



# 2017 | SESSION REVIEW



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**Dear HBA of SC Members,**

*The 2017 legislative session (the first year of a two year session) has concluded and we are pleased to report that your advocacy team were able to continue to protect the housing industry from unnecessary regulations and set a foundation for future prosperity. Last fall our leadership charted an ambitious legislative agenda to safeguard our industry, protect affordable housing and promote a skilled workforce. Major initiatives like these requires all of the elements of modern advocacy. The HBA employed lobbyists and strong electronic issues advocacy tools to address more than 125 bills that could affect our industry. These tools were paired with technical research on our key issues, expert testimony from our membership, grassroots engagement at key moments in the session, and the annual gathering at the Bird Supper. All of these elements work together to raise awareness and to inspire legislators to act. With a half-dozen major proposals working their way through the process, it took dedicated housing champions to manage these bills and all of our efforts must continue through next year.*

*The mission of the HBASC is advocacy of our industry. Our association has been, and will continue to be, a major contributor toward our state's growth in the decades to come. Your involvement in the HBA secures your voice in the future of your livelihood. Our Association must continue to protect the future of homeownership through affordable housing; develop and maintain a skilled workforce and promote a foundation for further economic development. We need the Home Builders Association to persevere in both legislative and regulatory affairs in the years to come.*

*Thank you for your support of the HBA!*

## HBASC 2017 LEGISLATIVE SUCCESS

HBASC began the 2017 legislative session by establishing four strategic objectives to guide our activities and to create a means to measure results.

1

### ELEVATE

HBASC and the Housing Industry

2

### COLLABORATE

with Like-Minded Groups

3

### DEFEND

the Industry Against Harmful Legislation

4

### ADVANCE

Housing Affordability Legislation

**WE SUCCESSFULLY ACHIEVED ALL FOUR OBJECTIVES**

# HBASC INITIATIVES



**PASSED**  
House LCI Comm.

Unfortunately, H.3650 was recalled to LCI from the House floor.

## I. H.3650 - Business License Reform

Sponsor: Representative Bill Sandifer (R-Oconee)

Co-Sponsors: Reps. Anderson, Atwater, Bedingfield, Erickson, Forrester, Hamilton, Jordan, McEachern, Ryhal, Simrill, Tallon, Taylor and White.

The HBASC and our trade association partners have worked for years to improve the business license environment in South Carolina. Our members have expressed significant concerns with the current system, and have approved this issue as the HBASC's number one priority this session. Chairman Bill Sandifer of the House Labor, Commerce and Industry Committee introduced H.3650 that includes many changes to the current business license tax system that provides more than \$300 million annually to county and local municipalities. Our bill would help provide responsible administration to a fee that continues to grow an average of almost 5% yearly and silently cost every S.C household more than \$500 a year.

The HBASC is appreciative of the Chairman's efforts to reform, update, and standardize the current business license tax system. We will continue working with him and the members of the LCI Committee to bring this bill to the House floor for consideration in 2018.

### The Bill Provides:

- The business license tax will be computed based on adjusted gross income;
- Directs the Secretary of State to operate an on-line portal and will be in charge of standardizing business license tax forms;
- Ensures certificate of occupancies cannot be withheld because a subcontractor has not paid a business license tax;
- Removes the "stacking of fees" on all trades on a house;
- The Secretary of State determines the new Business License Class Schedule; and
- Counties and municipalities can adopt a sub-classification but must provide advance notice of 7 days before holding a public meeting regarding a new subclass.



Chairman Bill Sandifer (R-Oconee)



HBASC Sponsored Study- Reforming South Carolina's System of Business Licensing  
Full study can be found on HBASC website or click link.



# HBASC INITIATIVES



**PASSED  
HOUSE FLOOR**

H.3886 language was amended by the Senate. The bill has been contested on Senate Floor for third and final reading.

## II. H.3886 - Home Owners Association Reform

**Sponsor:** Representative Heather Ammons Crawford (R-Horry) **Co-Sponsors:** Reps. Ryhal, Hamilton, Sandifer, Fry, Putnam, Clemmons, Yow, Anderson, Johnson, Hardee, Huggins, Hewitt, Duckworth, Bowers, Sottile, Crosby, Felder, Bennett, Thigpen, Whipper, Brown, Hixon, Taylor, King, Daning, Spires, Henderson, Pitts, Kirby, White, McCravy, Hill, Gagnon, West, Wheeler, Davis, Murphy, Hayes, Ott, V.S. Moss, Lowe, Jordan and McKnight.

Consistency and transparency are the keys for Home Owners Associations (HOA) to provide good governance to help ensure their rules, regulations and policies are clearly defined and communicated to members. There have been several bills filed that would require developers to turnover control of the HOA prior to reaching 100% build-out, and mandate HOA Board members to attain training, continuing education and licensing. Other provisions would require an HOA to meet additional regulatory requirements, which would impose additional costs directly to homeowners and adversely affecting builders/developers. The HBASC supports H.3886 with changes to the bill that was amended by Senator Rankin. The HBASC would like to thank **Sen. Hembree** and **Rep. Atwater** for their leadership and work over the last few years on HOA reform. We also wish to thank Jud Smith, Harry Dill, Dick Unger and Ryan McCabe for their continued efforts toward HOA reform.

### The Bill Provides:

- Disclosure of governing documents to prospective buyers;
- Voluntary education for homeowners and board members;
- Prohibiting fees to access the governing documents online;
- Providing magistrate courts jurisdiction to handle disputes; and
- An HOA Ombudsman with the Department of Consumer Affairs.



Representative Heather Ammons Crawford (R-Horry)

The HBASC supports and will continue to work toward a bill that will protect private property and homeowners' rights, and provide a clear and defined set of rules and a consistent process that HOAs must follow for the benefit of the community and the homeowners.

### Suggested Changes to H.3886 as amended by Senate:

- The term "Declarant" is already a commonly defined term in most declarations. The new definition, as written, is wide-reaching and could be interpreted to include builders, real estate agents and other promoters of a community. Needlessly, placing liability on many parties.
- Specifically defining governing documents as: "Governing documents means any instrument: (a) establishing a homeowners association and governing its management or operation; and (b) including, but not limited to, the master deed or master lease, covenants, conditions, and restrictions, declarations, bylaws, and any amendments thereto."
- Maintain disclosure but remove some of the added burdens to a voluntary board by including language that would allow a percentage increase cap of at least 10% to the annual budget, before triggering the requirement that notice to HOA members of a meeting to increase the annual budget be provided (i.e. increase in utility costs). These meetings will normally occur in November, which is shortly before the frequently used December 1 invoice date for the Annual Assessment, so advance notice of the decision would have little or no impact.



# HBASC INITIATIVES



**Preparing for Full Committee Hearing**

POSITIONED TO ADVANCE IN 2018

## III. S.579 - S.C. Building Codes Reform

**Sponsor: Senator Thomas Alexander (R-Oconee/Pickens)**  
**Co-Sponsors: Senators Corbin, Gambrell, Climer, Campbell, Cromer, Hembree and Timmons.**

The HBASC has worked with a number of groups to create the South Carolina Building Codes bill. This state-specific code would allow for a more efficient and effective code adoption process. The new code would be tailored to the safety and affordability of homeowners in South Carolina. A S.C. Building Codes would save homeowners thousands of dollars from unnecessary and frequent changes and allow for improved efficiency for builders, tradesmen, code officials and inspectors.

The S.C. Building Codes bill would allow S.C. to join a national movement to a six year flex code adoption cycle from the current three year cycle.

### The Bill Provides:

- A S.C. Building Code for all construction that will be based on the geographic and weather conditions of our state;
- Promote a single code to allow for better enforcement and quality of construction for the citizens of S.C. The 2015 S.C. Building Codes Manual in use today that is published by the ICC will be the base code;
- The bill would modify the way codes are adopted. Instead of only a 17 member council with little to no experience in construction process/standards it will instead use “Technical Review Committees” for both commercial and residential construction. These committees will be made up of experienced professionals from construction, safety and code enforcement fields who have had experience in their field for at least 10 years;
- Allows S.C. to match a 6 year residential code cycle that many states have already turned to instead of the current 3 year cycle for residential, but maintain a 3 year code cycle for commercial;
- Greater flexibility to update those codes within the cycle. Any modification, after promulgation, would then reflect the year it was adopted (i.e. Modifications in 2019 would then represent the 2019 S.C. Building Codes, which would keep SC ahead of every state in the adoption process);
- Allows for flexibility for research concerning strength of materials, safe design and other factors that our public and private colleges/universities can and will provide (i.e. the wind and seismic maps produced by Clemson University and the Citadel) and;
- The S.C. Building Code would require that any modification to the building code also include a preliminary fiscal impact statement reflecting estimates of costs to be incurred by the public and state agencies in complying with the proposed modifications.



S.C. House Chamber



Senator Thomas Alexander (R-Oconee/Pickens)



## IV. South Carolina Infrastructure Funding

PASSED HOUSE  
AND SENATE

GOES INTO EFFECT  
AFTER  
JULY 1, 2017

The HBA of SC supported a user fee (gas tax) that will only be used to support road and infrastructure repair and improvements.

### ● When will Gas Tax Increase?

An initial 2-cent per gallon increase in the state's gas tax would take effect July 1. The gas tax would then increase another 2 cents per gallon each year through 2022.



### ● What other Fees are Affected?

- \$16 fee every two years to register a vehicle
- \$60 in fees every two years if they own a hybrid vehicle
- \$120 in fees every two years if they own an electric vehicle
- Up to \$200 in added sales taxes if they buy a used car that costs between \$6,000 and \$10,000. Buyers who purchase vehicles that cost more than \$10,000 also would pay an added \$200. That tax hike is the result of increasing the cap on the sales tax on vehicle sales to \$500 from \$300.
- A one-time fee of up to \$250 if they buy a vehicle out of state and register it in South Carolina.

### ● What Offsets to the Tax are Included in the Bill?

The bill includes an income tax credit for South Carolina residents that is meant to offset the increased gas tax. The bill also would increase the state's college tuition tax credit, as well as increasing the tax credit for dual-income households that file joint returns. Besides creating a low-income tax credit for working families, the legislation calls for lowering the property tax burden on the state's manufacturing sector over the next six years.

### ● Will there be DOT Reform?

Yes. The Governor will gain more control over the DOT board. The DOT board will now have nine members, up from the current eight, with two at-large members appointed by the governor and seven others -- one from each congressional district -- also appointed by the governor.



Rep. Gary Simrill (R -York) speaks during a April 18 press conference



Senator Hugh Leatherman, Sr. (R-Florence/Darlington) and Senator Harvey Peeler, Jr. (R-Cherokee/York/Spartanburg/Union)

## HBASC INITIATIVES

### V. BE PRO BE PROUD S.C. WORKFORCE INITIATIVE

The Be Pro Be Proud S.C. initiative will be leading the movement to bring a new generation of PRIDE, PROGRESS & PROFESSIONALS to South Carolina's skilled workforce through a unique private/public partnership.

Currently, tens of thousands of workers are needed in the skilled trades and supply chain-related industries in South Carolina, but the state lacks a collaborative initiative targeting this workforce. S.C. citizens, young and old, who are "at-risk" and/or not college-bound can be encouraged to find a path to rewarding, prideful professional careers. Parents, as well as adults seeking better work opportunities, need to be convinced there is a relatively quick, low-cost path to good jobs and rewarding careers.



**NOT SUPPORTED  
BY HOUSE  
CONFEREES**

GOVERNOR McMASTER HAS MADE  
THIS A PRIORITY ISSUE FOR HIS  
ADMINISTRATION

**The HBASC and its workforce allies are sorely disappointed by the House's unwillingness to support the BPBP Skilled Trades Workforce Promotion Initiative. The budget provision was nixed by the Budget Conference Committee during negotiations last week.**

**House conferees, Representatives Brian White (Chairman -R-Anderson); Mike Pitts (R-Greenwood); and Leon Stavrinakis (D-Charleston) refused to support the initiative.**

**All three Senate conferees, Senators Hugh Leatherman (R-Florence) Nikki Setzler (D-Lexington) and Sean Bennett (R-Dorchester) supported this effort throughout the process.**

**The following group of organizations worked together under the auspices of the Associated Industries of S.C. Foundation to support the initiative.**

- Homebuilders Association of SC
- SC Trucking Association
- Carolina's Associated General Contractors
- Forestry Association of SC
- SC Chamber of Commerce
- SC Farm Bureau
- SC Petroleum Marketers Association
- SC Timber Producers Association
- Palmetto Agribusiness Council
- SC Motor Coach Association
- Carolina's Ready-Mix Concrete Association
- SC Propane Gas Association
- SC Beverage Association
- SC Asphalt Pavement Association
- SC Retail Association
- SC Beer Wholesalers Association

**Our 16-member coalition (The Associated Industries of South Carolina Foundation) will pursue every avenue going forward to find money to implement this program. We will search state agencies' budgets, state, and federal grants, etc.**

**We are meeting with Governor McMaster, who championed this for us, and will find a means of moving this initiative forward!**

# HBASC INITIATIVES

## VI. ADDITIONAL PENDING LEGISLATION

### HOUSING POSITIVE BILL

#### S.281 / H.3786 - Roll Back Taxes

Sponsors: Senator Shane Massey and Representatives Long, Bales, Martin, Burns, Chumley, Daning, Magnuson, Loftis, G.R. Smith, Simrill, B. Newton, Fry, Jordan, Elliott, Pope, Atkinson, Yow, Anthony, Williams, Bannister, Bedingfield, Forrester, Henderson, Herbkersman, Hill, Hixon, Lowe, V.S. Moss, Putnam, Sandifer, Toole and Tallon.

Currently land classified for agriculture use receives special tax breaks but when this land is converted to residential or commercial usage the new owner is forced to pay roll-back taxes. The newly acquired or reclassified property is then taxed based upon the full value previously determined by the county, and five years of “roll-back” taxes are due. Rep. Steven Long (R-Spartanburg) and Senator Shane Massey (R-Aiken, Edgefield, Lexington, Saluda and McCormick) have introduced legislation that would limit the roll-back tax penalty to one year instead of the last five years when converting agriculture property to residential or commercial use.

**Status:** This bill is currently being held up as we wait for the court’s decision in a pending case dealing with this issue.



S.C. Senate Chamber

### HOUSING NEGATIVE BILL

#### S.346 / H.4162- S.C. Inclusionary Zoning Act

Sponsor: Senator Marlon Kimpson and Representatives Mack, Whipper, Gilliard and Brown.

The legislation would provide authority for counties and municipalities to use inclusionary zoning strategies to increase the development of affordable housing for low and moderate income families and/or charge a fee to the builder/developer in lieu of the zoning.

Meeting the demand for affordable housing has long been a hot button topic for homebuilders, public officials and of course, those looking to stake their claims as homeowners. After all, home ownership remains an almost sure-fire way for low- and moderate-income families to build equity and better their financial futures.

Inclusionary zoning occurs when local governments attempt to promote affordable home ownership through zoning that mandates homebuilders construct a certain number of affordable homes in a new development. For example, a developer building a subdivision of more than 50 single-family homes would have to set aside 15 percent of the total for “moderately-priced” (less than 80% of median market value) dwellings.

By mandating the construction of these units, counties would be directly impacting the value of land and restricting the rights of landowners to get the greatest return possible on their property. Another dilemma for property owners and builders is extra time and fees associated with the zoning. Are builders expected to pass the extra financial burden along to homebuyers? Does a higher-priced home not defeat the purpose of the regulations? Will prices then also be higher for the majority of homeowners to help offset the additional costs of these undervalued homes?

A published Reason Institute policy study, “Housing Supply and Affordability: Do Affordable Housing Mandates Work,” found that after passing an inclusionary ordinance the average city produced less than 15 affordable units per year. The study of 45 cities also found that new construction decreased by 31 percent following the adoption of inclusionary zoning and the price of new homes in the median city increased by \$22,000 to \$44,000.

**Status:** S. 346 was carried over (being held in place) in the Senate Judiciary Committee and H.4162 has not had a hearing.

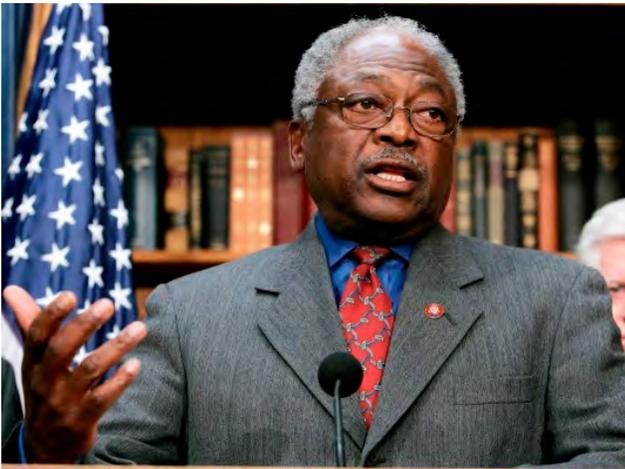
# HBASC CHAMPIONS

## VII. HAMMER AND TROWEL AWARD WINNERS

### 2017 Hammer and Trowel Recipient Congressman James E. Clyburn

In recognition of his outstanding service as the Sixth District Congressman for South Carolina and for his unwavering support of the South Carolina home building industry.

Congressman Clyburn has been closely allied to the residential construction industry since 1993 and has been instrumental in supporting legislation that promotes the residential building industry, and more importantly, home ownership for the citizens of South Carolina. He has been a staunch supporter of the home builder agenda and has been a leader on every affordable housing issue for more than two decades. Congressman Clyburn has always been a strong supporter and a friend to the Home Builders Association and to our industry.



Congressman James E. Clyburn



HBASC President, Jim Garman, and Build PAC Chairperson, Dottie Lafitte, present the Hammer and Trowel plaque to Con. Clyburn's aide, Lin Whitehouse. Con. Clyburn was unable to accept the award in person due to the tragic event in Alexandria, VA that morning.

### Previous winners of the Hammer and Trowel Award

- 1983 State Treasurer Grady L. Patterson, Jr.
- 1984 Former State Representative T. Moffatt Burriss
- 1985 State Senator Hugh K. Leatherman, Sr.
- 1986 Former State Representative E. Crosby Lewis
- 1987 Former Governor Carroll A. Campbell, Jr.
- 1988 State Senator Glenn F. McConnell
- 1989 S.H. "Chip" Kirby
- 1990 John T. Watkins
- 1991 State Representative George H. Bailey
- 1992 Former Lt. Governor Nick A. Theodore
- 1993 No award given
- 1994 State Senator Thomas C. Alexander
- 1995 Congressman A.G. "Joe" Wilson
- 1996 Former Governor David M. Beasley
- 1997 U.S. Senator Lindsey Graham
- 1998 State Representative William E. Sandifer III
- 1999 State Representative James H. Harrison
- 2000 House Speaker David H. Wilkins
- 2001 State Representative Bob Walker
- 2002 State Senator Verne Smith and U.S. Senator Strom Thurmond
- 2003 State Senator Hugh K. Leatherman, Sr.
- 2004 State Senator Vincent Sheheen
- 2005 State Representative Tracy Edge
- 2006 State Senator Greg Gregory
- 2007 State Senator Jim Ritchie
- 2008 State Senator Larry A Martin and State Representative Dwight A. Loftis
- 2009 State Representative Harold Mitchell
- 2010 Speaker of the House Robert "Bobby" Harrell
- 2011 State Senator Billy O'Dell
- 2012 State Representative Chip Huggins
- 2013 Not Awarded (Recognized those who served in Military)
- 2014 State Senator Nikki Setzler
- 2015 State Senator Harvey Peeler
- 2016 Governor Nikki Haley