

NEXSEN | PRUET

SCMA Annual Conference

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SCMA Annual Meeting

- I. Property Taxes
- II. Harrell Bill
- III. TRAC

PROPERTY TAXES

50-State Property Tax

Payable Year 2008

Minnesota Taxpayers Association

This study reports on relative property tax burdens across the United States. It compares effective property tax rates for four classes of property located in the largest city of each state (plus an additional city for Illinois and New York) and the District of Columbia, the largest fifty cities in the United States, and a rural area for each state.

A Measure of Property Classification – Largest City in Each State

Ratio of Commercial-to-Homestead Effective Tax Rates, Payable 2008.
(\$1 million Commercial/Median-Valued Home, real property only)

State	City	Rank
South Carolina	Columbia	5
Georgia	Atlanta	32
North Carolina	Charlotte	44

Ratio of Apartment Effective Tax Rates (ETRs) to Homestead Rates, Urban Cities, Payable 2008 (\$600,000 Apartment/Median-Valued Home)

State	City	Rank
South Carolina	Columbia	2
Georgia	Atlanta	23
North Carolina	Charlotte	44

Urban Homestead Property Taxes Payable 2008

<u>\$150,000 VALUED PROPERTY</u>			<u>\$300,000 VALUED PROPERTY</u>		
STATE	CITY	RANK	STATE	CITY	RANK
South Carolina	Columbia	46	South Carolina	Columbia	48
Georgia	Atlanta	20	Georgia	Atlanta	21
North Carolina	Charlotte	25	North Carolina	Charlotte	28

Urban Homestead Property Taxes for a Median-Value Home – Listed by Net Tax Payable 2008

State	City	Rank
South Carolina	Columbia	47
Georgia	Atlanta	21
North Carolina	Charlotte	24

Urban Commercial Property Taxes Payable 2008

<u>\$100,000 VALUED PROPERTY</u> \$20,000 FIXTURES			<u>\$1 MILLION VALUED PROPERTY</u> \$200,000 FIXTURES			<u>\$25 MILLION VALUED PROPERTY</u> \$5,000,000 FIXTURES		
State	City	Rank	State	City	Rank	State	City	Rank
South Carolina	Columbia	12	South Carolina	Columbia	12	South Carolina	Columbia	13
Georgia	Atlanta	30	Georgia	Atlanta	31	Georgia	Atlanta	31
North Carolina	Charlotte	40	North Carolina	Charlotte	41	North Carolina	Charlotte	41

Urban Industrial Property Taxes (50% Personal Property)

<u>\$100,000 VALUED PROPERTY</u> \$50,000 Machinery and Equipment \$40,000 Inventories \$10,000 Fixtures			<u>\$25 MILLION VALUED PROPERTY</u> \$12,500,000 Machinery and Equipment \$10,000,000 Inventories \$2,500,000 Fixtures		
STATE	CITY	RANK	STATE	CITY	RANK
South Carolina	Columbia	1	South Carolina	Columbia	1
Georgia	Atlanta	18	Georgia	Atlanta	21
North Carolina	Charlotte	38	North Carolina	Charlotte	39

Urban Industrial Property Taxes (60% Personal Property)

<u>\$100,000 VALUED PROPERTY</u>			<u>\$25 MILLION VALUED PROPERTY</u>		
\$75,000 Machinery and Equipment			\$18,750,000 Machinery and Equipment		
\$60,000 Inventories			\$15,000,000 Inventories		
\$15,000 Fixtures			\$3,750,000 Fixtures		
STATE	CITY	RANK	STATE	CITY	RANK
South Carolina	Columbia	1	South Carolina	Columbia	1
Georgia	Atlanta	15	Georgia	Atlanta	17
North Carolina	Charlotte	37	North Carolina	Charlotte	39

Urban Industrial Property Taxes

(State-Specific Personal Property Shares/Values)

Payable 2008

<u>\$100,000 VALUED PROPERTY</u> \$(Variable) Machinery and Equipment \$(Variable) Inventories \$(Variable) Fixtures			<u>\$1 MILLION VALUED PROPERTY</u> \$(Variable) Machinery and Equipment \$(Variable) Inventories \$(Variable) Fixtures			<u>\$25 MILLION VALUED PROPERTY</u> \$(Variable) Machinery and Equipment \$(Variable) Inventories \$(Variable) Fixtures		
STATE	CITY	RANK	STATE	CITY	RANK	STATE	CITY	RANK
South Carolina	Columbia	1	South Carolina	Columbia	1	South Carolina	Columbia	1
Georgia	Atlanta	19	Georgia	Atlanta	21	Georgia	Atlanta	21
North Carolina	Charlotte	39	North Carolina	Charlotte	40	North Carolina	Charlotte	40

Urban Apartment Property Taxes

\$600,000 VALUED PROPERTY

\$30,000 FIXTURES

STATE	CITY	RANK
South Carolina	Columbia	12
Georgia	Atlanta	25
North Carolina	Charlotte	36

Rural Homestead Property Taxes

<u>\$70,000 VALUED PROPERTY</u>			<u>\$150,000 VALUED PROPERTY</u>			<u>\$300,000 VALUED PROPERTY</u>		
STATE	CITY	RANK	STATE	CITY	RANK	STATE	CITY	RANK
South Carolina	Mullins	29	South Carolina	Mullins	32	South Carolina	Mullins	33
Georgia	Fitzgerald	19	Georgia	Fitzgerald	17	Georgia	Fitzgerald	19
North Carolina	Edenton	33	North Carolina	Edenton	34	North Carolina	Edenton	35

Rural Commercial Property Taxes

<u>\$100,000 VALUED PROPERTY</u> \$20,000 Fixtures			<u>\$1 MILLION VALUED PROPERTY</u> \$200,000 Fixtures			<u>\$25 MILLION VALUED PROPERTY</u> \$5,000,000 Fixtures		
STATE	CITY	RANK	STATE	CITY	RANK	STATE	CITY	RANK
South Carolina	Mullins	5	South Carolina	Mullins	5	South Carolina	Mullins	5
Georgia	Fitzgerald	25	Georgia	Fitzgerald	25	Georgia	Fitzgerald	25
North Carolina	Edenton	42	North Carolina	Edenton	42	North Carolina	Edenton	42

Rural Industrial Property Taxes (50% Personal Property)

<u>\$100,000 VALUED PROPERTY</u> \$50,000 Machinery and Equipment \$40,000 Inventories \$10,000 Fixtures			<u>\$1 MILLION VALUED PROPERTY</u> \$500,000 Machinery and Equipment \$400,000 Inventories \$100,000 Fixtures			<u>\$25 MILLION VALUED PROPERTY</u> \$12,500,000 Machinery and Equipment \$10,000,000 Inventories \$2,500,000 Fixtures		
STATE	CITY	RANK	STATE	CITY	RANK	STATE	CITY	RANK
South Carolina	Mullins	1	South Carolina	Mullins	1	South Carolina	Mullins	1
Georgia	Fitzgerald	17	Georgia	Fitzgerald	19	Georgia	Fitzgerald	19
North Carolina	Edenton	45	North Carolina	Edenton	45	North Carolina	Edenton	45

Rural Industrial Property Taxes (60% Personal Property)

<u>\$100,000 VALUED PROPERTY</u> \$75,000 Machinery and Equipment \$60,000 Inventories \$15,000 Fixtures			<u>\$1 MILLION VALUED PROPERTY</u> \$750,000 Machinery and Equipment \$600,000 Inventories \$150,000 Fixtures			<u>\$25 MILLION VALUED PROPERTY</u> \$18,750,000 Machinery and Equipment \$15,000,000 Inventories \$3,750,000 Fixtures		
STATE	CITY	RANK	STATE	CITY	RANK	STATE	CITY	RANK
South Carolina	Mullins	1	South Carolina	Mullins	1	South Carolina	Mullins	1
Georgia	Fitzgerald	14	Georgia	Fitzgerald	15	Georgia	Fitzgerald	15
North Carolina	Edenton	43	North Carolina	Edenton	44	North Carolina	Edenton	44

Rural Industrial Property Taxes (State-Specific Personal Property Shares/Values)

<u>\$100,000 VALUED PROPERTY</u> \$(Variable) Machinery and Equipment \$(Variable) Inventories \$(Variable) Fixtures			<u>\$1 MILLION VALUED PROPERTY</u> \$(Variable) Machinery and Equipment \$(Variable) Inventories \$(Variable) Fixtures			<u>\$25 MILLION VALUED PROPERTY</u> \$(Variable) Machinery and Equipment \$(Variable) Inventories \$(Variable) Fixtures		
STATE	CITY	RANK	STATE	CITY	RANK	STATE	CITY	RANK
South Carolina	Mullins	1	South Carolina	Mullins	1	South Carolina	Mullins	1
Georgia	Fitzgerald	17	Georgia	Fitzgerald	18	Georgia	Fitzgerald	19
North Carolina	Edenton	46	North Carolina	Edenton	46	North Carolina	Edenton	46

Rural Apartment Property Taxes

\$600,000 VALUED PROPERTY
\$30,000 Fixtures

State	City	Rank
South Carolina	Mullins	6
Georgia	Fitzgerald	21
North Carolina	Edenton	38

Harrell Bill

Centers of Excellence –

Allows the Coordinating Center for Economic Development (CCED) to award to Research University up to one-third of the Centers of Excellence Matching Endowment and waives match requirement for large projects (\$100m)

Harrell Bill

Fee-in-Lieu –

Allows counties to extend fee-in-lieu to 30 years (from the current 20). Provision takes effect for fee-in-lieu's executed after 1/1/2011 except Counties may amend existing fees.

Provides with county consent that manufacturing real property in a fee-in-lieu will be taxed at FMV.

Harrell Bill

Federal Recovery Zone Bond Reallocation –

Allows Budget and Control Board to pool unused city and county ARRA Recovery Zone Facility bonds, Recovery Zone Economic Development bonds, Qualified Energy Conservation bonds and certain other federal bonds.

Harrell Bill

Corporate Income Taxes –

Starting 2013, repeals corporate income taxes by ½ a percent each year until repealed.

Harrell Bill

Port Tax Credit –

Allows Ports Authority to award up to \$4 million of withholding tax credits in addition to \$4 million of income tax credits; simplifies the allocation process; allows the Ports Authority to award up to \$1 million of withholding tax credits to new warehouse and distribution facilities.

Harrell Bill

Rural Infrastructure –

Requires RIF funds to be used for economic development and expands the eligible expenditures to include site prep, acquiring and improving real property and relocation expenses for certain employees.

Harrell Bill

Investment Tax Credit –

Makes every county eligible for ITCs (currently only about half the counties qualify).

For revenue impact purposes, the ITC is cut in half; eliminates antiquated provisions.

Harrell Bill

Set-Aside Funds –

Codifies (currently in Budget Provision) and broadens the eligible uses for Set-Aside Funds).

Harrell Bill

Property Taxes on Warehouse Owned by Manufacturers –

Allows a 6% assessment ratio on a warehouse owned by a manufacturer which is used primarily for warehouse purposes (current law requires exclusive use.)

TRAC

- Commission has had seven meetings
- Currently studying sales tax exemptions
- Will take up property taxes exclusive of Act 388 at next meeting
- Legislation to allow study of Act 388 pending in the Senate



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PRACTICE AREAS

- Banking and Finance
- Economic Development
- Governmental Representation
- Innovation
- Tax

EDUCATION

- University of North Carolina, B.A.
- University of South Carolina, J.D.
- Emory University, LL.M. in Taxation

Burnie Maybank is a member in the firm's banking and finance practice group. He returned to the firm's Columbia office in 2006 after serving as Director of the South Carolina Department of Revenue under Governor Mark Sanford from 2003 through 2005. He also served in that position under Governor David Beasley from 1995 to 1999.

Mr. Maybank's practice focuses on:

- Economic Development incentives
- State and Local Tax Controversy Work
- Exempt Organizations and Charitable Giving, including Conservation Easements
- Alcohol Beverage Control
- Regulatory Work before the Public Service Commission
- Public Finance

Maybank received national press in 2005 regarding the Department of Revenue's investigation of potentially abusive conservation easement donations, as well as the Department's investigation under IRS Circular 230 of tax professionals who were involved in tax shelters.

CAREER HIGHLIGHTS

- Director of the SC Department of Revenue (2003-2005)
- South Carolina's first Director of the Department of Revenue and Taxation (1995-1999)
- Member of the Coordinating Council for Economic Development and Chair of the Enterprise Zone Subcommittee (1995-99 and 2003-05)
- Legal Counsel to SC Governor Carroll Campbell
- Commissioner on the SC Public Service Commission
- Member of the Board of South Carolina's Department of Health and

continued

Burnet R. Maybank, III, *continued*

- Environmental Control
- Received Order of the Palmetto from both Governor Campbell and Governor Beasley
 - SC Deputy Securities Commissioner in SC Secretary of State's Office
 - General Counsel in the SC Secretary of State's Office
 - Received the Compleat Lawyer Award from USC School of Law
 - (1998)
 - Past and Current Board Member, South Carolina Economic Developers Association (SCEDA)
 - L.H. "Sonny" Siau Award of Excellence from the South Carolina Association of Auditors, Treasurers, and Tax Collectors
 - Past President, S.C. Agency Directors Organization.
 - Mr. Maybank served on the Transition Teams for both Governor Mark Sanford and State Treasurer Thomas Ravenel (Chair).

Publications

Mr. Maybank is co-author of a number of books and law review articles including *South Carolina Tax Incentives for Economic Development; Local, State, and Federal Tax Incentives for Conservation Easements; and State Tax Crimes*, all published by the Department of Revenue; as well as *South Carolina Limited Liability Companies & Limited Liability Partnerships* (1st & 3rd Editions); *The Law of Automobile Insurance* (1st-5th Editions); and *South Carolina Nonprofit Corporate Practice Manual* (2007), published by the South Carolina Bar.