessor will notify the property owner or their agent in writing of the review finding. If still in disagreement with the assessment, the owner has thirty (30) days to file a written notice of their request to appeal the assessment to the Lancaster County Board of Assessment Appeals.

### **Only the following persons can make a presentation on behalf of a taxpayer:**

- Taxpayer
- A member of 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

**In years when there is NO notice of property tax assessment:**

- Taxpayer may appeal the taxable value or market value, special use value, the assessment ratio and the property tax assessment of a parcel at any time.
- The appeal must be submitted in writing to the assessor.
- An appeal submitted before the first penalty date applies for the property tax year for which the penalty would apply.
- An appeal submitted on or after the first penalty date applies for the succeeding property tax year.

**Appeal Supporting Documents Examples:**

Appraisal by South Carolina certified appraiser that must reflect market conditions as of December 31, 2019.

Closing statement or sales contract reflecting an "arms length transaction" on the open market. Recent comparable sales of similar houses in the same neighborhood or a comparable neighborhood.

Estimates for repairs showing structural issues or conditions that affect the market value of the house.

Photos showing existing structural issues or conditions that a buyer may require a seller to repair prior to closing.

Statement of construction costs or recent bills demonstrating value of new construction or additions.

# Questions & Answers

## 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. 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 then determine which property values need to remain the same, be increased or be decreased. Only real property is appraised during a reassessment. Real property is land and any improvements on it, such as houses and other structures like outbuildings and pools.

## 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. Reassessments also occur the year following a property sale, non-exempt ownership transfers, and new construction.

## What does a reassessment do?

The five-year reassessment cycle in South Carolina is a hold placed on a valuation date (December 31st prior to the year of reassessment implementation). Reassessment changes the valuation date so that all properties, during reassessment implementation, are valued using the same date of value.

Reassessment brings real property market values up to date with the current control valuation date.

## Who is responsible for a reassessment?

The Lancaster County Assessor, whose duties include responsibilities as outlined in 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 records necessary for a continuing 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, and list such property for taxation in the name of the owner or person to whom it is taxable;
- When value changes, reappraise and reassess real property so as to reflect its proper valuation in light of 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 in a manner that the ratio of assessed value to fair market value is uniform throughout the County;
- Appear as necessary before an appellate board to give testimony and present evidence as to the justification of 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 structure 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 accuracy of the International Association of Assessing Officials and the South Carolina Department of Revenue.

### **What is millage?**

Millage is the rate at which property taxes are levied on property. A mill is 1/1000 of a dollar. Property taxes are computed by multiplying the taxable value of the property by the number of mills levied. This is calculated by the Lancaster County Finance Department.

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

Appraised value is defined as the opinion of a qualified appraiser, based on knowledge, experience, and analysis of a property. A thorough property appraisal generally scrutinizes factors beneficial for the homeowner to understand. These factors include the current market value for the same type home, in the same condition, and in the neighborhood of the homeowner's property. Fluctuations in the real estate market and the demand for housing of that type at that particular moment must be considered.

### **What is assessed value?**

Assessed value is the Assessor's estimate of market value multiplied by the assessment ratio. Taxable value is the lower of the market value or the previous market value plus the 15% cap upward, if applicable.

### **How does appraised value affect taxes?**

Residential property that is the owner's primary residence is assessed at 4% 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 is appraised by the SC Department of Revenue, 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. Keep in mind that 4% properties are exempt from the school operations millage.

### **What is 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).

### **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 the analysis of factors, the Assessor's Office appraisal staff makes a determination of the market value of a property.

# How to Calculate a Tax Estimate

## Step 1: Calculate Base Tax

Appraised Value x Assessment Ratio = Assessed Value

Assessed Value x Millage Rate = Base Tax

## Step 2: Calculate LOST Credit

Assessed Value x LOST Millage = LOST Credit

## Step 3: Calculate Tax Amount

Base Tax - LOST Credit = Tax Amount

**Assessment Ratio** is either 4%, 6%, or 10.5% depending on property classification.

## Millage Rates - Tax Year 2020

4% = 0.1750

6% = 0.3385

City of Lancaster = 0.1747

Town of Kershaw = 0.095

## LOST Millage

County = 0.000868

City of Lancaster = 0.003746

Town of Kershaw = 0.00352

*Residents of the City of Lancaster and Town of Kershaw must repeat steps 1 thru 3 to calculate municipality taxes levied as well.*

# Definitions

## **Ad Valorem Tax**

Ad valorem tax is a property tax based on the assessed value of the property, which is not necessarily equivalent to its market value. Ad valorem tax is used for real estate and real property taxes that are imposed by counties and cities are the most common type of *ad valorem* taxes.

## **Appraised Value**

Also known as “market value”, Appraised Value is the most probable price that the property would sell for in an open market between a willing buyer and seller on the valuation date. The valuation date for the 2021 reassessment is December 31, 2019.

## **Assessed Value**

The dollar value assigned to a property for purposes of measuring applicable taxes. Assessed Value equals an appraisal or fair market value of real or personal property multiplied by the appropriate corresponding ratio. Assessed Value multiplied by the millage rate equals the amount of property tax due. Storm water fees or applicable public utility special assessments are added to this amount.

## **Arm’s Length Transaction**

A transaction in which the buyers and sellers of a product act independently and have no relationship to each other. The concept of an arm’s length transaction is to ensure that both parties in the deal are acting in their own self interest and are not subject to any pressure or duress from the other party.

## **Assessable Transfer of Interest**

An assessable transfer of interest is a transfer of an existing interest in real property that subjects the property to appraisal. The date of the appraisal 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, by land contract, distribution from a trust, or under a will.

## **Millage**

Millage is the amount per \$1,000 that is 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.

**Mill Levy**

A mill levy is the tax rate used by local governments and other jurisdictions 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, then dividing that projection by the total assessed value of the property within the area.

**Real Estate**

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

**Sales Comparison Approach**

Each year the Assessor's Office analyzes all sales of property in the County. State law provides guidelines of sales to be used for assessment purposes. Only good sales, or arm's length transactions, are used in determining estimated market value.