

## HOUSE TAX PACKAGE FACES SENATE CHANGES

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COLUMBIA - The House's tax-swap proposal to eliminate most property taxes on homes by raising the state sales tax by 2 cents won't leave the Senate as it stands, leading senators said Thursday.

After working late into the night Wednesday to pass its property tax relief package, the House gave the procedural final approval to its plan Thursday.

The House plan would change the method of property revaluation through a constitutional amendment that would be on the ballot in November and do away with 85 percent of residential property taxes. The measure also places significant limits on government spending while eliminating the sales tax on groceries.

Key senators, who are working on their own legislation, called the House's action irresponsible because its plan would cost the state nearly \$117 million in its first year.

'I'm not going to vote for a plan thrown out of whack by \$100 million,' said Rules Committee Chairman Larry Martin, R-Pickens. 'I don't think that's responsible to do something like that.'

House Majority Leader Jim Merrill defended the House plan. 'We felt any change in the tax structure should be revenue neutral at worst ... but this is better because it's a \$100 million tax cut,' said the Daniel Island Republican.

The House tax substitution plan heads to a Senate subcommittee led by Sen. Hugh Leatherman, R-Florence. He said his group would get started within a couple weeks and hold public hearings before crafting its version. He gave no timetable for getting it done.

'Until we get it right,' Leatherman said. 'I guarantee it will not be out of balance. ... That's just not the way to do things.'

The numbers were figured by Bill Gillespie, the state's chief economist, just before the 10:30 p.m. vote Wednesday. A complete economic impact statement was still in the works Thursday.

'I really believe they're just saying, 'Let's get this off our plate. It doesn't matter what it says as long as it says property tax relief,' ' said Senate Minority Leader John Land, D-Manning. 'The Senate will handle it.'

Lawmakers openly speculated on whether the two chambers can reach compromise in a year when House members face the pressure of election and senators don't.

Senators want to focus on school operating costs, an idea that failed repeatedly during House debate, while reducing the sales tax on groceries and cutting car taxes.

As for reassessment, the House wants to freeze property values and reassess only when property is sold or improved. Senators rejected that approach in subcommittee meetings.

The Senate will take up its proposal Tuesday in which voters would choose between keeping the current reassessment system or setting a 15 percent cap on how much property values can go up every five years.

Unlike the House, the Senate will pass parts of its plan separately.

Senate President Pro Tem Glenn McConnell, R-Charleston, said he loves the idea of removing all of local governments' operating costs from owner-occupied homes.

'We just don't have the support in the Senate to get it done, not that version,' he said.

### **How they voted**

The House voted 86-31 in favor of a plan to eliminate most property taxes by raising the state sales tax by 2 cents to 7 cents and to reassess property only when sold or improved. The bill laid out what the state would do if voters approve changing the constitution in November.

How Lowcountry lawmakers voted:

Democrats Voting Yes: Bowers, Brunson; Miller, Pawleys Island.

Republicans Voting Yes: Altman, Charleston; Bailey, St. George; Chellis, Summerville; Dantzler, Goose Creek; Hagood, Mt. Pleasant; Harrell, Charleston; Hinson, Goose Creek; Limehouse, Charleston; Merrill, Daniel Island; Scarborough, Charleston; Umphlett, Moncks Corner; Young, Summerville.

Democrats Voting No: Breeland, Charleston; R. Brown, Hollywood; Jefferson, Pineville; Mack, North Charleston.

Democrats Not Voting: Whipper, North Charleston.