

# Statement of Estimated State Revenue Impact

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**Date:** March 4, 2014

**Bill Number:** S.1033

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**Committee Requesting Impact:** Senate Finance

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## Bill Summary

TO AMEND CHAPTER 2, TITLE 12 OF THE 1976 CODE RELATING TO TAXATION, BY ADDING SECTION 12-2-110, TO PROVIDE AN OUT-OF-STATE BUSINESS THAT CONDUCTS OPERATIONS WITHIN THIS STATE FOR THE PURPOSES OF PERFORMING WORK OR SERVICES RELATED TO A DECLARED STATE DISASTER OR EMERGENCY DURING A DISASTER PERIOD MUST NOT BE CONSIDERED TO HAVE ESTABLISHED A LEVEL OF PRESENCE THAT WOULD REQUIRE THAT BUSINESS TO REGISTER, FILE, AND REMIT STATE OR LOCAL TAXES OR THAT WOULD REQUIRE THAT BUSINESS OR ITS OUT-OF-STATE EMPLOYEES TO BE SUBJECT TO ANY STATE LICENSING OR REGISTRATION REQUIREMENTS OR ANY COMBINATION OF THESE ACTIONS.

## REVENUE IMPACT <sup>1/</sup>

This bill codifies existing legislative directives contained in Appropriation Act proviso 106.10. Therefore, we expect this bill would have no revenue impact.

## Explanation

This bill exempts out-of-state businesses that perform work services related to a declared state disaster or emergency from filing or remitting state or local taxes. An out-of-state business is defined as providing disaster or emergency related services when its presence is requested by a registered business in South Carolina or a state or local government. The out-of-state business, additionally, must have no presence or conduct no business in South Carolina except when requested in a disaster or emergency.

The out-of-state business meeting these requirements is exempt from all local business licensing or registration requirements or state and local taxes or fees including but not limited to unemployment insurance, state or local occupational licensing fees, sales or use tax, and property tax on equipment used or consumed during the disaster period. Out-of-state businesses performing emergency or disaster related work are not considered to have established residency or a presence that would require the business to file income or withholding taxes. The disaster period is defined as beginning within 10 days of the first declaration and extends for sixty days after the end of the declared disaster or emergency. Out-of-state businesses and employees are not exempt from transactions fees or taxes such as motor fuel user fees, accommodations taxes, car rental fees, or sales and use tax.

This bill codifies existing legislative directives contained in Appropriation Act proviso 106.10. Therefore, we expect this bill would have no revenue impact.



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<sup>1/</sup> This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA.