

Statement of Estimated Local Revenue Impact

Date: January 27, 2014 (As amended January 23, 2014 by the Senate Sales and Income Taxation Subcommittee)

Bill Number: S. 940

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Committee Requesting Impact: Senate Finance Committee

Bill Summary

A bill to amend Section 4-10-470, Code of Laws of South Carolina, 1976, relating to the Education Capital Improvements Sales and Use tax, so as to allow a county that does not collect a certain amount in accommodations tax to impose the sales tax so long as no portion of the county area is subject to more than three percent total sales tax.

REVENUE IMPACT ^{1/}

This bill would affect the eligibility requirements concerning the Education Capital Improvements Sales and Use Tax. Amending Section 4-10-470 would allow those counties which are currently not imposing a sales tax rate greater than 3 percent to become eligible to impose the tax so long as imposing the sales tax, pursuant to Section 4-10-420, does not increase the total sales tax rate above 3 percent. Charleston and Horry County are the only eligible counties currently. The impact this bill would have on local revenue varies depending upon which and how many counties impose the tax. If all 44 remaining counties were to impose the tax, local revenue would increase by approximately \$540 million in FY 2015-16.

Explanation of Amendment (01/23/14) – By the Sales & Income Taxation Subcommittee
This amendment changes the sales tax rate from 2 percent to 3 percent.

Explanation of Bill filed January 15, 2014

This bill would amend Section 4-10-470, Code of Laws of South Carolina, 1976, relating to the Education Capital Improvements Sales and Use tax, so as to allow a county that does not collect a certain amount in accommodations tax to impose the sales tax so long as no portion of the county area is subject to more than two percent total sales tax.

Pursuant to section 4-10-470 of the Code of Laws of South Carolina, in order to impose the Education Capital Improvements Sales and Use Tax, a county is required to have collected at least \$7 million in state accommodations taxes in a full fiscal year. Currently, Charleston and Horry County are the only eligible counties; both counties impose the Education Capital Improvements Sales and Use Tax. Based on the SC Department of Revenue's (DOR) 'Local Tax Designation' publication, 25 counties as of May 2013 impose a sales tax rate of 1 percent or below. These counties would meet the requirements to impose the Education Capital Improvements Sales and Use tax.



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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 of Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.