

CITY OF COLUMBIA PROPERTY TAX ANALYSIS EXECUTIVE SUMMARY (FINAL)

Introduction: A Continuous Loop

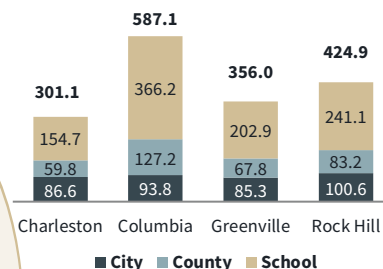
Since 2010, South Carolina has grown faster than the nation—its compounded annual GDP growth rate 8th fastest among states. Columbia, however, has endured much slower growth than other SC cities. It is caught in a continuous loop of high combined (school, city and county) property tax rates that have led to slower growth and poor property valuations. In turn, it has resulted in smaller tax revenues, prompting increases in tax rates, further deterring growth and depressing valuations.

01

HIGH TAX RATES

Even when accounting for the Local Option Sales Tax Credit, Columbia's combined commercial property tax rates (school, city and county) are **1.95 times** higher than Charleston, **1.49 times** higher than Greenville, and **1.23 times** higher than Rock Hill. In fact,

Tax Millage Rates, 2019



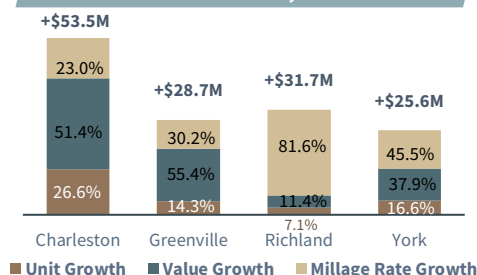
Columbia's commercial property tax rate equates to 3.2% of appraised property value, making it one of the highest rates in the nation. Under these conditions, businesses are more likely to establish elsewhere.

03

DEPRESSED TAX REVENUES

From 2010 to 2018, estimated tax revenues from owner-occupied, commercial & rental properties increased \$31.7M in Richland County. 81.6% was due to millage rate increases. Only 7.1% was from unit growth and 11.4% from growth in property value, far less than other SC peer cities.

Tax Revenue Growth, 2010 - 2018

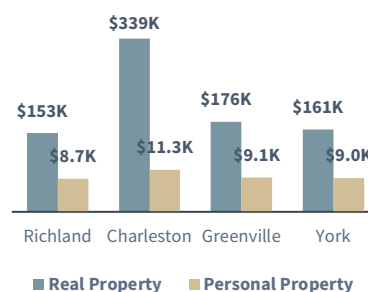


02

SLOW GROWTH & LOW VALUATIONS

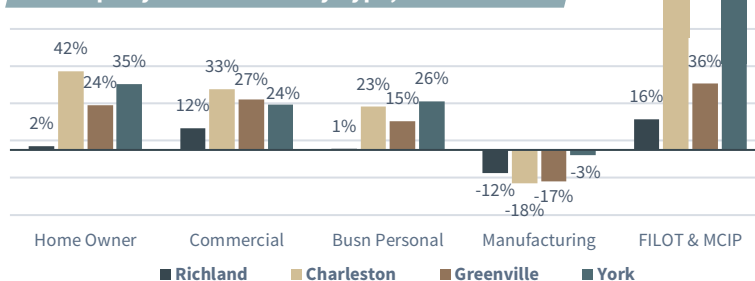
Richland County lagged peers in assessed value growth across property types from 2010 to 2018, a result of both slow unit and valuation growth. Among both

Average Unit Value, 2018



real property (owner-occupied, commercial & rental) and personal property (motor vehicles, water & aircraft), Richland County has the lowest average value among peers.

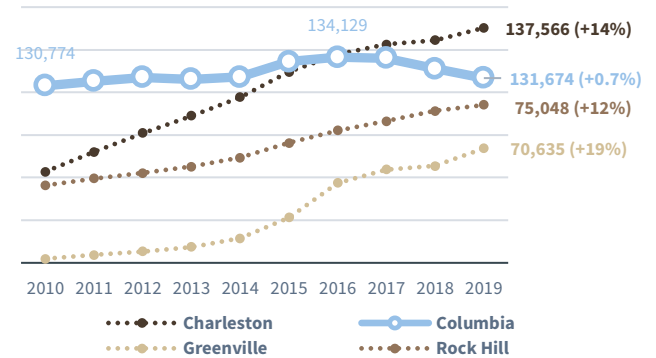
Property Value Growth by Type, 2010 - 2018



Effects: Slow Growth

While Columbia is the second largest city in South Carolina, behind Charleston, its **population has been relatively stagnant** over the past decade, having experienced **three straight years of decline since 2016**. While Columbia has one of the highest percentages of people between 18 and 24 years (significantly due to the presence of the University of South Carolina), they do not remain. The City's prime working age population between 25 and 54 has lagged the state in growth since 2010, a result of slower growth in employment, wages, new business formation, local GDP and development of commercial, rental, and owner-occupied properties.

City Population, 2010 - 2019



Business & Economic Growth, 2010 - 2018

	COLUMBIA	CHARELSTON	GREENVILLE	ROCK HILL
Prime Age Working Population (Age 25 – 54) (Metropolitan Statistical Area)	+2.5%	+15.4%	+33.7%	+63.9%
Employment (City)	+13.1%	+21.2%	24.2%	+12.7%
Wages (Metropolitan Statistical Area)	+22.3%	+30.9%	+17.2%	+27.6%
New Firms (County)	+16.0%	+37.1%	+20.6%	+35.4%
Private GDP (County)	+34.5%	+62.9%	+45.4%	+53.9%
Commercial/Rental Parcels (County)	-0.1%	9.7%	1.2%	-3.0%
Owner-occupied Parcels (County)	+3.2%	+12.5%	+6.7%	+14.2%

Solutions

MAKE PROPERTY TAX RATES COMPETITIVE

Sustained Growth Long-term renewal that provides opportunity to all residents requires school, city and county property tax rates competitive with other urban areas in SC.

Selective Tax Breaks Ineffective Selective breaks for specific developers have not and will not fuel broad-based, continued growth the City needs. Instead, it will continue to drive greater imbalance in tax rates between a few select properties and all others, while not delivering on the promise of new jobs, rising wages, and more future development.

Coordinated Effort Change will require a coordinated effort between City and County entities, including a joint agreement on (1) targeted **competitive tax rates**, (2) a **quick phase-in period** (approximately 5 years), (3) the **pace of rate reduction** over a phase-in period, and (4) a **limitation on spending** during the phase-in period.

COORDINATE SCHOOL SYSTEM FINANCES

Changing Dynamics The changing dynamics of Richland County school systems work against each other and do not reflect the economic synergy across the region, as many families live in RSD2 and work in RSD1.

Richland School District 1 is ...

- **Losing pupils** (-4.4% since 2010) and **losing owner-occupied housing**, as it converts to commercial/rental.
- **Gaining commercial/rental property** which most heavily increases school operational revenues.

Richland School District 2 is ...

- **Gaining pupils** (+14.9% since 2010) and **gaining owner-occupied housing** as families move to suburbs.
- **Losing commercial property** as excessively high property tax rates drive away commercial investment.

IDENTIFY & ENACT OPERATIONAL EFFICIENCIES

Cost & Operational Efficiencies Conduct a City / County efficiency study to identify overlapping services and improve operation efficiency. Combined, Columbia & Richland net higher levels of revenues per capita than other city/county peers, except Charleston. School districts in the City mirror that pattern. RSD1 per-pupil revenues are **38% higher** than state average, and RSD2's are **5.8% higher**. Efficiencies that reduce expenditures can be used to lower taxes to rates that promote development, drive valuation and generate further tax revenues.

Pro-Development Processes Remodel permitting, zoning, licensing, etc. processes with development best practices that are transparent, increase taxable parcels, and provide quick, predictable action. Evidence suggests the City and County may have some onerous and outdated processes which deter growth & inspire lower-valued development.

Sources: (1) School District Detailed Index of Taxpaying Ability dataset, Tax Years 2010 - 2018. Online: <https://dor.sc.gov/lgs/reports-school-index>. (2) Quarterly Census of Employment and Wages, Bureau of Labor Statistics. Online: <https://www.bls.gov/cew>. (3) Gross domestic product (GDP) by county and metropolitan area, Bureau of Economic Analysis. Online: <https://www.bea.gov/data/gdp/gdp-county-metro-and-other-areas>. (4) American Community Survey 5-year estimates (2014 - 2018). US Census Bureau. Online: <https://www.census.gov/programs-surveys/acs/>. (5) Bureau of Labor Statistics, Current Employment Statistics. Online: <https://www.bls.gov/sae/>