

## **DEFINITIONS AND COMMON TERMS**

### **Ad Valorem**

According to the value. A real estate tax based on the value of the property.

### **Assessable Transfer of Interest (ATI)**

An Assessable Transfer of Interest (ATI) is a change in the ownership or control of a property that causes it to be revalued at a more current date of value in between reassessments. An ATI is usually the result of a sale or deed filing. In addition, some actions made that impact the control of trusts, life estates and LLC's, corporations, partnerships may be ATI's. A property that experienced an ATI in 2019 will be revalued in 2020 based on what the property was worth on December 31, 2019. The 15% reassessment cap does not apply to ATI's. The reassessment notice will indicate if an ATI has occurred

### **Assessment**

In South Carolina the term assessment means value. Market value is defined later.

### **Assessed Value/Assessment Ratio**

In South Carolina, an assessment ratio is applied to the market value or to the taxable value of a property to determine the assessed value. By default, under the South Carolina constitution, properties are assessed at 6% of market value (or taxable value if the property value is capped). Upon application and approval, properties that qualify for the 4% Legal Residence exemption can be assessed at 4% of market value or taxable value. Some properties that are approved for the Agricultural Use classification are also assessed at 4% of value. Manufacturing properties and Utility properties are assessed by the SC Dept. of Revenue at 10.5% of value.

### **Date of Value**

Market value is the value of a property as of a specific date. The Charleston County 2020 reassessment has a date of value of December 31, 2018, which means that properties will be valued at what they were worth at the end of 2018. Properties that had an Assessable Transfer of Interest in 2019 will be valued at what they were worth on December 31, 2019.

### **Implementation**

Once the reassessment is performed by the Assessor's office and approved by the SC Department of Revenue, it is implemented and the owners are notified of any change in value and of their taxable/capped value if the 15% reassessment cap is applicable. Implementation is when properties are first taxed on the new approved values and assessments for the reassessment. The SC Department of Revenue has approved Charleston County's current reassessment.

### **Market Value**

In South Carolina "...all property shall be valued for taxation at its true value in money which in all cases shall be held to be the price which the property would bring following reasonable exposure to the market, where both the seller and the buyer are willing, are not acting under compulsion, and are reasonably well informed as to the uses and purposes for which it is adapted and for which it is

capable of being used. “ The term market value is sometimes called appraised value, actual value or fair market value.

### **Notice (Reassessment Notice)**

A property tax assessment notice *is not a tax bill*. A notice is a notification that something has changed that will affect the value or the assessment of the property. SC Code of Laws §12-60-2510(A)(1) has this to say about notices “...Whenever the assessor increases the fair market value...or use value...or whenever the first property tax assessment is made on the property, the assessor...shall send the taxpayer a property tax assessment notice. ...A property tax assessment notice under this subsection must be in writing.”

The property tax assessment notice must be mailed to the taxpayer at the last known address. The front of the Charleston County notice contains all the value and assessment information.

The reverse side of the Charleston County notice has the appeal procedures, information about authorizing tax representatives to handle appeals and other information of interest.

### **Reassessment (aka Equalization)**

Reassessment is the *process* of revaluing all the property within a jurisdiction to assign new values for tax purposes. Reassessment *equalizes the tax burden* so that property owners are assessed in proportion to value. The term *equalization* reflects that the purpose of a reassessment is to equalize the tax burden so that every owner pays in proportion to their assessment (value) – to the extent allowed by law.

### **15% Reassessment Cap**

South Carolina law limits the increase in the taxable value of real property attributable to the countywide reassessments to fifteen percent. Market value may increase more than 15%, but if it does, the taxable value is limited or capped. The 15% reassessment cap is not a cap on taxes. The “15% Cap” reduces the value on which some properties are taxed creating a taxable value.

Some properties do not qualify for the 15% cap or may only partially qualify for the cap, including:

- Properties that transferred in 2019 (ATI’s)
- Properties newly added to the tax rolls (previously untaxed)
- Properties with additions or improvements (may not be *fully* capped)
- Properties that increase less than 15% will go up to full market value

### **Taxable Value**

Properties that benefit from the 15% Reassessment Cap have a taxable value that is lower than the market value. See 15% Reassessment Cap in the definitions.