

NEXT CHALLENGE. NEXT LEVEL.  
**NEXSEN** | **PRUET**



STATE ECONOMIC DEVELOPMENT AND TAX RANKINGS  
SC HOUSING ATTAINABILITY CONFERENCE

Burnet R. Maybank, III, Esquire

[bmaybank@nexsenpruet.com](mailto:bmaybank@nexsenpruet.com)

# State Tax Rankings

# TAX FOUNDATION

## 2019 State Business Tax Climate Index Ranks and Component Tax Ranks

|                | Overall Rank | Corporate Tax Returns | Individual Income Tax Returns | Sales Tax Rank | Property Tax Rank | Unemployment Insurance Tax Rank |
|----------------|--------------|-----------------------|-------------------------------|----------------|-------------------|---------------------------------|
| North Carolina | 11           | 3                     | 16                            | 20             | 33                | 7                               |
| South Carolina | 37           | 19                    | 34                            | 34             | 27                | 27                              |

### NOTABLE RANKING CHANGES IN INDEX - North Carolina

After the most dramatic improvement in the Index's history in 2015 – from 41st to 11th in one year – North Carolina has continued to improve its tax structure, and now imposes the lowest-rate corporate income tax in the country at 3 percent, down from 4 percent the previous year. This rate cut improves the state from 4th to 3rd on the corporate income tax component, the best ranking for any state that imposes a corporate tax.

At 11th overall, North Carolina trails only Utah and Indiana among states which do not forego any of the major tax types.

# LINCOLN INSTITUTE OF LAND POLICY

## April 2020 50-State Property Tax Comparison Study (Taxes Paid in 2019)

- ▶ Most recent 2020 Lincoln Institute 50-state Property Tax Comparison released in June 2020 for taxes paid in 2019
- ▶ In study, compare both urban (largest city in each respective state) and rural areas and break down into 3 separate categories based on land & building value to compare state tax rates
- ▶ Ranking of 1<sup>st</sup> denotes highest tax rates, 53<sup>rd</sup> denotes lowest tax rates
- ▶ In 2018 study, the first time Charleston used because now largest city in SC instead of Columbia (this switch improved our rankings but 2017 & 2016 reveal high tax burden in Columbia area)

# Commercial Property Tax Rankings

# COMMERCIAL PROPERTY TAXES IN SC & NC - URBAN

| South Carolina                         | 2020 Ranking |
|--|--------------|
| Land and Building Value = \$100,000    | 24th         |
| Land and Building Value = \$1,000,000  | 26th         |
| Land and Building Value = \$25,000,000 | 27th         |

| North Carolina                         | 2020 Ranking |
|--|--------------|
| Land and Building Value = \$100,000    | 51st         |
| Land and Building Value = \$1,000,000  | 51st         |
| Land and Building Value = \$25,000,000 | 51st         |

- ▶ Based upon the largest city in each state – Charleston, SC / Charlotte, NC

Source: Lincoln Institute (2020); Ranking of 1<sup>st</sup> denotes highest tax rate, 53<sup>rd</sup> denotes lowest tax rate

# 2020 – URBAN - COMMERCIAL PROPERTY TAXES IN THE SOUTHEAST

| State                       | Ranking |
|-----------------------------|---------|
| Tennessee (Nashville)       | 48th    |
| South Carolina (Charleston) | 26th    |
| Georgia (Atlanta)           | 31st    |
| Alabama (Birmingham)        | 33rd    |
| North Carolina (Charlotte)  | 51st    |

- ▶ Effective Tax Rate for \$1 Million Valued Property (plus \$200k in fixtures) for the largest city in each state

Source: Lincoln Institute (2020); Ranking of 1<sup>st</sup> denotes highest tax rate, 53<sup>rd</sup> denotes lowest tax rate

# 2020 – RURAL - COMMERCIAL PROPERTY TAXES IN SOUTH CAROLINA

| South Carolina<br>(Mullins – Marion Cnty) | 2020<br>Ranking |
|---|-----------------|
| Land and Building Value<br>= \$100,000    | 4th             |
| Land and Building Value<br>= \$1,000,000  | 4th             |
| Land and Building Value<br>= \$25,000,000 | 4th             |

| North Carolina<br>(Edenton – Chowan<br>Cnty) | 2020<br>Ranking |
|--|-----------------|
| Land and Building Value<br>= \$100,000       | 38th            |
| Land and Building Value<br>= \$1,000,000     | 38th            |
| Land and Building Value<br>= \$25,000,000    | 39th            |

- ▶ Based upon a rural city in each state – Mullins, SC (Marion County) / Edenton, NC (Chowan County)

Source: Lincoln Institute (2020); Ranking of 1<sup>st</sup> denotes highest tax rate, 53<sup>rd</sup> denotes lowest tax rate

# 2019 – RURAL - COMMERCIAL PROPERTY TAXES IN THE SOUTHEAST

| State                    | Ranking          |
|--------------------------|------------------|
| Kansas (Iola)            | 1 <sup>st</sup>  |
| South Carolina (Mullins) | 4 <sup>th</sup>  |
| Georgia (Fitzgerald)     | 26 <sup>th</sup> |
| North Carolina (Edenton) | 38 <sup>th</sup> |
| Tennessee (Savannah)     | 40 <sup>rd</sup> |
| Alabama (Monroeville)    | 44 <sup>th</sup> |

- ▶ Effective Tax Rate for \$1 Million Valued Property (plus \$200k in fixtures) for a selected rural city in each state

Source: Lincoln Institute (2020); Ranking of 1<sup>st</sup> denotes highest tax rate, 53<sup>rd</sup> denotes lowest tax rate

# Industrial Property Tax Rankings

# 2020 – URBAN - INDUSTRIAL PROPERTY TAXES IN SOUTH CAROLINA

- ▶ Industrial (M&E is 60% of Parcel Value) in Charleston

|              |                 |
|--------------|-----------------|
| \$100,000    | 4 <sup>th</sup> |
| \$1 million  | 4 <sup>th</sup> |
| \$25 million | 4 <sup>th</sup> |

Source: Lincoln Institute (2020); Ranking of 1<sup>st</sup> denotes highest tax rate, 53<sup>rd</sup> denotes lowest tax rate

# 2019 – URBAN - INDUSTRIAL PROPERTY TAXES IN THE SOUTHEAST

| State                       | Ranking          |
|-----------------------------|------------------|
| South Carolina (Charleston) | 4 <sup>th</sup>  |
| Georgia (Atlanta)           | 23 <sup>th</sup> |
| Alabama (Birmingham)        | 31 <sup>th</sup> |
| Tennessee (Nashville)       | 33 <sup>th</sup> |
| North Carolina (Charlotte)  | 44 <sup>th</sup> |

- ▶ Effective Tax Rate for \$1 Million Valued Property (plus \$1M in Personal Property) for the largest city in each state

Source: Lincoln Institute (2020); Ranking of 1<sup>st</sup> indicates the highest tax rate, 53<sup>rd</sup> indicates lowest

# 2017 – URBAN - INDUSTRIAL PROPERTY TAXES IN THE SOUTHEAST

| State                      | Ranking                   |
|----------------------------|---------------------------|
| South Carolina (Columbia)  | 1 <sup>st</sup> (4.202%)  |
| Tennessee (Memphis)        | 4 <sup>th</sup> (2.635%)  |
| Georgia (Atlanta)          | 24 <sup>th</sup> (1.518%) |
| Alabama (Birmingham)       | 40 <sup>th</sup> (1.160%) |
| North Carolina (Charlotte) | 43 <sup>rd</sup> (0.947%) |

- ▶ Effective Tax Rate for \$1 Million Valued Property (plus \$200k in fixtures) for the largest city in each state – assumes Personal Property = 50% of total parcel value
- ▶ Lincoln Study has six classifications (depending upon real estate and M&E Cap X) for manufacturers – Columbia is number 1 in all six!

Source: Lincoln Institute (2017); Ranking of 1<sup>st</sup> indicates the highest tax rate, 53<sup>rd</sup> indicates lowest

# 2020 – RURAL - INDUSTRIAL PROPERTY TAXES IN SOUTH CAROLINA

| South Carolina<br>Mullins – Marion<br>County | 2020<br>Ranking |
|--|-----------------|
| Land and Building<br>Value = \$100,000       | 1 <sup>st</sup> |
| Land and Building<br>Value = \$1,000,000     | 1 <sup>st</sup> |
| Land and Building<br>Value = \$25,000,000    | 1 <sup>st</sup> |

Source: Lincoln Institute (2020); Ranking of 1<sup>st</sup> denotes highest tax rate, 53<sup>rd</sup> denotes lowest tax rate

# COMMERCIAL PROPERTY TAXES IN SOUTH CAROLINA – URBAN AND RURAL - 2020

## Apartments

Charleston: 20<sup>th</sup>

Mullins: 4<sup>th</sup>

SC's ranking in 2019 was 25<sup>th</sup> highest and this was the largest drop in the rankings in the country for apartments. Lincoln Institute said this was a result of the growing underassessment of apartments (resulting from Act 388).

Source: Lincoln Institute (2020); Ranking of 1<sup>st</sup> denotes highest tax rate, 53<sup>rd</sup> denotes lowest tax rate

# COMMERCIAL PROPERTY TAXES IN SOUTH CAROLINA – URBAN - 2020

Taxes on Commercial vs. Primary Residence

SC: 2<sup>nd</sup>

Apartment vs. Primary Residence

SC: 1<sup>st</sup>

Source: Lincoln Institute (2020); Ranking of 1<sup>st</sup> denotes highest tax rate, 53<sup>rd</sup> denotes lowest tax rate

# 2020 – RURAL - INDUSTRIAL PROPERTY TAXES IN THE SOUTHEAST

| State                    | Ranking          |
|--------------------------|------------------|
| South Carolina (Mullins) | 1 <sup>st</sup>  |
| Georgia (Fitzgerald)     | 13 <sup>th</sup> |
| Tennessee (Savannah)     | 36 <sup>th</sup> |
| North Carolina (Edenton) | 39 <sup>th</sup> |
| Alabama (Monroeville)    | 48 <sup>th</sup> |

- ▶ Effective Tax Rate for \$1 Million Valued Property (land and building) with M&E equal to 50% of total parcel value

Source: Lincoln Institute (2020); Ranking of 1<sup>st</sup> indicates the highest tax rate, 53<sup>rd</sup> indicates lowest

# Residential Property Tax Rankings

# 2020 – URBAN PRIMARY RESIDENCE (HOMESTEAD) CHARLESTON

Media Value Home      \$150,000                      \$300,000

Tax Rate: 51<sup>st</sup>                      Tax Rate: 49<sup>th</sup>                      Tax Rate: 51<sup>st</sup>  
Tax Bill: 51<sup>st</sup>

Primary Residence with Assessment Limits (max. of 15% increase)

Tax Rate: 52<sup>nd</sup>  
Tax Bill: 48<sup>th</sup>

Difference in Property Taxes between new Home and Home owned for  
average duration: 23%

Source: Lincoln Institute (2020); Ranking of 1<sup>st</sup> denotes highest tax rate, 53<sup>rd</sup> denotes lowest tax rate

# 2020 – RURAL PRIMARY RESIDENCE MULLINS

|  |                            |                           |
|--|----------------------------|---------------------------|
| Median Value   | \$150,000                  | \$300,000                 |
| Tax Rate: 34 <sup>th</sup><br>Tax Bill: 44 <sup>th</sup> | Tax Rate: 35 <sup>th</sup> | Tax Rate 36 <sup>th</sup> |

Source: Lincoln Institute (2020); Ranking of 1<sup>st</sup> denotes highest tax rate, 53<sup>rd</sup> denotes lowest tax rate



# 2020 – URBAN - COMMERCIAL / HOMESTEAD PROPERTY TAX RATIO IN THE SOUTHEAST

| State                       | Ranking          |
|-----------------------------|------------------|
| South Carolina (Charleston) | 2 <sup>nd</sup>  |
| Alabama (Birmingham)        | 12 <sup>th</sup> |
| Tennessee (Nashville)       | 25 <sup>th</sup> |
| Georgia (Atlanta)           | 21 <sup>th</sup> |
| North Carolina (Charlotte)  | 45 <sup>th</sup> |

Source: Lincoln Institute (2020); Ranking of 1<sup>st</sup> denotes the highest ratio, 53<sup>rd</sup> denotes the lowest ratio

# 2020 – URBAN - HOMESTEAD PROPERTY TAXES IN THE SOUTHEAST

| State                       | Tax Rank         | Bill Rank                                   |
|-----------------------------|------------------|---|
| Tennessee (Nashville)       | 47 <sup>th</sup> | 44 <sup>th</sup> (Median Value = \$274,150) |
| Georgia (Atlanta)           | 41 <sup>st</sup> | 26 <sup>th</sup> (Median Value = \$302,200) |
| North Carolina (Charlotte)  | 38 <sup>th</sup> | 37 <sup>th</sup> (Median Value = \$230,900) |
| Alabama (Birmingham)        | 48 <sup>th</sup> | 53 <sup>rd</sup> (Median Value = \$93,400)  |
| South Carolina (Charleston) | 51 <sup>st</sup> | 43 <sup>rd</sup> (Median Value = \$360,800) |

- ▶ Homestead property taxes for the largest city in each state based on median valued homes; rankings out of 53 (including Washington, DC and two cities in NY and IL)

Source: Lincoln Institute (2020); Ranking of 1<sup>st</sup> indicates highest tax rate, 53<sup>rd</sup> indicates lowest rate