

Statement of Estimated Local Revenue Impact

Date: April 4, 2013

Bill Number: H.B. 3604

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Committee Requesting Impact: Labor, Commerce and Industry

Bill Summary

A bill to amend Section 5-7-30, Code of Laws of South Carolina, 1976, relating to powers conferred upon municipalities, so as to provide that a business involved in manufacturing is not subject to a business license fee on gross income derived from interstate or international sales of its manufactured products.

REVENUE IMPACT ¹¹

This bill is not expected to impact State revenues. We expect local revenues would be reduced by \$5,569,154 in FY 2013-14.

Explanation of the Bill

This bill proposes to amend Section 5-7-30 by stating that a business involved in manufacturing is not subject to a business license fee on gross income derived from interstate or international sales of its manufactured products.

Based on information obtained from a sample of cities in the State, manufacturing business license fees average two percent of total business license fees. The FY 2011 Local Government Finance Report shows total business license fees for municipalities as \$278,457,725, which represents less than one percent growth from FY 2010. Assuming business license fees remain steady, and applying the previously stated two percent for manufacturing business license fees, we estimate this bill will reduce local revenues by \$5,569,154 in FY 2013-14.

This act takes effect upon approval by the governor.



Frank A. Rainwater
Chief Economist

Analyst: Wren

¹¹ This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.