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TOPIC: CRACKDOWN ON FRAUDULENT PRIMARY RESIDENCE EXEMPTIONS

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As in most places, Horry County residents enjoy a reduced property tax on their primary residence. That's as it should be. What's not as it should be is the fraudulent claim of primary residence in order to pay less taxes than the law requires. Specifically, Horry County authorities have caught on to the fact that some people who are not county residents nevertheless claim primary residence here. Those claims are, of course, fraudulent from the start. In other situations, one-time county residents depart the county, but fail to notify the treasurer they are no longer county residents. Until now, the county has not had mechanisms in place to address this and, as a consequence, a great deal of property tax income has been lost through non-enforcement. That has just changed.

Horry County has energetically begun a enforcement sweep to discover and penalize those who pay the primary residence tax rate, but live elsewhere. As of this writing, 400 taxpayers have been investigated and, of those, almost 100 have turned out to be fraudulent. This is only the beginning. The county states it will investigate each and every claim of primary residence exemption. Those of us who do live here can surely be gratified in knowing the resulting revenue goes directly to our schools.

The penalty for those found to have falsely claimed residency falls into two groups. For those who are found to have claimed the residency exemption fraudulently, the property taxes they have paid are viewed as a pure penalty. The taxes for the affected years are then calculated anew and the taxpayer is required to pay the entire tax for those years. Through this, the total sum received for the affected years consists of the taxes at the reduced rate (as said, this is the penalty portion) plus taxes at the regular non-resident rate.

The second category is made up of those who should not have been paying the lower resident rate, but are not believed to have done so fraudulently. At this point, it appears to county is referring to those who once correctly claimed the residency exemption, but failed to notify the county when they moved. This group is not penalized in the same way as the first group and, in fact, really isn't penalized at all. For these people, the property taxes for the affected years are recalculated at the non-resident rate. The amount previously paid (at the reduced rate) is subtracted from the total and the taxpayer is required to pay the difference. In other words, those taxpayers are simply required to now pay what they should have been paying all along.

At present, the county is going back three (3) years in its investigations. The county says it can go back further if it wishes to do so and the present 3-year look-back is driven only by the cost of the program..