

15% REASSESSMENT CAP EXAMPLES

Basic 15% Cap Example

The 15% cap is a formula that exempts part of the value increase from being taxed. It relies on the prior market value, the new reassessment value and the 15% limitation imposed by law. In the example following \$30,000 is exempted from taxation due to the cap limitation.

<i>Prior Market Value</i>	\$ 200,000	
<i>Taxable Value – Capped at 15%</i>	\$ 230,000	(\$200,000 x 1.15%)
<i>New Market Value</i>	\$ 260,000	
<i>Less Taxable Value – Capped at 15%</i>	<u>-\$ 230,000</u>	
<i>Cap Exemption</i>	= \$ 30,000	

Example of a Partial Cap

When there have been physical changes to the property, some of the improvements/changes may not be capped. South Carolina law says that “...this limit does not apply to the fair market value of additions or improvements to real property in the year those additions or improvements are first subject to property tax...”

In the case of the partial cap shown below, the cap exemption from the previous example remains the same (\$30,000), but it is subtracted from a new market value that includes the new improvement, resulting in a taxable/capped value of \$250,000. In this example a swimming pool was completed in 2014- its value is not capped:

<i>Market Value Before Pool</i>	\$ 260,000	
<i>Market Value After Pool</i>	\$ 280,000	
<i>Less Cap Exemption</i>	<u>-\$ 30,000</u>	
<i>Taxable Value – Capped at 15% with Pool</i>	\$ 250,000	

Example of a Capped Property that Increases in Value

At reassessment, the taxable value can increase no more than 15% over the previous taxable value. The calculation relies on the prior market value, the new reassessment value, the previous capped value and the limitation imposed by law. An example follows:

<i>Market Value 2011 Reassessment</i>	\$ 260,000	
<i><u>Prior</u> Taxable Value</i>	\$ 230,000	<i>2011 Taxable Value- Capped at 15%</i>
<i>New Market Value 2015 Reassessment</i>	\$ 278,000	<i>(represents <u>avg.</u> 7% increase)</i>
<i>Less New Taxable Value- Capped at 15%</i>	-\$ 264,500	<i>(\$230,000 + 15% Cap)</i>
<i><u>New</u> Cap Exemption</i>	= \$ 13,500	