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Controversial bill may get 2nd look

By [Bo Petersen](#)

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SUMMERVILLE -- A referendum might be in the works on the controversial 15 percent property tax cap approved by voters only three years ago.



State Sen. Mike Rose said the point-of-sale tax assessment needs to be changed.

State Sen. Mike Rose, R- Summerville, is considering attaching a call for referendum on a bill passed by the House of Representatives that would put a cap on the even more controversial point-of-sale tax assessment. The assessment, a re-evaluation of the property tax based on full market value when a property is sold, was passed to help offset the loss of revenue from the tax cap.

The property cap limits to 15 percent how much the tax value of a property can rise over a five-year reassessment period. The point-of-sale compromise would limit that assessment to 15 percent, too.

The changes were part of a larger reform that also shifted the burden of paying for schools to sales tax and a tax on business properties. The combination has caused a drop in revenue for schools and local governments while creating a hardship on people who try to buy or sell property -- the people the original tax cap was supposed to help.

"The people of South Carolina were sold a bill of goods by the Legislature," said Wayne Welch, Dorchester County tax assessor.

Rose was greeted with quiet Monday when he appeared before a room full of opposing local government officials, business people, taxpayers and homeowners at a meeting he called to talk about reworking the tax law changes.

But when he asked if the tax cap should be repealed, the answer came like a groundswell -- yes. Only one voice said no.

"Point-of-sale needs to be changed. It might cause more harm than good to repeal one and not the other," Rose said afterward. "The people have seen the consequences. Let them vote again. Why not?" Ideally, Rose said, he would like both tax laws decided county-by-county as a local option. If that can't be done constitutionally, he said, he would try for the statewide referendum.

Ryan Castle, governmental affairs director for the Charleston Trident Association of Realtors, said the group would not support the amendment.

"It's going against the will of the voters (in the previous referendum). I think voters want more restraint on government spending," he said. The association is among the groups pushing the point-of-sale compromise to avert other taxes, as voter mood shifts and legislators reconsiders taxes in the revenue struggle.

Compounding the dilemma for real estate interests, which pushed hard for the overall tax changes, are huge drops in sales-tax revenue with the economic meltdown and the ensuing cuts for state and local governments and schools.

Meanwhile, local and state home builders are suing Dorchester District 2 schools over an impact fee on new homes designed to help pay for new schools for those residents. Real estate interests also pushed through a statewide tax break for builders on homes that are built but not sold, raising the hackles of other property owners who are paying those taxes.

"It's just grossly unfair. I think everybody should pay taxes," homeowner Wanda Ravenell said at the meeting. She is paying taxes on an unoccupied home she can't sell.

Castle and other real estate interests defend the tax breaks as needed to stimulate the economy, essentially creating more tax revenue in the long run than is lost in the interim. Castle said the point-of-sale tax is keeping people from buying commercial properties, stalling out any economic recovery.

Asked for hard numbers to demonstrate the losses, he said, "It's hard to quantify projects that don't happen. What about the people who don't look at (relocating to) the state because of point-of-sale?"

Rose told the people at the meeting to bring him numbers to demonstrate what impact various tax changes would have on them.

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