

Statement of Estimated State Revenue Impact

Date: June 4, 2014
Bill Number: H.B. 5355
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Committee Requesting Impact: House Ways & Means Committee

Bill Summary

A bill to amend Sections 12-36-2620, 12-36-2630, and 12-36-2640, of the Code of Laws of South Carolina, 1976, all relating to the components of certain taxes, so as to provide that one percent of the sales and use tax, accommodations tax, and casual excise tax does not apply to persons seventy-five years of age or older rather than eighty-five years of age; and to amend Section 12-36-2646, relating to posting notice of the tax exclusion, so as to make a conforming change.

REVENUE IMPACT ^{1/}

This bill is expected to reduce sales tax revenue for credit to the EIA fund pursuant to Section 59-21-1010(B) by an estimated \$23,804,302 in FY2014-15.

Explanation

Currently, individuals eighty-five years of age and older may receive a one percent exclusion from sales tax at the time of purchase. This bill would amend Sections 12-36-2620 through 12-36-2640 to lower the age an individual may receive a one percent exclusion from sales tax on the purchase of tangible personal property for his own use from eighty-five years of age to seventy-five years of age.

Based on the latest data from the U.S. Department of Commerce, Bureau of the Census, there are an estimated 276,723 individuals seventy-five years of age and older and an estimated 73,760 individuals eighty-five year of age and older living in the State. Lowering the age an individual may receive a one percent exclusion from sales tax on the purchase of tangible personal property for his own use would include an additional 202,963 individuals. Based on information from the U.S. Department of Labor, Bureau of Labor Statistics, *Consumer Expenditure Survey* and the S.C. Department of Revenue, a one percent exclusion from sales tax on the purchase of tangible personal property of an additional 202,963 individuals would reduce sales tax revenue for credit to the EIA fund pursuant to Section 59-21-1010(B) by an estimated \$23,804,302 in FY2014-15. This act takes effect upon approval by the Governor.



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^{1/} 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.