

**Putting the Property Tax in Context:  
Reflections on Changes in the South Carolina Classified System**

by

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Kiawah Island, SC, July 17, 2001**

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I have two words I want you to focus on during my talk today. One is *systems* or *systemic*. I want you to think about property taxes as embedded in a larger system, a revenue system in which it plays a key role, in which it affects and is affected by the other pieces. It's also embedded in a historical and cultural and institutional system, a social and economic and political system. Which leads me to my second key word.

The second key word is one I learned in seminary this last year, and it's not a religious word, but a very useful word. It's *particularity*. Particularity is in the details. For example, in a context of ethics particularity means that general rules may not fit a specific situation, and in fact it suggests that we can learn ethics better by observing the decision process in a specific situation and considering whether it applies to other situations. Instead of thinking abstractly and developing rules that apply to all situations, regardless of context, which is what universities have been famous for, particularity calls us to recognize the importance of the facts. For property tax, facts are things like the culture. The people. The weather. The poverty rate. The escalating cost of building a house. The increasing trend toward single people and unmarried couples buying houses. Or any of a hundred other facts, trends, specifics you could name.

Let me give you an example of the importance of particularity. The debate among economists has raged for decades over whether this tax is regressive, proportional, or progressive. And the answer is yes, all of the above. The property tax is levied on many different kinds of things, and the distribution of the burden of the property tax on an automobile is different from the regressivity of the same tax on industrial property or owner-occupied residences or farms. The incidence is very different in Williamsburg County, a small, poor, rural, mainly African-American county about 75 miles from here, than it is in Atlanta. A lot of the arguments for progressivity are based on the effect of this tax on the return on capital, which is an important consideration for industrial and commercial property. But I'm not sure that the rate of return on their invested capital is as central to household decisions about buying cars and houses and making a connection between property taxes and school quality in the same way that it does to BMW building a plant in Greer, South Carolina. I get the impression that the property tax on houses is more or less proportional, and perhaps cars as well, but that the property tax on business property may well be progressive.

In addition to thinking about systems and about particularity, I think we need to keep in the forefront of our minds some of those valid, time-tested, theoretically grounded principles of taxation so dear to the hearts of economists. Efficiency. Equity, which is a lot more than simple regressive-progressive. Adequacy. There are others, but those three are the most important.

So today I want to embed the property tax in a larger system, to talk about how the parts relate and how they have interacted over the last thirty years. I want to see how the changes in the property tax and the larger revenue system have connected with those principles of taxation. And then finally I want to see how some of what I am talking about plays out in a particular historical and institutional context, which is to say, the state you are visiting right now, my own state of South Carolina.

### **The revenue system**

Before we tackle the system, let's fill in some background and context. One of the most important things to remember about the property tax is that it is a very old tax. The retail sales tax in the United States is a relative newcomer, although it was preceded by a lot of specialized taxes like tariffs and excises. The federal income tax dates only back to 1916, and most state income taxes are newer than that.

So the state and local revenue system that we think of as a three-legged stool, supported almost equally by taxes on sales, income and property, is really relatively recent. Economists disagree about a lot of things, but one of the things they pretty much agree on is that a state and local system really needs to lean heavily on these three broad-based taxes, supplemented by fees and charges, in order to have adequate revenue at reasonable tax rates. A state without an income tax tends to have very high sales and property taxes; a state without a sales tax tends to have very high rates for income and property taxes. And a state without a property tax—well, show me one. At least half a dozen have tried to repeal it, but the reality of a two-legged stool eventually became clear to even the most muddle-headed of legislators.

I once had a South Carolina legislator ask me how high we would have to raise the sales tax rate to replace the property tax. There is no such rate. Once our sales tax gets over 10%, we start losing sales to other places big time. Sales taxes nationwide are already showing the effects of the Internet and mail order and other ways to evade and avoid even as average state and local sales taxes have crept up in the 1990s. In South Carolina, we can't double or triple the sales tax rate. Twenty of our 46 counties border Georgia or North Carolina. We have the Internet. We have mail order. We have ways to lie, cheat, and steal. We won't pay that kind of sales tax voluntarily. Our tourism industry, which involves a lot of sales taxes, would be devastated by a high sales tax. The basic principle is that the distortions of people's decision making with higher taxes rises in proportion to the SQUARE of the tax rate.

That's why the property tax is here to stay. It's embedded in the system. The system says what can we tax? We can tax income, we can tax spending, we can tax wealth or assets. That's all there is to tax. Those are the only good measures we have of people's ability to pay. So the income tax is on income, and the sales tax is on spending, and the property tax is on wealth. As Ross Perot used to say, it's that simple.

## **The way it was**

Most of you have some familiarity with the history of the property tax. It was originally designed as a tax on land, buildings, and equipment, in a society for which those three constituted both the business and the residence of most families, because we were an agricultural society. Even the system of a single annual payment in the fall after the harvest was a product of an agricultural society. When I first started working with property taxes in South Carolina in the 1970s, the Comptroller General's report of the tax base in each county still contained a column for mules and horses.

Taxing land, buildings, and equipment covered most of the tangible assets of an agricultural society, so the property tax met some of the major criteria of a good tax. Because people weren't very mobile and because the tax covered most of people's assets, it didn't distort many decisions, which is what economists mean by efficiency. That translates into it didn't make people move because of the tax and it didn't make them hold assets in other forms because of the tax.

Because the property tax was broad-based, and because the property being taxed was all pretty similar, it seemed pretty equitable—or fair, in street language. And it was adequate; it didn't require a very high mill rate to meet the limited demands for state and local public services in a largely rural society. Roads, some of them paved. South Carolina still had a fair number of dirt roads when I moved here 35 years ago. Schools. South Carolina had just recently added a twelfth grade when I arrived in 1966, and it would be two more decades before they added public kindergartens. Sheriffs, jails, prisons, and judges to enforce the law. Those were the major functions of state and local government in the first half of the twentieth century, and it didn't take too burdensome a property tax rate to pay for them.

## **The system starts to show some strains**

The first strain on the property tax system came in the great depression, when farmers faced falling crop prices and drought in the heartland and couldn't pay taxes. States abandoned the tax wholesale to the local government, adopting income and sales taxes. But states didn't abandon supervising the property tax, so we saw the emergence of a dangerous hybrid, a local tax that was significantly controlled by states in many cases. Certainly in South Carolina.

The next two twentieth century developments that had a delayed but important influence on the property tax were a huge increase in both urbanization and home ownership. We rapidly became a society of city dwellers, divorced from the land. No more mules or horses on the tax rolls. Cars replaced the mules and horses in states like South Carolina that apply the property tax to cars. Industrial property joined commercial property as a major part of the tax base, and the role of agricultural property and assets in the tax base continued to shrink dramatically. At the same time, city and suburban folks took advantage of the new pay-as-you-go financing system to buy their own houses. Owning a house meant paying your own property taxes instead of having them fall on the landlord, who would sneak them into the rent when you weren't looking.

As a result of these developments, property tax assessors saw two important changes in their tax base. First, it was much more diverse, so equity wasn't nearly as clear as when an acre was an acre and a mule was a mule, and assessment became a lot more difficult. It wasn't just apples and oranges, it was apples and screwdrivers and chocolates that you were being asked to price and add up. That problem of equity in assessment and in tax burdens was a political problem waiting to emerge from its cocoon. Second, there was a lot more taxable property that wasn't generating a cash income out of which to pay the taxes, owner-occupied houses and cars. That cash flow problem was also a sleeper, waiting for a kiss from Howard Jarvis in 1978 to wake it up.

### **Recent trends and changes**

The last changes are those of the last three decades. One of those important changes is in our attitude toward government. The War in Vietnam has created a lasting distrust that wasn't helped by Watergate, or by the Reagan debt buildup, or Iran-contra, or Bill Clinton's sexual shenanigans. There's plenty of blame for both parties, but it really goes back to Vietnam, the feeling that our government lied to us, that they couldn't be trusted, that they led us in to a disastrous war that we didn't think we should be fighting. A whole generation grew up on mistrusting government at all levels, and we are paying a heavy price in terms of our ability to do anything constructive through government. That's part of the systemic context in which the property tax plays out its role.

The rest of the changes all go together, and they are so commonplace that they have almost lost their meaning. We have become a mobile society. We have become an information society. And we have become a post-industrial society, a service economy. All these changes in the system, in the context in which the property tax operates, affect all state and local revenue sources deeply, and none more so than the property tax. In a mobile society, people will choose and change their location in response to changes in the property tax, which has been a major factor in competitive industrial location incentives and various kinds of property tax relief for households.

Living in an information society impacts the property tax two ways. First of all, information is widely available and fast moving. People know where the best tax deals are; they know what the bargaining position of the government is. They know what their neighbor's house was assessed at, and if their neighbor won't tell them, they know how to find out quickly. So it's harder for assessors to bury their mistakes in an information society, and since it's hard for assessors to be perfect, their small miscalculations get blown out of proportion. The other impact is that information, knowledge, ideas are now an important part of our stock of capital, but unlike land and buildings and equipment, these assets are not part of the tax base. They would be pretty hard to tax in any case.

Then we are post-industrial. I say that in a state that is still one of the most industrial in the nation. Even we are moving toward a service economy. Service economies just don't require the kind of physical capital that industry does. Not so much equipment, for one thing. Less complicated, less expensive facilities in a lot of cases. It's good, from an economic perspective, that we are able to produce a lot more GDP with a relatively modest increase in the investment of physical resources, but what's good news for GDP isn't always good news for the property tax base. In our

counties, and in our school districts, the backbone, the workhorse of the property tax in South Carolina is industry. Utilities. Manufacturing. Big buildings, lots of equipment, lots of taxable assets. As that changes, we have to rethink how we do property taxes in this state, and in others.

Then there are the demographics. We have an aging population. Lots of retirees, and that twenty year bulge of baby-boomers now in their 40s and 50s, their kids mostly grown, thinking about their own financial future, uncertain about Social Security. They are looking after their own interests, and those interests are increasingly not focused on the quality of the local schools but rather the quality of the local nursing home—at least right now for their parents. We have following them the tough-luck Generation X which has always had a hard time scraping together the money to buy a house and sees the property tax as the last straw in a burden of monthly payments. We have an increasing number of low-wage immigrants who live in cheap housing that doesn't generate much property tax but generates a lot of school pupils. The demographics are a perfect setup for class warfare of all kinds, and one of the battlefields on which that class warfare gets played is in the property tax and the way we pay for educating the children of immigrants when the Baby Boomers kids are safely enrolled in college.

Finally, there has been a development in the area of school equalization that is also a part of the context in which the property tax operates. In state after state, court challenges have forced the state government to assume a larger share of school funding in order to provide greater equalization of school resources. Remember the famous language of *Serrano v. Priest* in California—“the quality of a child's education should not depend on the property tax wealth of the district in which the child resides?” At first glance, it seems like shifting funding to the state's income and sales taxes would take pressure off the property tax. But remember, the quality of schools is translated into the value of housing. People ask about the schools before they ask about the property tax. If higher taxes won't get them better schools than the district next door, why bother? Researchers in California found a close relationship between school funding equalization and declining support for the property tax. Especially in states like Vermont, where towns that want to raise taxes to provide better schools find that they have to share the extra revenue they raise with poorer districts.

So that's the system in which the property tax is embedded. A state and local revenue system in which the property tax is a much needed partner, but a partner under attack, much more so than the sales and income taxes. An economic system that is post-industrial, information based, and highly mobile, challenging the base of the property tax and making local government more sensitive to competition. A nation of homeowners who are suspicious of government and resentful of the property tax. A nation of retirees and baby boomers squaring off with immigrants, yes even in South Carolina, over who pays for local public services. And a loosening of the clear connection between property taxes and schools that further erodes support for the property tax.

## **Repeal, relief, reform, restraint**

I spoke to you last year about my mantra of the four R's: repeal, relief, reform, and restraint. John Zimpel tells me that they keep bringing up repeal in Arkansas, but for the most part I think there has been a reality check, especially as the rosy revenue days seem to have disappeared in most states and they realize that they can't get along without the property tax. Restraint has also had its day, as a lot of those restraints have been modified or people have found ways around them and few new ones have been approved. The action in the last decade has centered on a blend of the two Rs in the middle, relief and reform, most often relief disguised as reform. It's hard to find a state that hasn't taken or at least proposed some action combining school funding equalization and property tax relief in the last ten years. Heck, even New Hampshire is finally wrestling with how to fund its schools, even possibly with a state income tax.

The danger of piecemeal relief, of throwing a bone to senior citizens, or homeowners, or industry, or a court that demands more equity in school funding, is that it starts a process of erosion that can pick up speed pretty rapidly. Once people realize that the game of targeted relief is being played, they get in line, they learn the ropes. Because if they don't, their property is going to pick up a larger share of the burden. Nowhere is that more likely to happen than in a classified system such as ours in South Carolina. So let me move on to that story and see what lessons we can learn from our experience of the last 10 or 15 years.

### **The unraveling of Act 208**

I expect most of you know as much as or more than I do about classified systems. Some seventeen states have a system in which the effective property tax rate is different for different kinds of taxable property, with classes ranging from two upwards. South Carolina has officially seven, but for our purposes, there are three that are in play—4%, 6%, and 10.5%.

A classified system can be formal or informal, statutory or constitutional. It can be embodied in different assessment rates and a uniform mill rate or uniform assessment rates and different mill rates. I'd like to think that states that have classified systems engaged in long and thoughtful debate, hired experts, went on retreats, and addressed such philosophical issues as horizontal and vertical equity and ability to pay and the benefit principle. But I know better, and so do you. I have a gut feeling that the story of how South Carolina got its classified system is probably fairly typical. And its unraveling, now deeply in process, may be fairly typical too.

Most property in South Carolina is assessed at one of three rates: 4%, 6%, or 10.5% of market value. The 4% assessment applies to owner-occupied housing, agricultural property, and undeveloped land. The 6% rate applies to commercial and rental property, and 10.5% is the rate for industrial and utility property and for personal property—cars, trucks, motorcycles, business equipment, airplanes, stuff like that. Undeveloped land is assessed at use value rather than market value, with provision for collecting taxes at the market value for the previous five years when it is developed. All this good stuff was embedded in one of our innumerable amendments to the constitution in the 1970s in an act that is referred to by those in the know simply as Act 208.

Act 208 was an emergency response to a court decision. Prior to the 1970s, the property tax system had operated informally, or one might say illegally, as a classified system, with the highest assessments imposed on industry, the lightest ones on homeowners and landowners and farmers. This pattern is a common one, but it is particularly deeply embedded in the history of South Carolina. Unlike Georgia, we weren't settled by convicts. Unlike Pennsylvania and Massachusetts and Rhode Island, we weren't settled by people seeking religious freedom. We were settled by the Lords Proprietor under a grant from the king for whom we are named, Charles I. From the beginning, South Carolina was a landed aristocracy, and so it remained until after the Civil War, or the War Between the States, depending on your view of the late unpleasantness. I'm a native of New England myself, but you can get the other view of the war from any tour guide in downtown Charleston. After the war and reconstruction, land was the primary remaining asset, because the Yankees and carpetbaggers couldn't dig it up and take it home with them. If you have any doubt about how Southerners, mainly white Southerners, felt about the home place and the ancestral land when our property taxes were being formed, then it's time to rent *Gone with the Wind* and refresh yourself about Tara.

So, back to the court decision. Manufacturers sued tax assessors, and the state Supreme Court decided in their favor. Legislators had to act hastily, or there would be a major redistribution of tax burdens that would leave everyone up in arms. So they codified what was already being practiced in the structure of assessment rates, and they put it into the constitution, referendum and all, to keep people from tinkering with it.

Act 208 happened during some fairly heady times. Two other important changes took place during the same period that were also important for the property tax. One was the establishment of county governments. The other was the state assuming more responsibility for education funding.

Now, I know that those of you, who are from other parts of the country, if you are still with me, are saying to yourselves, what the heck was South Carolina doing establishing county government in the 1970s? What did they have before that? Well, we did have counties, but they were not self-governing. Back in 1895, with Reconstruction fresh in people's minds, the constitution was written to ensure that counties would be governed out of Columbia, not the county seat. So each county was run by its legislative delegation, the senator from that county, who was pretty close to a dictator in a one-party system, and the representatives, from one to ten or so depending on the county's population. The delegation made appointments. The county budget was passed as the "supply bill" for each of the 46 counties by the General Assembly. An appointed county supervisor took care of mundane matters like roads and overseeing the few county employees. Counties got a good share of their revenue from the state and had very low property taxes, so the property tax was mainly to support the schools. The states 271 municipalities were free to charge property taxes, but people were free to avoid those taxes by living out in the county, hauling their trash to the landfill in the pickup truck, and relying on the volunteer fire department, the county sheriff, wells and septic

tanks for their basic services. Cities kept taxes low because they had limited power to annex and didn't want to discourage potential residents from coming on in. This was a system designed not just to serve a rural state but to keep it that way.

But in the U.S. Supreme Court, in *Baker v. Carr* and other decisions, the principle of one person, one vote was being established, and by the early 1970s it had percolated down to South Carolina. The state senate and house both had to be apportioned on population. Senators and representatives would have districts that crossed county lines, and some counties would have no resident senator. So in 1975, the General Assembly surrendered to progress and created independent county governments. And county property taxes began to rise as population increased and people started expecting urban kinds of services from their county governments.

In 1977 the state clarified and expanded its role in education funding with the Education Finance Act, which provides funds to schools on a per pupil basis with the usual convoluted formula that is supposed to equalize. It does equalize the state's share, but that share was never too generous, and it hasn't kept pace with inflation. The federal government started backing away from education funding during the last two decades, too. Right now about 44% of education funding comes from the state, 7% from Washington, and a big 49% from the local property tax. That's a big change since the early 1980s when the local share was more like 28%. While other states have been moving toward a larger share of state funding for education, South Carolina has been sliding in the other direction.

The combination of Act 208, county government, and the Education Finance Act was supposed to set up a lasting system of local government finance. Oh, the General Assembly commissioned a bunch of us economists to explore alternative local revenue sources, and we made recommendations, some of which were actually enacted, but after all the smoke died down, cities, counties and schools still relied pretty heavily on the property tax. We finally got local sales taxes for cities and counties in 1990, in 27 counties, most of the revenue going to reduce property taxes. But the schools are still heavily dependent on property taxes. Even today, about 60 cents out of every local property tax dollar goes for schools.

Act 208 held together pretty well for about 10 or 12 years. It had its drawbacks. The high assessment rate on industry meant that the state Chamber of Commerce, which represents mainly big business, kept a close eye on the property tax to protect its members' interests, and became a hotbed of agitation for relief, restraint, repeal, and reform. A major problem was the disincentive for industry to locate in some of the state's poorer counties in the low country, counties like Marion and Williamsburg and Jasper and Hampton, where they would be the major support of the schools. How much easier to locate in Charleston, or upstate along I-85 where it's door to door multinational firms to share the cost of supporting the schools! The use value system for undeveloped land was widely abused by people who were either hobby farmers or industrialists with a taste for trees or developers who knew how to play the system, costing a lot of property tax revenue.

The first crack in the dike was probably the elimination of the merchants' inventory tax in 1987. It wasn't a major source of revenue, but it was a nuisance for both merchants and tax collectors. The state agreed to reimburse cities, counties, and school districts for the lost revenue—but at the level of 1987 inventories, so the reimbursement has become a fairly minor revenue item.

Somewhere in the same period, as we were trying to emulate Florida as a retirement destination, we instated a \$20,000 homeowners' exemption for local property taxes for those 65 and older. Again, the state reimbursed, and this reimbursement rose steadily each year as local mill rates and the elderly population both grew. This year, it was raised to \$50,000. Holes were starting to appear in the dike. South Carolina has an interesting elderly population. The immigrants over 65 tend to be fairly prosperous, and the exemption is probably not a significant attracting factor—not nearly as much as the coast, the mountains, the lakes, the climates, and the military facilities for retired military people. The homegrown elderly tend to be poor and probably benefit a lot from the exemption. So some of this exemption is justified on equity grounds, some of it may attract retirees, and probably a lot of it is just a windfall to people like my husband who is 68 and gets his homestead exemption and just scratches his head and wonders why.

The holes in the dike of Act 208 really started to emerge and grow in the 1990s. This was a peak period of competition for industrial location. South Carolina won one of the prize fishes in BMW. It took a lot of negotiations and a lot of incentives. There was grumbling about giving away local taxes, and there was a need to protect the schools. So after considerable discussion, the power to negotiate a fee in lieu agreement was given to county councils. They can negotiate a fee agreement at the equivalent of an assessment ratio of 6%—or for large investors, even 4%. The schools are protected, although there are some loopholes that still need to be closed, but increasingly, most new industries are not being assessed at 10.5%. Old ones still are, but depreciation is taking care of aging assets, while expansions can be covered by fee agreements at 4% or 6%. That was a pretty big leak in the Act 208 dike. For this one, there is no state reimbursement, because there isn't a loss of actual revenue. If you subscribe to the theory that the firm wouldn't come without the tax break, then even the revenue at 4% or 6% is better than nothing, especially since industry tends not to have big service demands. No school children on the plant site, for one thing.

During this same time period, the California craze for relief for homeowners finally made it to South Carolina, less than 20 years later. We're slow to pick up fads from California. But in 1994, after 18 months of debate, the General Assembly found a way of providing relief to homeowners and only homeowners for school property taxes and only school property taxes that left Act 208 gutted but still technically in effect. They agreed to reimburse homeowners through their local tax collectors for local school taxes on the first \$100,000 market value of property. Now a thoughtful outside observer would see an opportunity here to raise the school mill rate and raid the state treasury. Homeowners wouldn't care, because it wouldn't affect them. Unfortunately, the post of thoughtful outside observer is not part of our legislative staff. The General Assembly came back fixed that problem the next year by freezing the millage. But the reimbursement for this tax break is still one

of the fastest growing items in the state budget.

With new and expanding industry and homeowners taken care of, doubtless the General Assembly thought that its work was done. But every act of relief invites another aggrieved party to stake a claim. Next in line were owners of cars, assessed at 10.5%. For many householders, the tax on their two or three cars was as much as the newly reduced tax on their house! And car prices are rising rapidly, so there's some sticker shock involved.

So the General Assembly in its infinite wisdom and because it was in the constitution asked the people of South Carolina last November, would you like your car taxes reduced? The proposal was to reduce the assessment rate over a five year period from 10.5% to 6%, a 43% reduction. Not surprisingly, 80% of us said yes, because the General Assembly was not pushing a couple of important facts:

1. they weren't going to reimburse this one; it would fall on local governments
2. cars are about 20% of the property tax base, more in some rural counties and school districts
3. cars are a major source of growth in property tax base in some of our rural counties and school districts, sometimes the only source of growth

Is it over? Probably not. We haven't heard from the owners of commercial and rental property yet. And then we can start the cycle over again.

### **Where next? Some radical ideas**

In 1999, a group of officials from both the General Assembly and the Executive Branch decided to reopen some of these questions and see where our local funding system, which mostly means the property tax, was going and maybe should go. I had the privilege of doing a good bit of work on this project, which developed about 30 recommendations ranging from the broad and philosophical to the specific and practical, such as enforcing registration of motor vehicles so we can collect the property tax. What I want to share with you is a couple of reflections about issues in property tax assessment that came out of that study.

The first issue is whether we need as complex a system of assessment rates as we have in Act 208. In the technical working group we observed that the combined effect of the fee agreements and the auto tax referendum was to push us far in the direction of a system with just two assessment rates, 4% and 6%. 4% for homeowners, farmers and undeveloped land, and really big new industry that we are lusting after. 6% for everybody else. What if we went ahead and simplified the system to just two rates? We asked the question of how that system would redistribute the property tax burden, and the answer that came back from the number crunchers was politically unacceptable. There is still too much 10.5% property to switch without putting a much heavier burden on residential and commercial property. But down the road, as that property depreciates and new property comes on at lower rates with fee agreements, that may be where we wind up.

Second, we challenged the market value-use value distinction as something open to abuse and suggested tighter eligibility requirements. Again, good economics, good equity, good revenue potential, but not good politics at the moment.

Finally, we agreed to float my pet radical proposal, which got some surprisingly positive response, although again the political hurdles are pretty high. I proposed that the property tax for school purposes on state-assessed property—industrial, utilities, railroads and common carriers—should be levied by the state at a single uniform rate and distributed to schools on a per pupil basis. Other kinds of property would continue to pay local school taxes at different rates, and all property would be subject to normal county and city taxes. But the amount of equalization that could be achieved by that change would be enormous. It is, after all, industry that has a big investment in quality schools. That's where their workers and customers come from, and workers are mobile, so for Fuji or BMW their hiring network is at least statewide. Good schools let these firms attract and retain good workers now while preparing better workers for the future. The proposal makes a lot of sense. However, the screams from the industry-rich districts, Charleston, Greenville and Spartanburg would be heard all the way to California.

All of these ideas would be great if we were designing the system from scratch, but we're not. We are tinkering with an established property tax system with a history, with people who have made decisions about where to live and work and what property to own based on what the rules were and are. So we can't change those rules rapidly, or frequently, or without good reason. But I think all three of these changes represent evolutionary responses to an evolving economy and society. I think they represent the kind of creative thinking about the property tax for the next century that all of us need to be doing. We can't make people love the property tax, but we can change their perceptions that it is unfair and burdensome by gradually and thoughtfully changing the reality of how it works and how the burden is distributed. I hope your state is doing the same.