

South Carolina Updates

Presented to

**SOUTH CAROLINA ASSOCIATION OF AUDITORS, TREASURERS,
AND TAX COLLECTORS**



February 6, 2026

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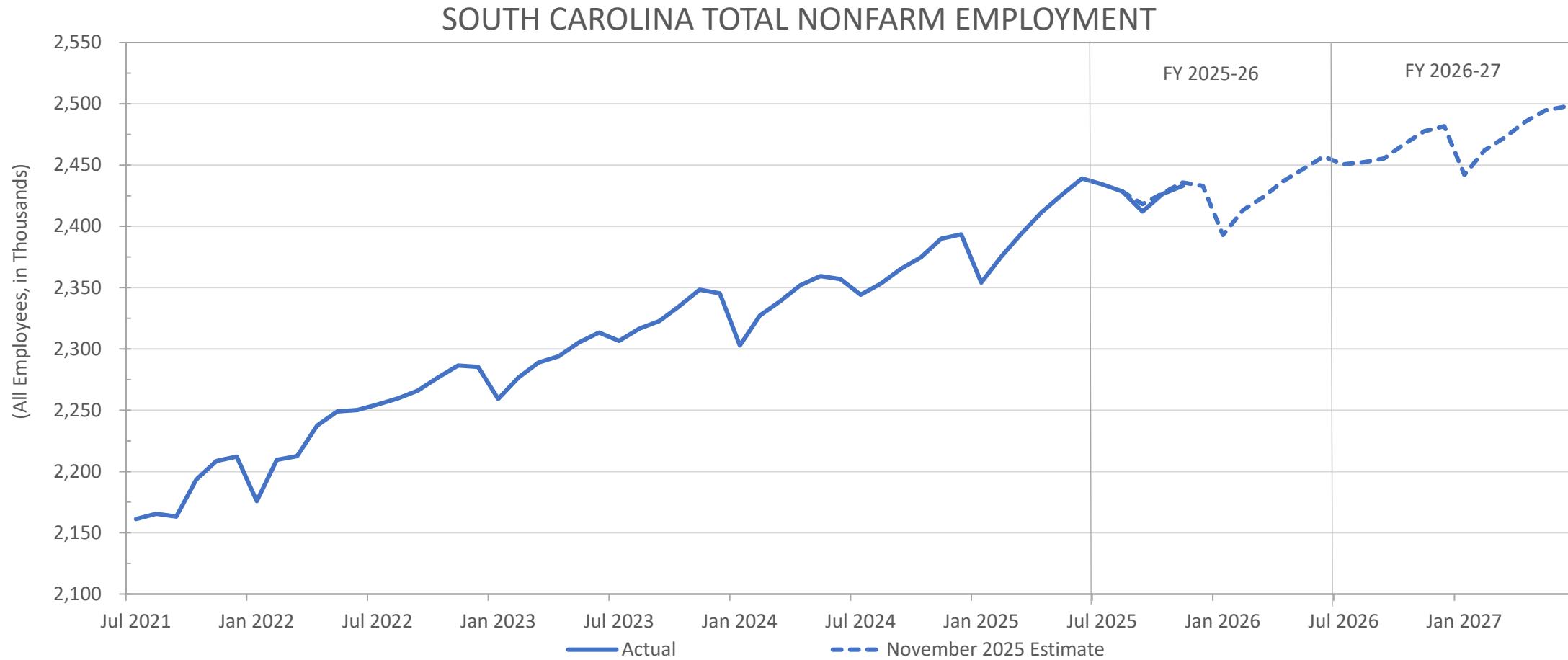
State and National Economy



Employment – November 2025 Forecast

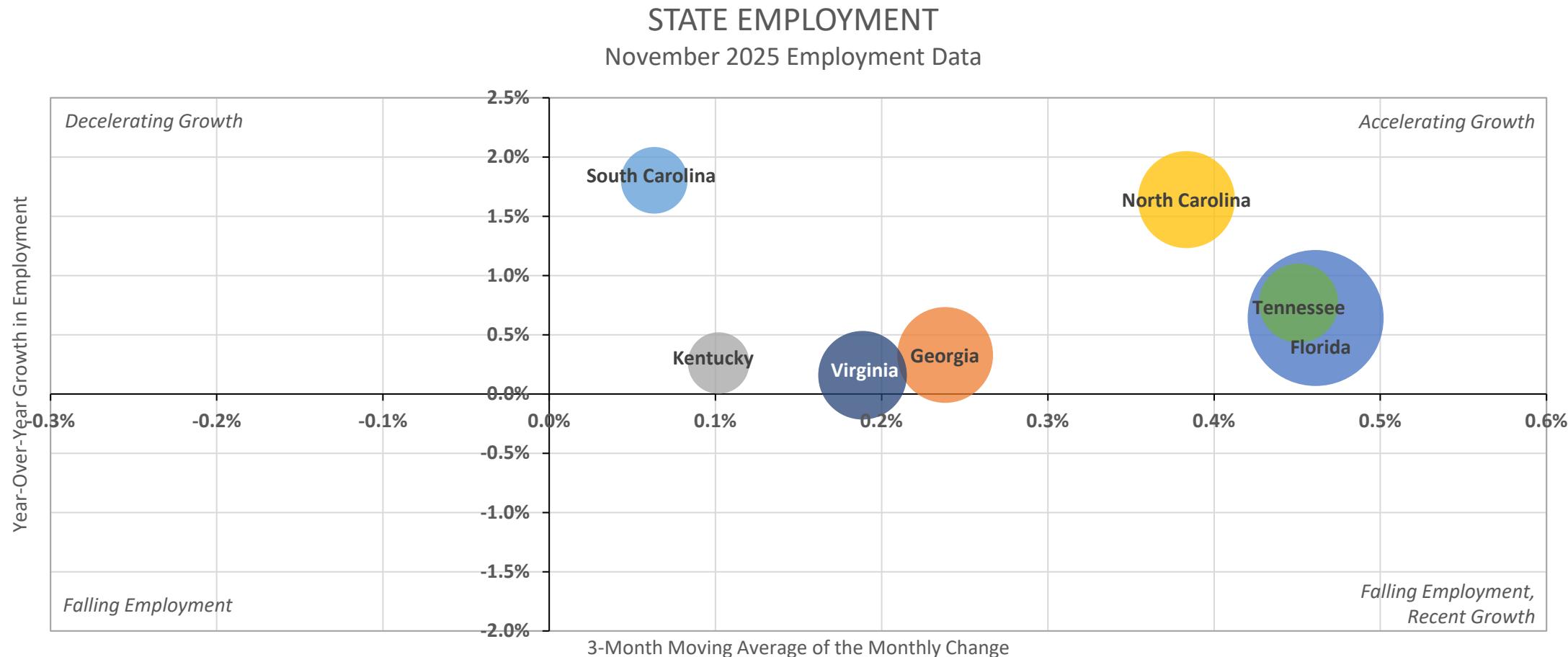
Employment growth will continue to slow to below the long-term trend over our two-year forecast period

FY 25: 2.2%; FY 26: 1.8%; FY 27: 1.7%



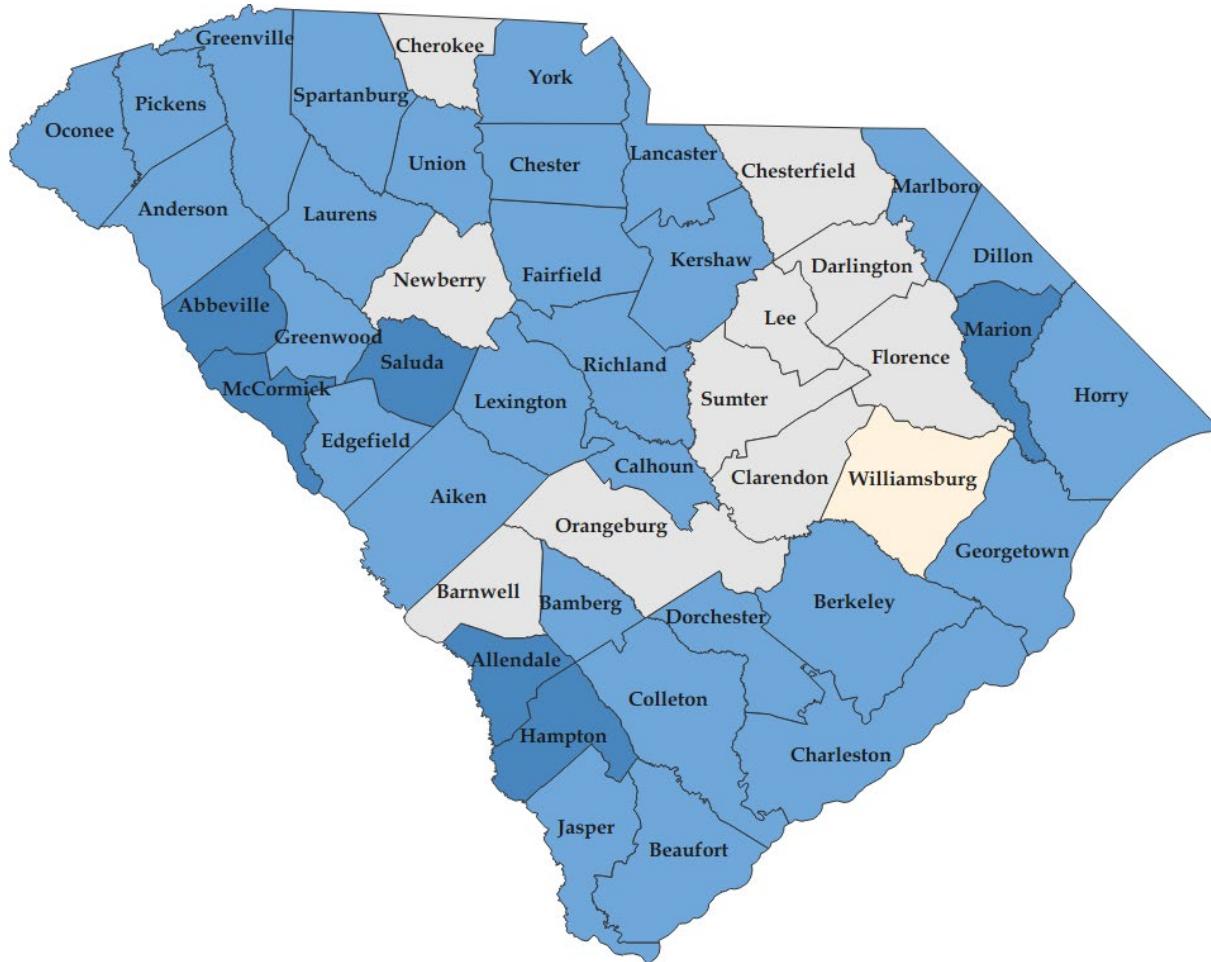
Southeastern States Employment Growth – November 2025

SC employment grew the fastest over last year, but growth has slowed more than other SE states in the last three months



Employment Growth by County

The change in employment by county from 2023 to 2024 ranged from -7.2% to +5.0%



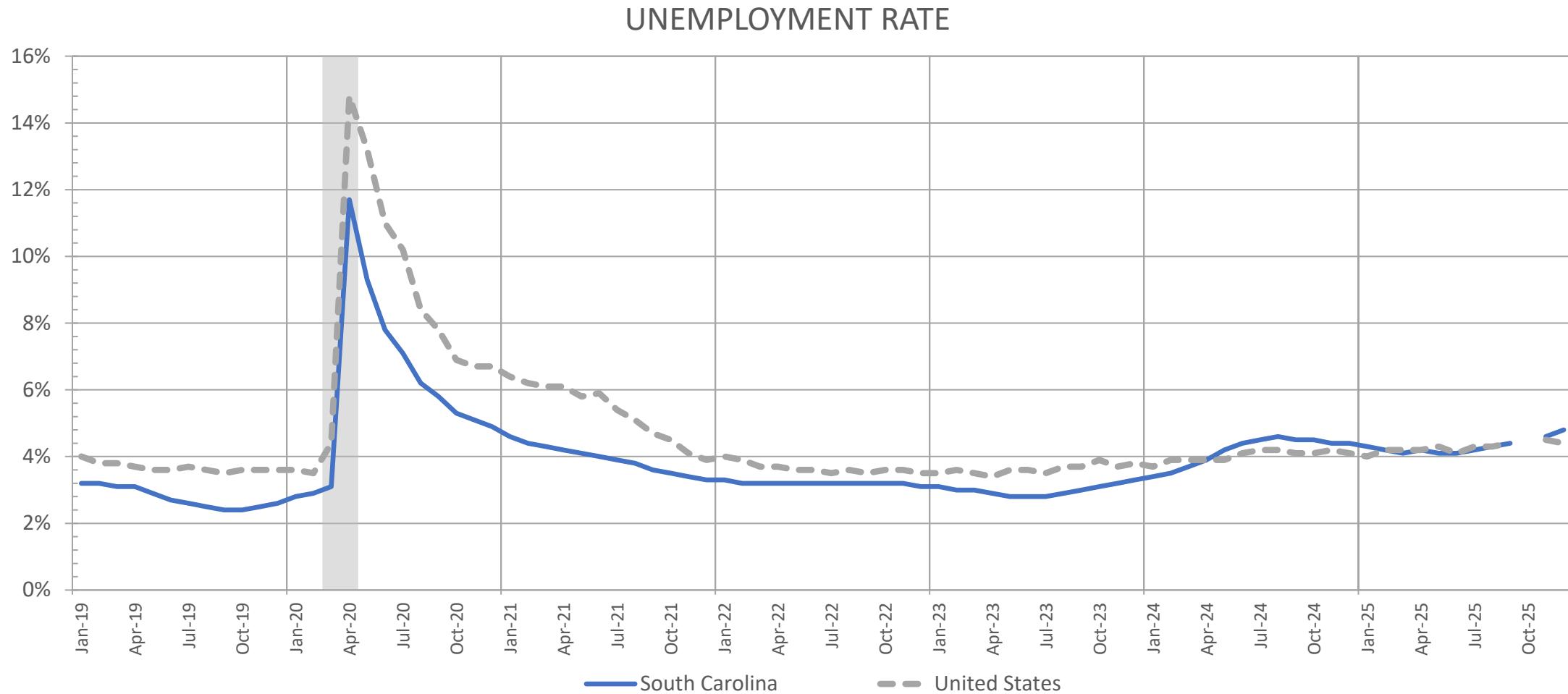
% Employment Growth
2023-2024

- <-3.1%
- 3.0% to 0%
- 0.1% to 3%
- > 3.1%

Data Source:
Bureau of Labor Statistics, Local Area
Unemployment Statistics

SC Unemployment

South Carolina's unemployment rate rose to 4.8% in December, above the national average of 4.4%



Source: U.S. Department of Labor, Bureau of Labor Statistics 129-RFA/kav/1/30/2026

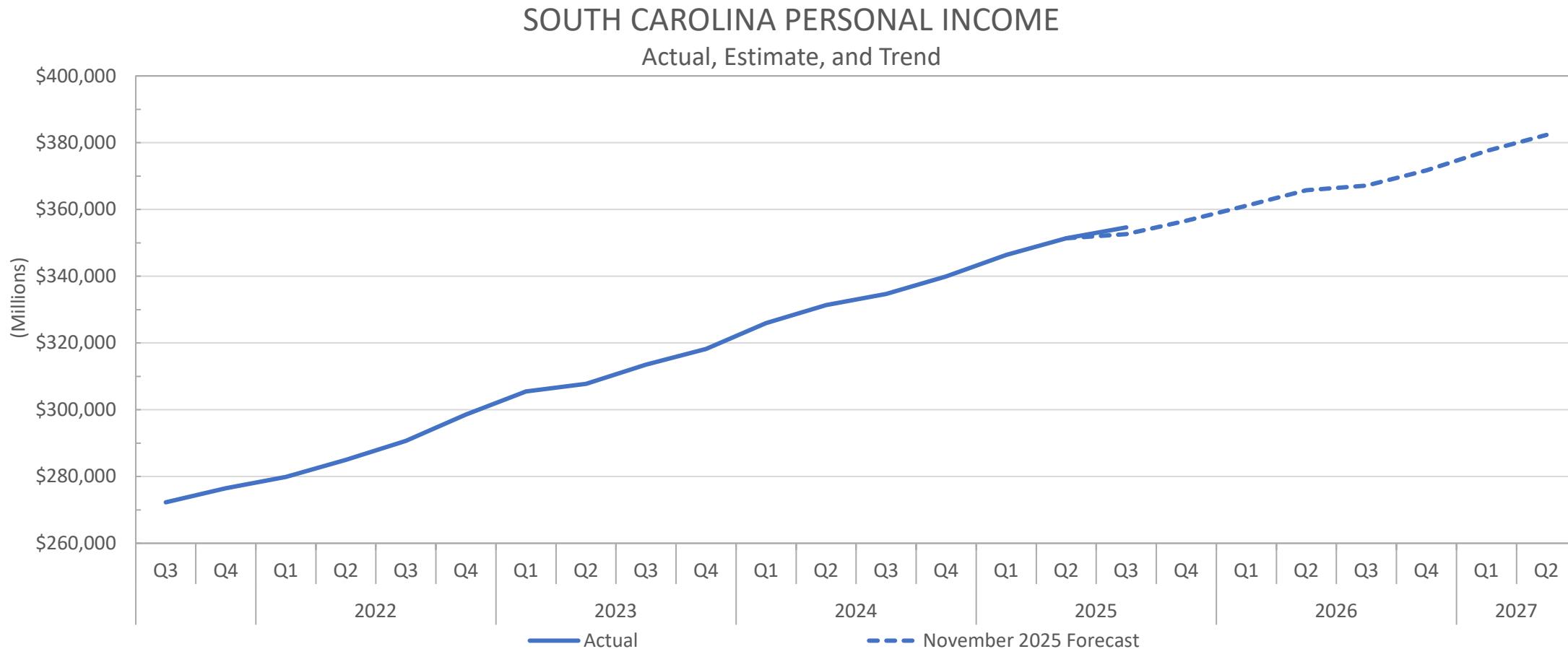
Oct. 2025 not reported due to government shutdown



Personal Income – November 2025 Forecast

Personal income growth is expected to slow over the next two fiscal years

FY 25: 6.5%; FY 26: 4.6%; FY 27: 4.4%



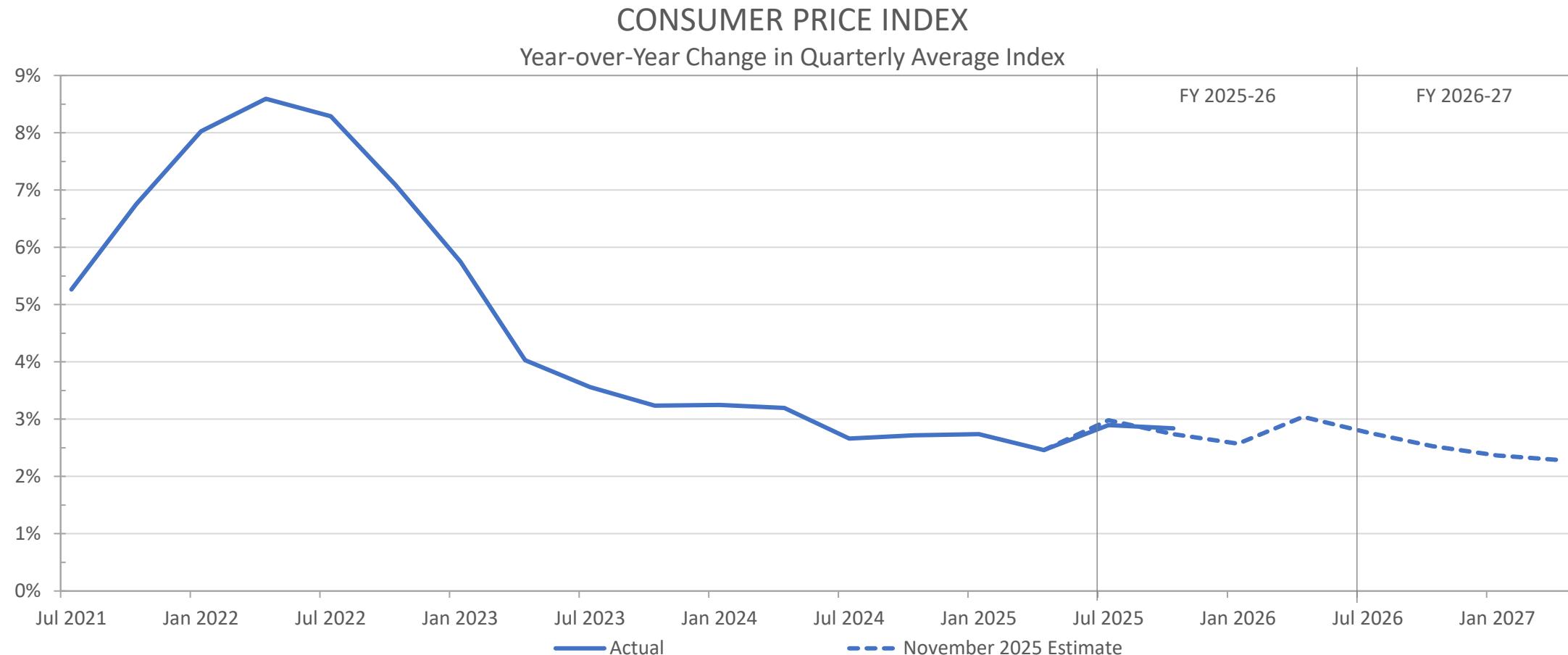
Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kv/1/23/2026



Consumer Price Index

Inflation has come down, but is expected to remain above 2.0% over FY 2025-26

FY 25: 2.6%; FY 26: 2.8%; FY 27: 2.5%

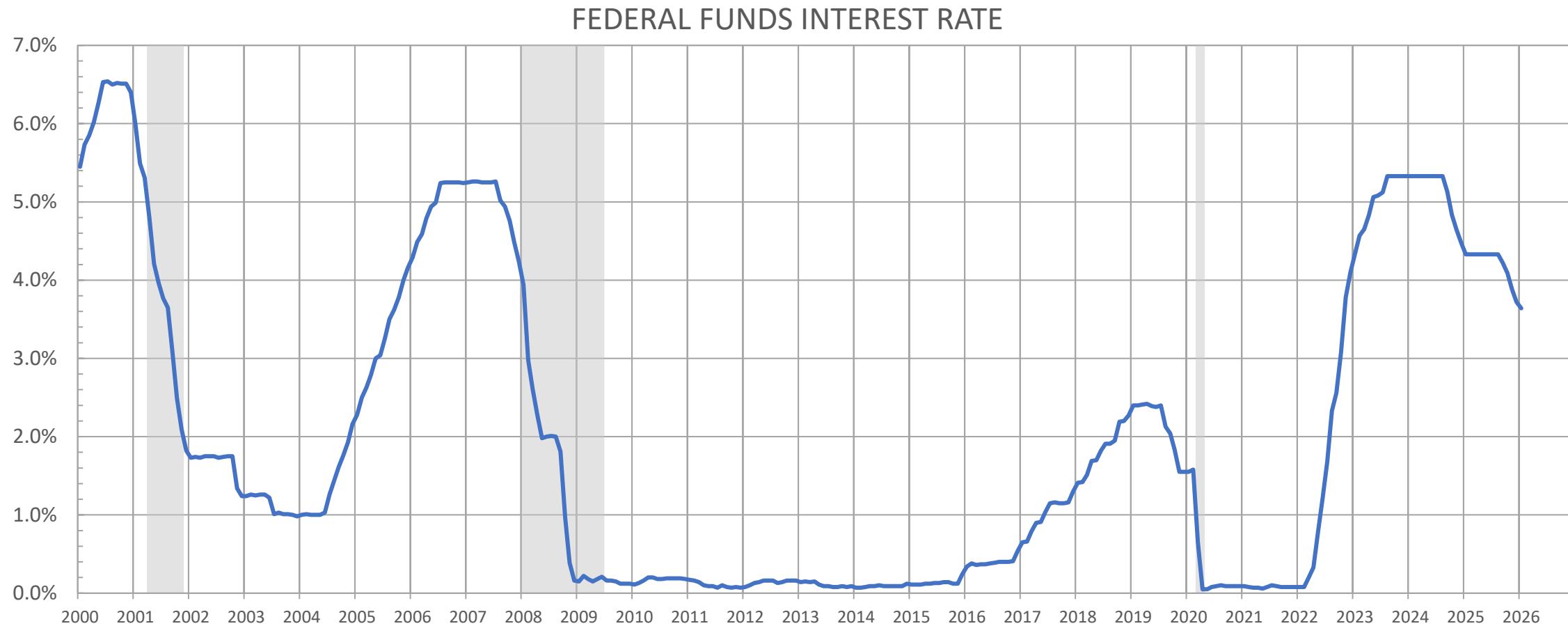


Source: Bureau of Labor Statistics, U.S. Department of Labor; S&P Global; Wells Fargo Economics RFA kv/13/2026



Interest Rates

The increase in the federal funds that started in 2022 peaked at 5.33% and has fallen since August 2024 to 3.64% as of January 2026



Source: Board of Governors of the Federal Reserve System via FRED Economic Data 277A -RFA/lhj/1/26/2026

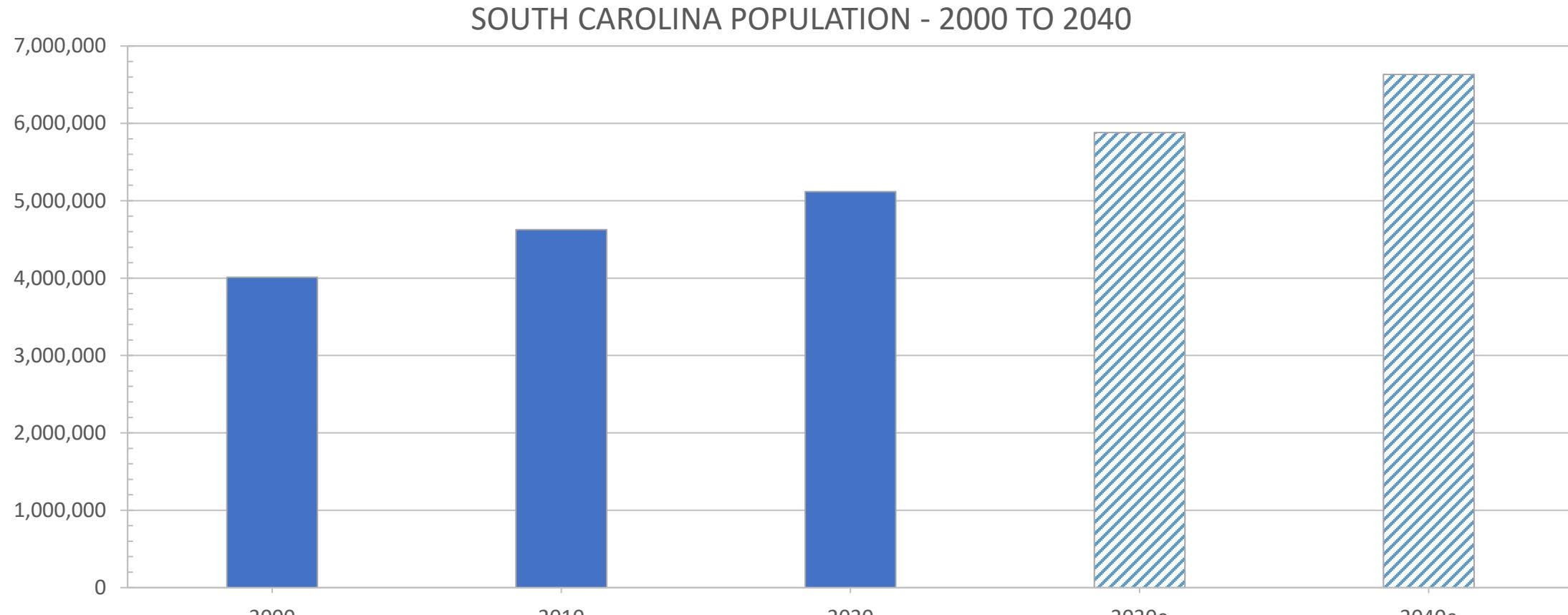


Factors Affecting Road Infrastructure Demand



SC Population Growth

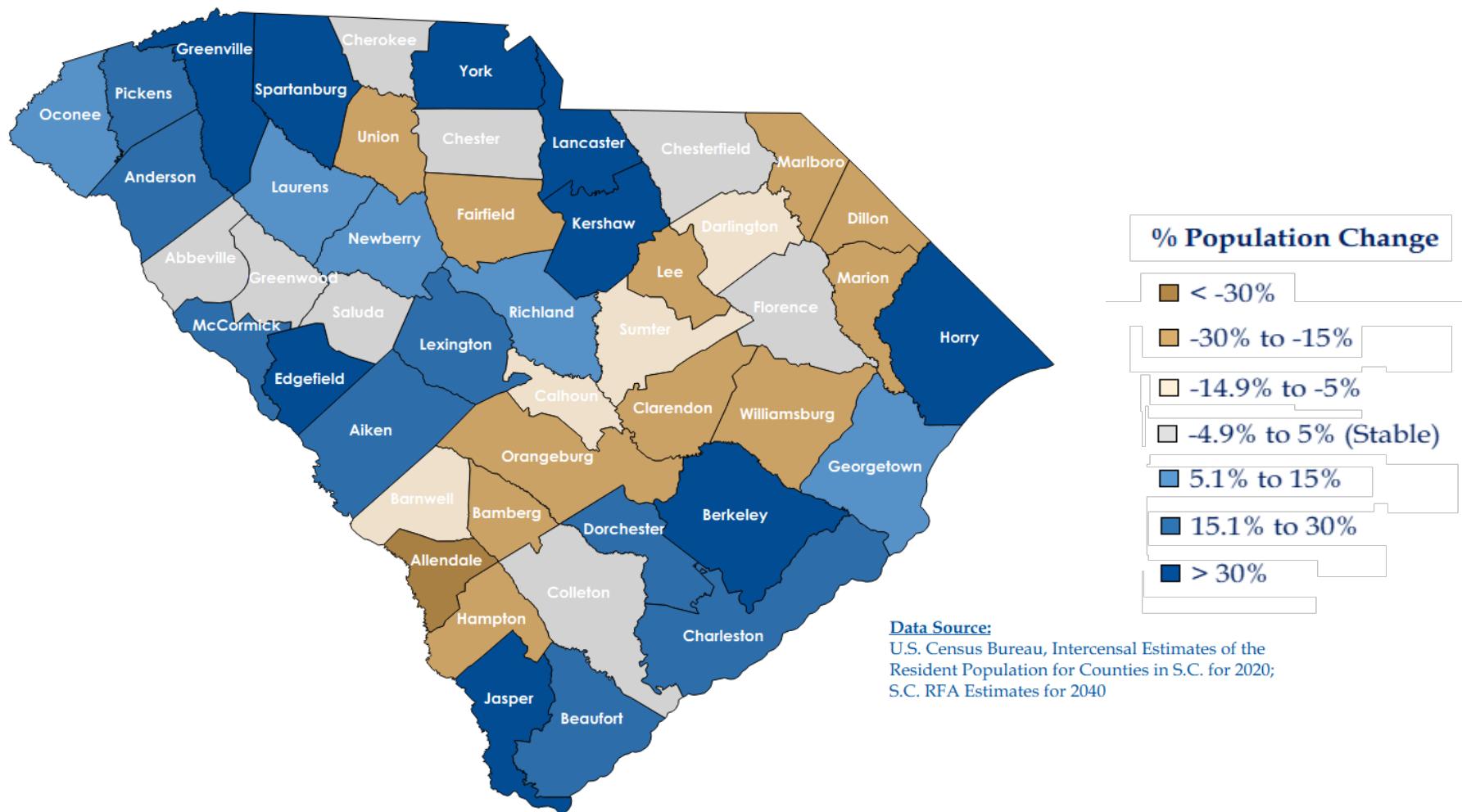
Population is estimated to grow 29% from 5.1 million in 2020 to 6.6 million in 2040



Source: U.S. Census Bureau, Intercensal Estimates of the Resident Population, 2000, 2010, and 2020; S.C. RFA Population Estimates 2030 and 2040. S.C. RFA - 372/lpw/9/11/2025

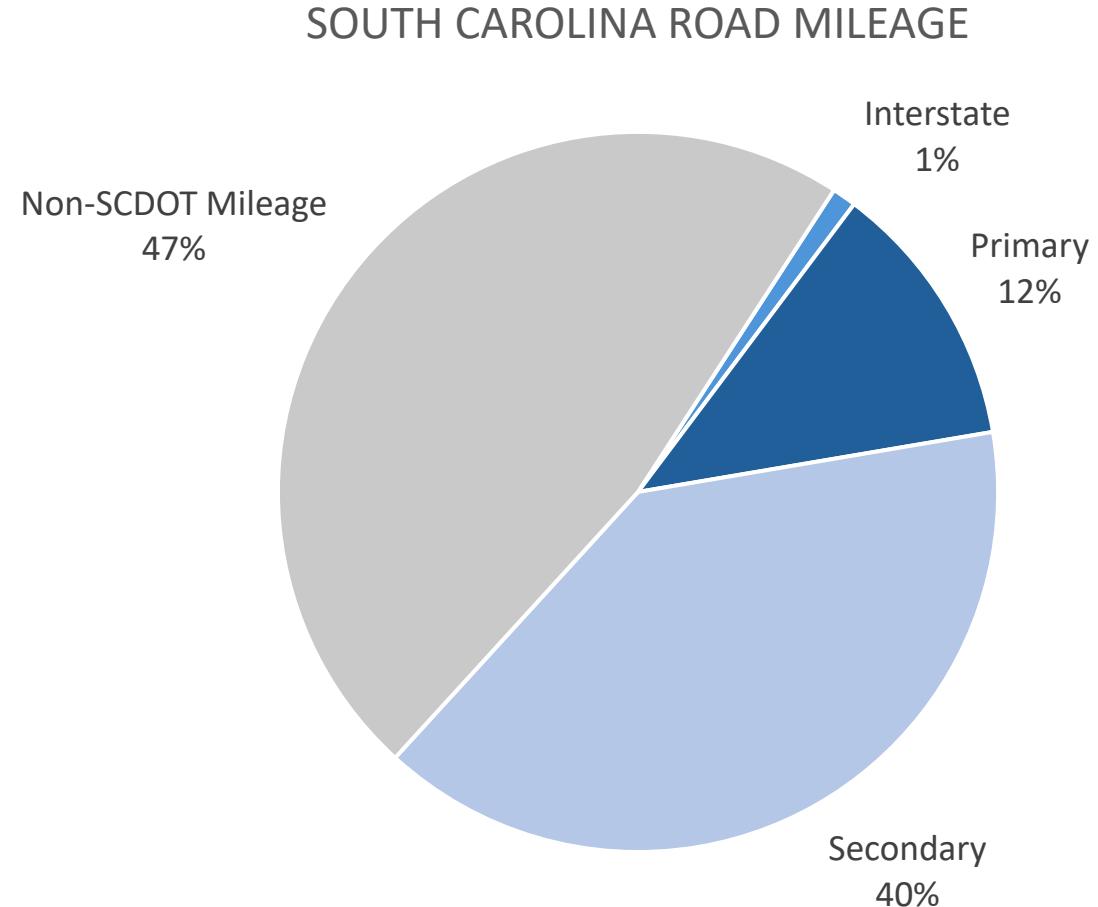


Projected Population Change by County, 2020 to 2040



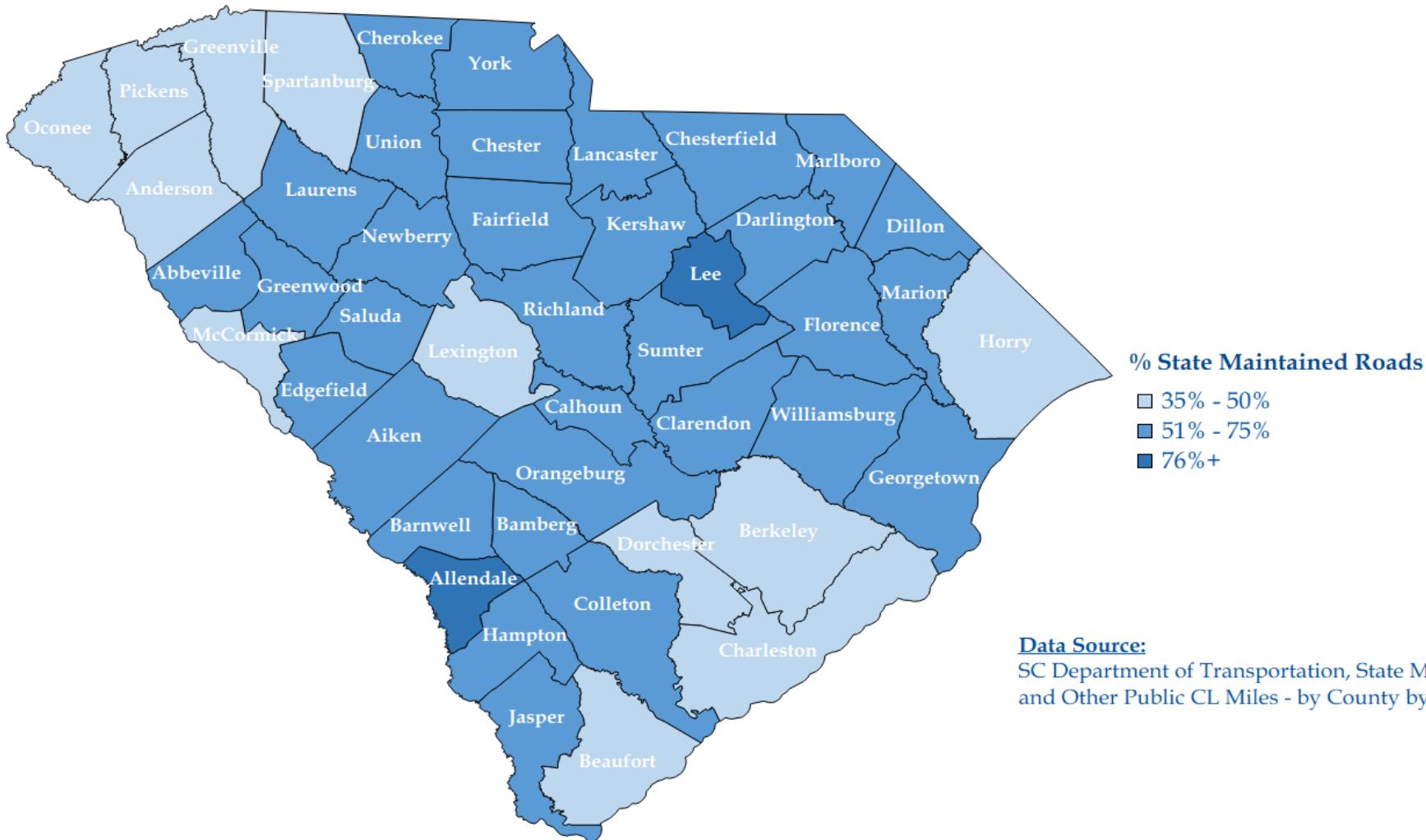
Road Mileage by Type of Road

SCDOT maintains approximately 53% of the road mileage in SC



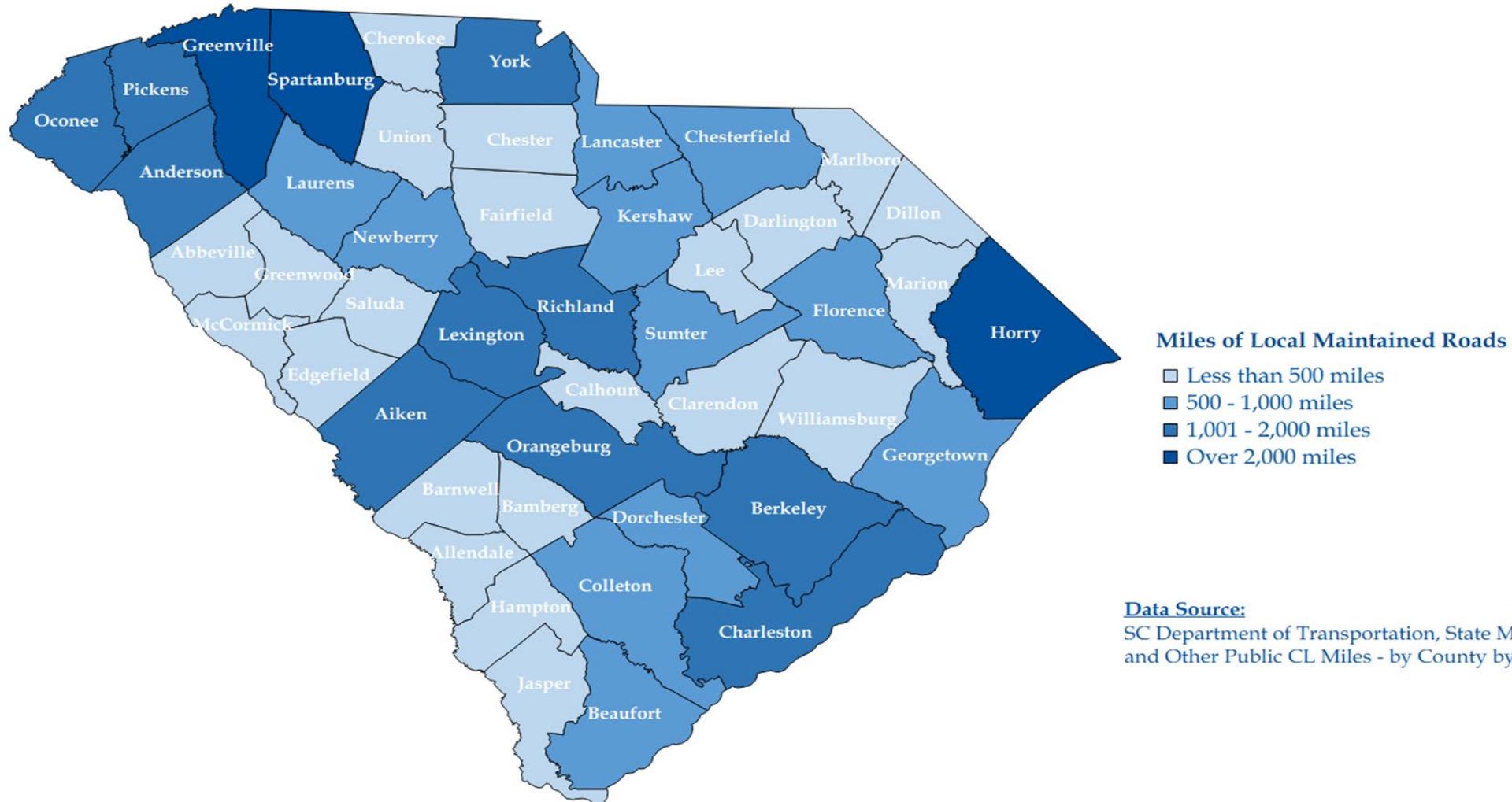
Percentage of State Maintained Roads in Each County

Ranges from 35% (Berkeley) to 80% (Lee)



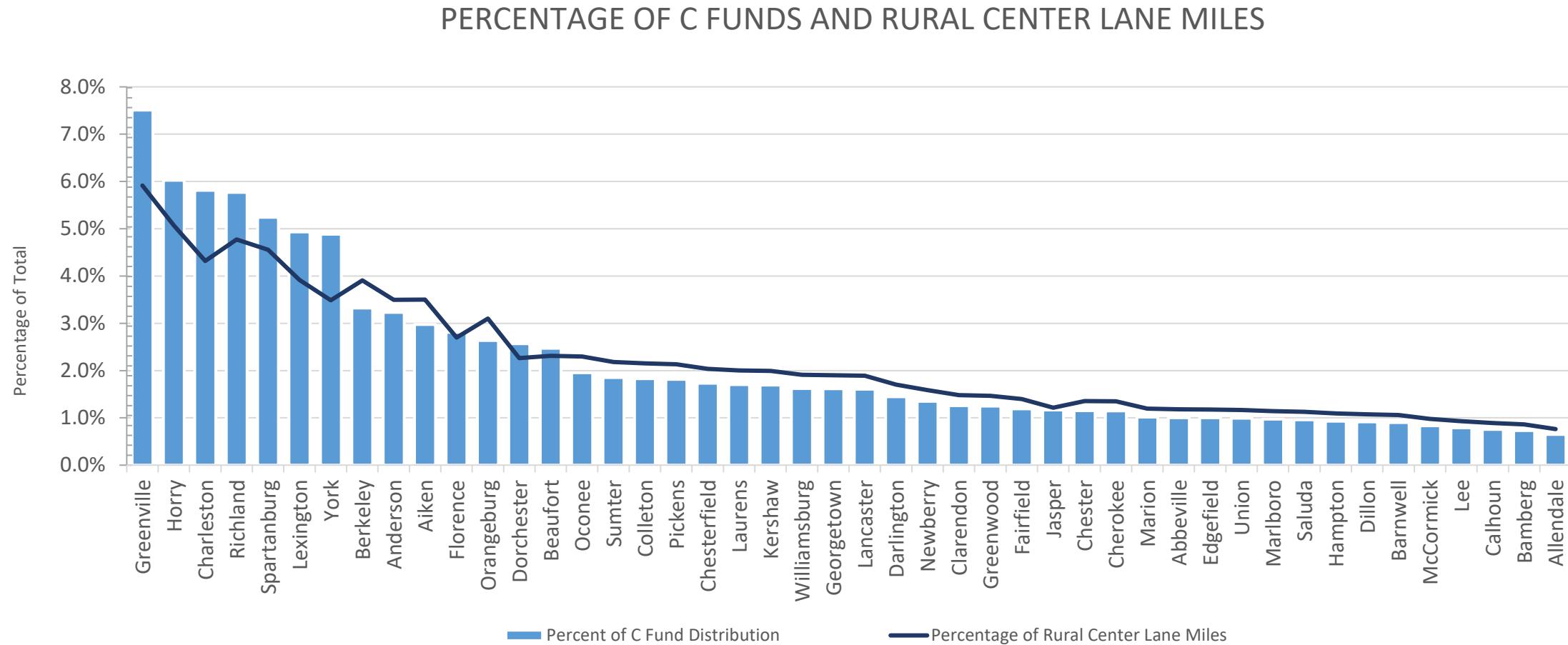
Locally Maintained Roads in Each County

Ranges from 123 miles (Allendale) to 2,621 miles (Greenville)



Percentage of C Funds by County versus Rural Center Lane Miles

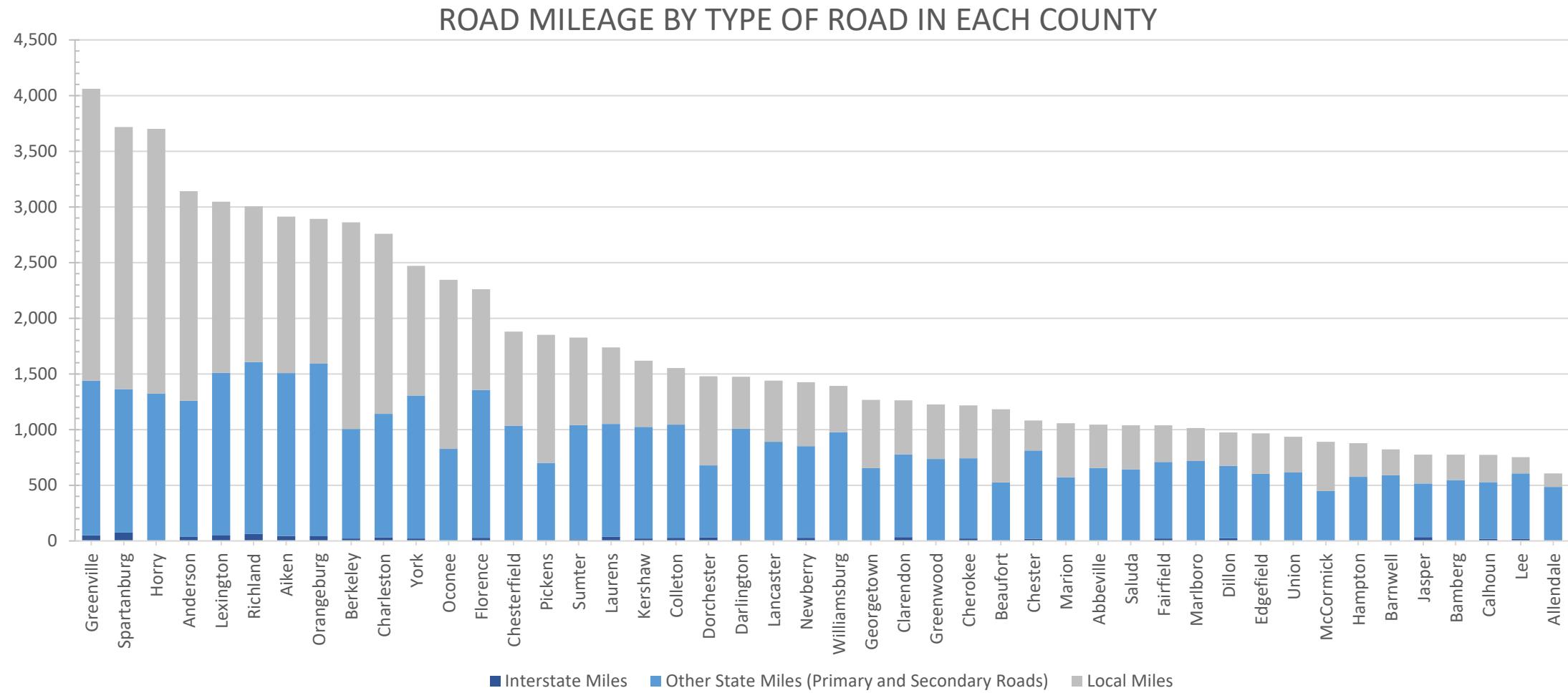
C Funds are distributed to each county based on population, land area, and rural road mileage



Source: S.C. Department of Transportation ; Based on SCDOT FY 2024-25 Forecast, Includes Donor Funds RFA - mad/11/06/2025



Road Mileage by Type of Road in Each County

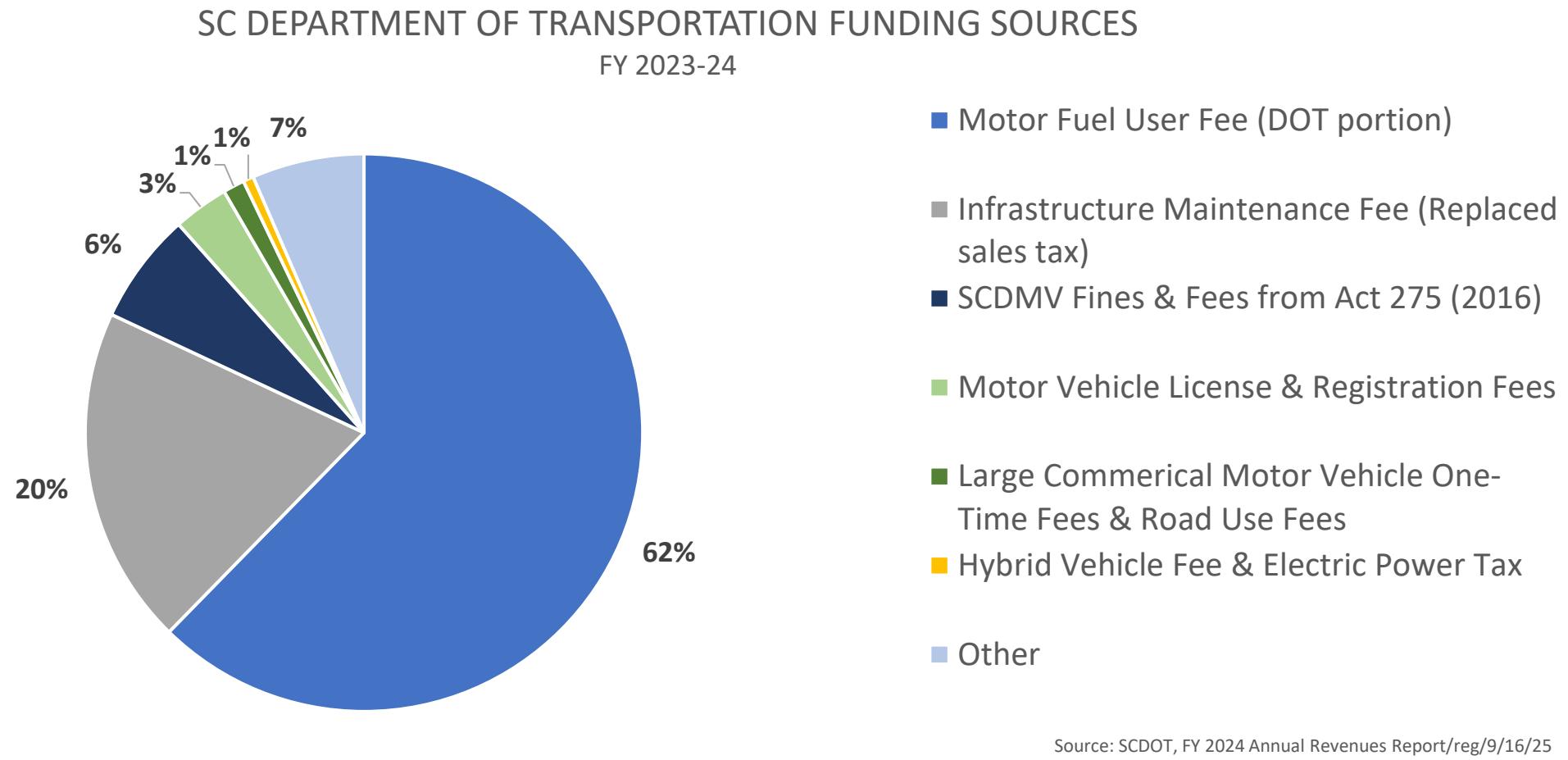


Data Source: S.C. Department of Transportation, State Maintained and Other Public CL Miles; S.C. Revenue and Fiscal Affairs Office 11/10/2025



SCDOT State Revenues – FY 2023-24

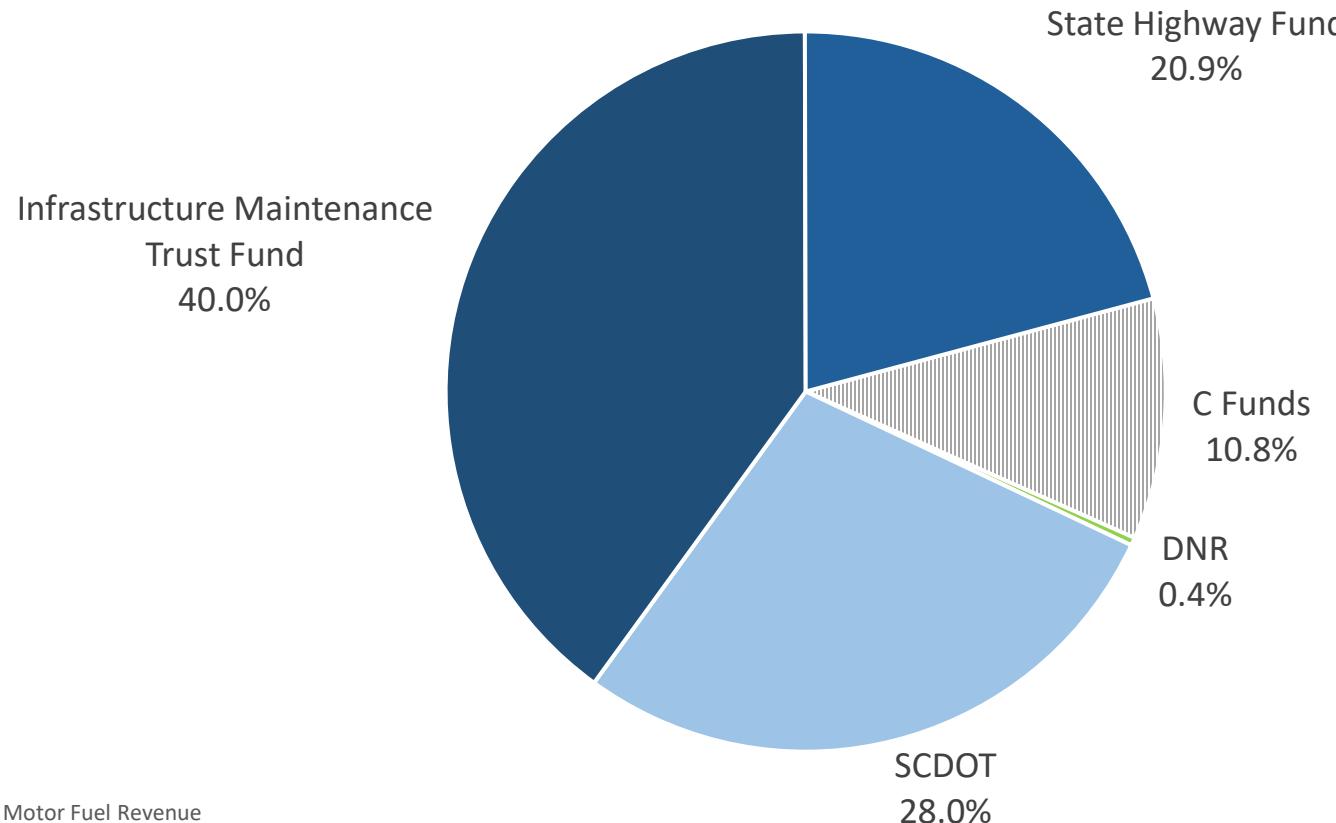
Motor fuel user fees are 62% of SCDOT's state funding; the Infrastructure Maintenance Fee (IMF) provides 20%



Distribution of Motor Fuel Revenue – FY 2024-25

88.9% of the \$0.28 motor fuel user fee funds various state transportation costs through SCDOT; 10.8% goes to C Funds for local governments

FY 2024-25 MOTOR FUEL USER FEE REVENUE DISTRIBUTION

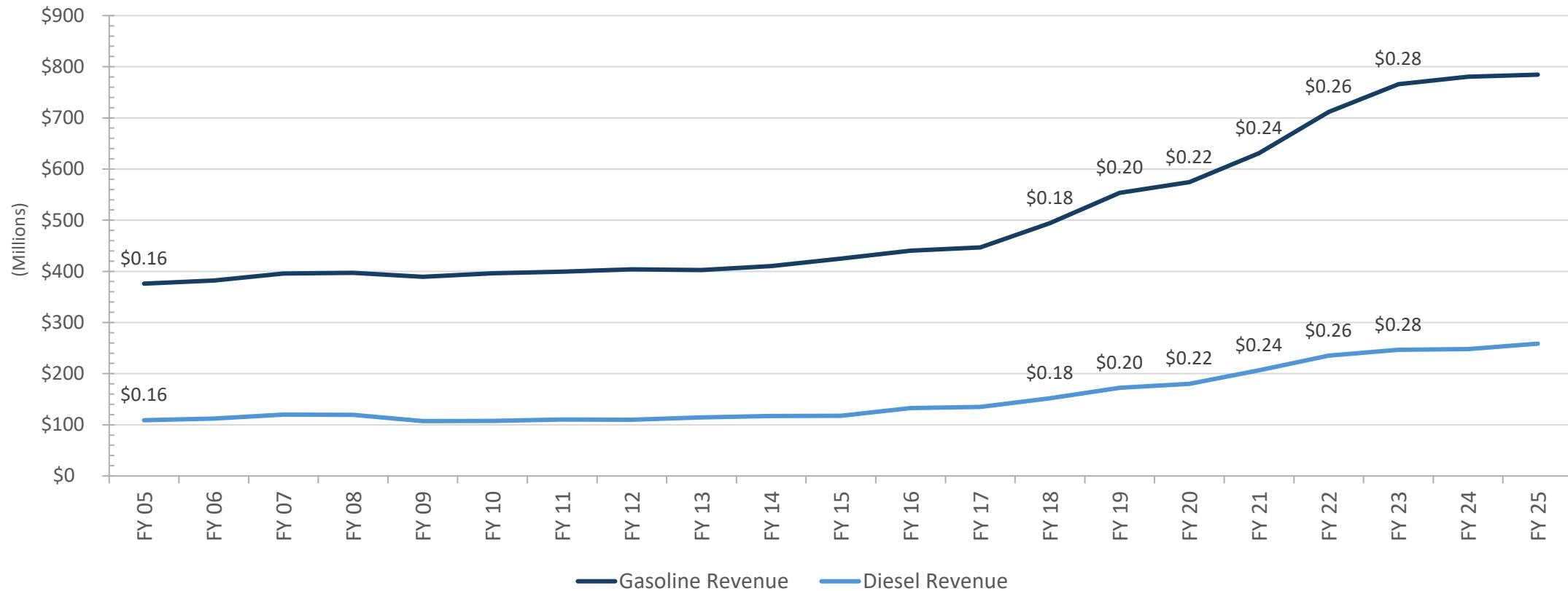


Source: SCDOT Monthly Motor Fuel Revenue

Motor Fuel Revenue History – FY 2004-05 to FY 2024-25

Collections remained relatively flat until fee increases beginning in FY 2017-18 and have now flattened again

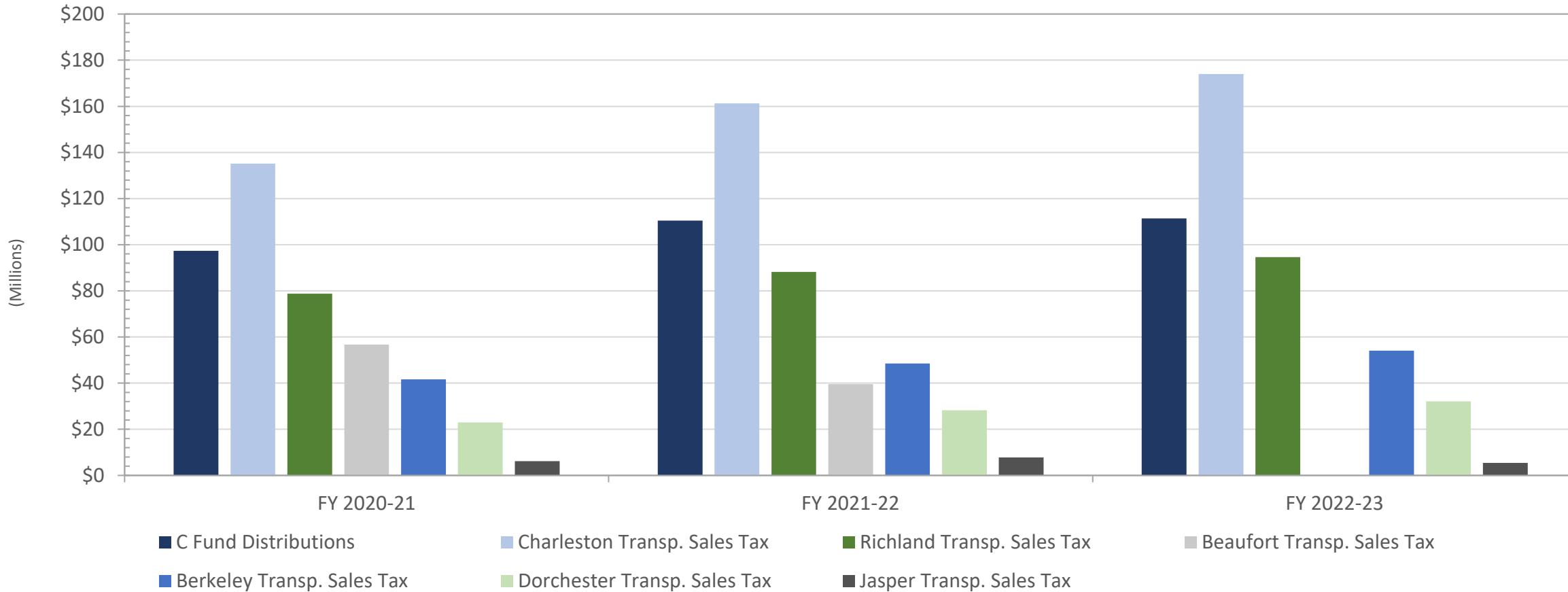
MOTOR FUEL REVENUE HISTORY
Including Per Gallon Motor Fuel User Fee



Funding for Locally Maintained Roads

Local governments use C-Funds and local transportation sales taxes to fund expenses for roads

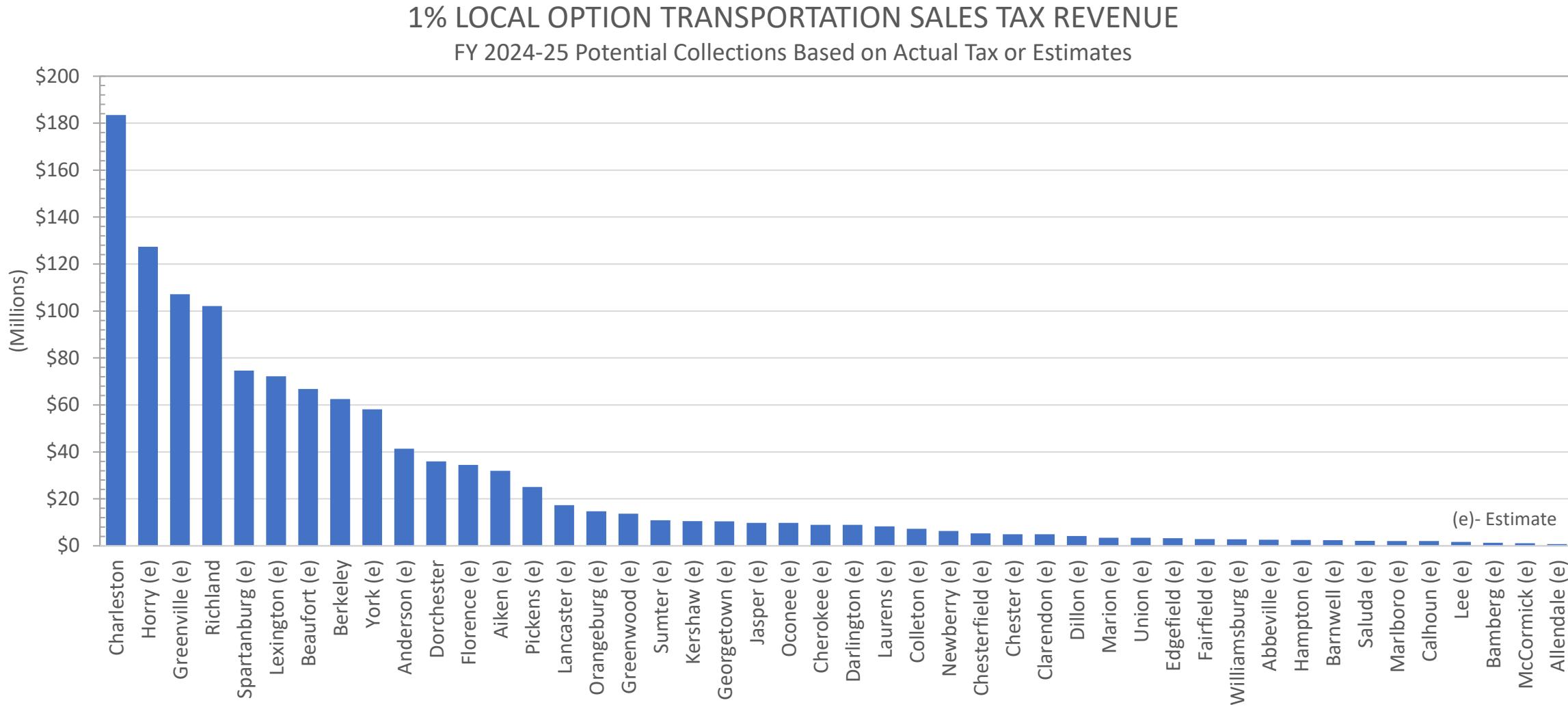
FUNDING SOURCES FOR LOCALLY MAINTAINED ROADS



Source: S.C. Department of Revenue, Local Option Transportation Tax Data ; S.C. Department of Transportation RFA- mad/11/06/2025
Beaufort transportation sales tax ended in 2023



Potential Revenue from 1% Local Option Transportation Sales Tax



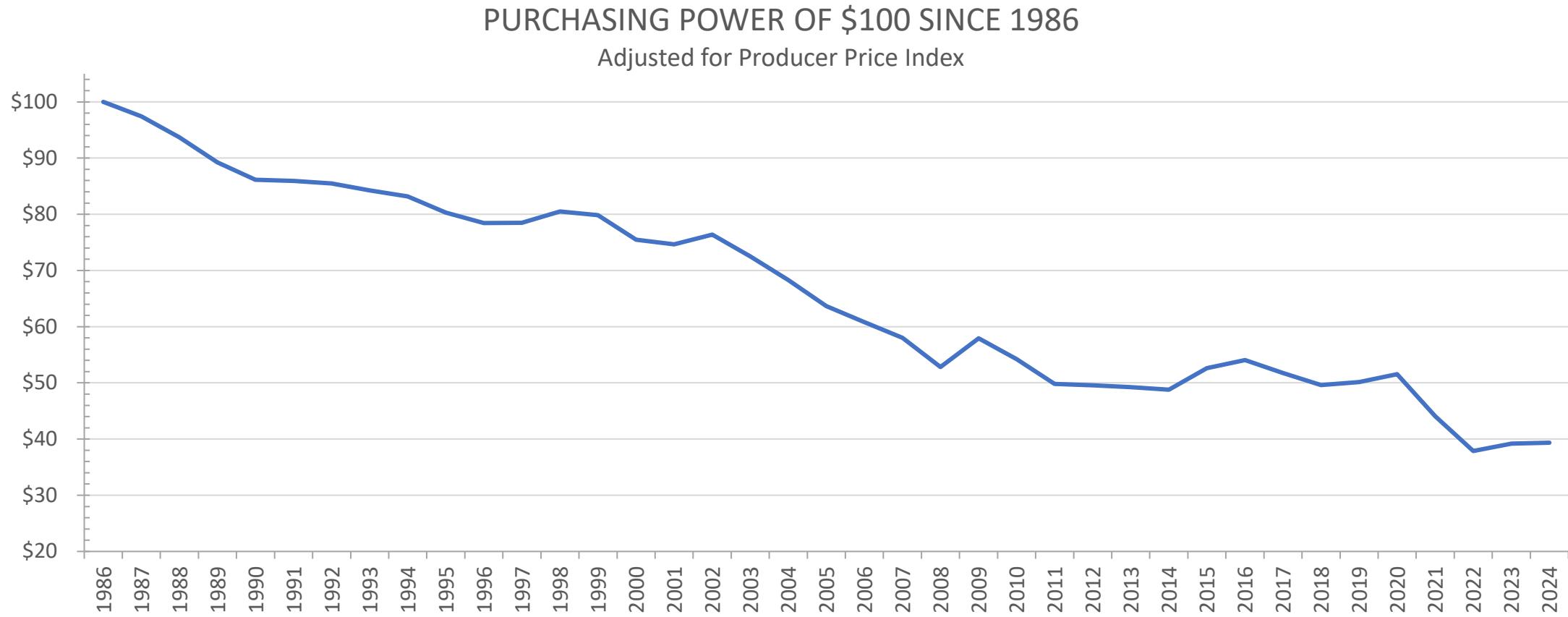
Source: SC Dept. of Revenue local option sales tax revenue and net taxable sales by county; RFA estimates based on other local option sales tax or net taxable sales.

Note: Actual tax revenue may include sales tax on unprepared food as applicable, but estimates do not. 376 - RFA/md/01/27/2026



Purchasing Power of \$100 Since 1986

Due to inflation, purchasing power has declined, and it would cost about \$254 in 2024 to buy what \$100 could purchase in 1986

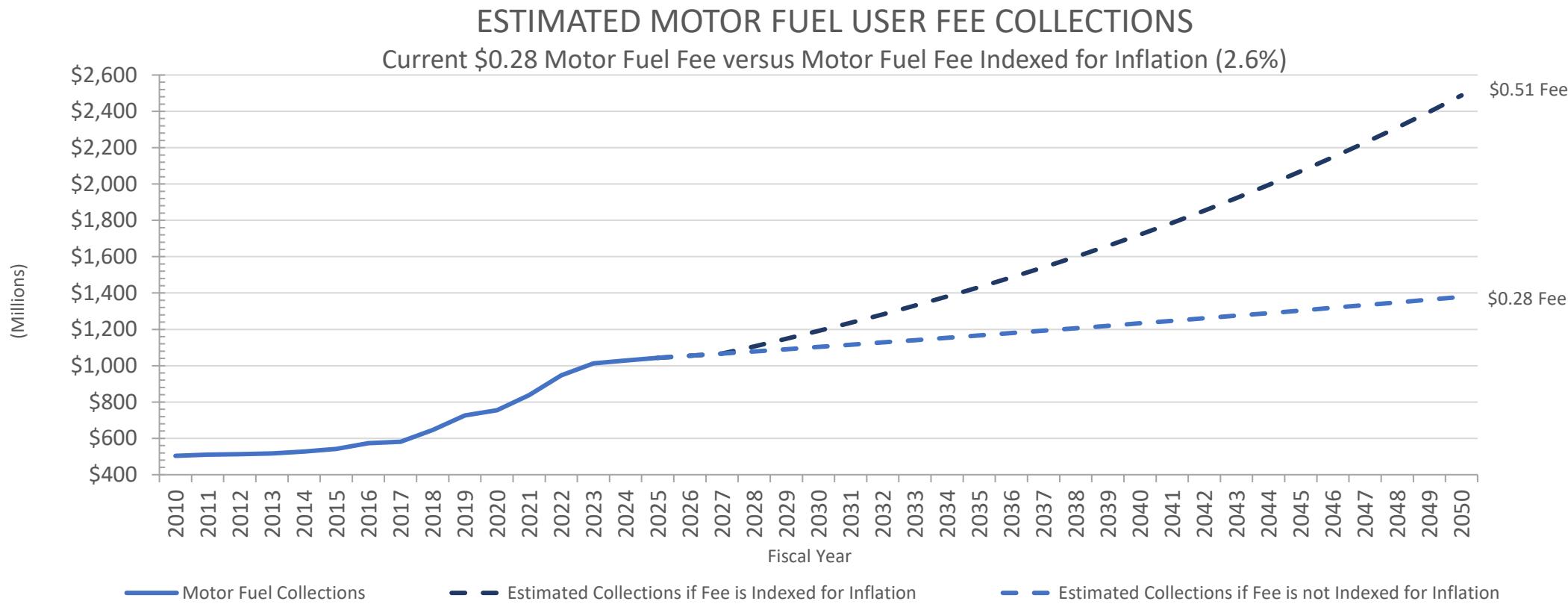


Source: U.S. Bureau of Labor Statistics, Producer Price Index by Commodity: All Commodities [PPIACO], RFA-mad/10/24/2025



Motor Fuel User Fee Revenue Indexed for Inflation to 2050

Cumulatively, from FY 2027-28 through FY 2049-50, indexing the motor fuel user fee each year would increase the fee from \$0.28 to \$0.51 and generate approximately \$11.2 billion in additional revenue over this period



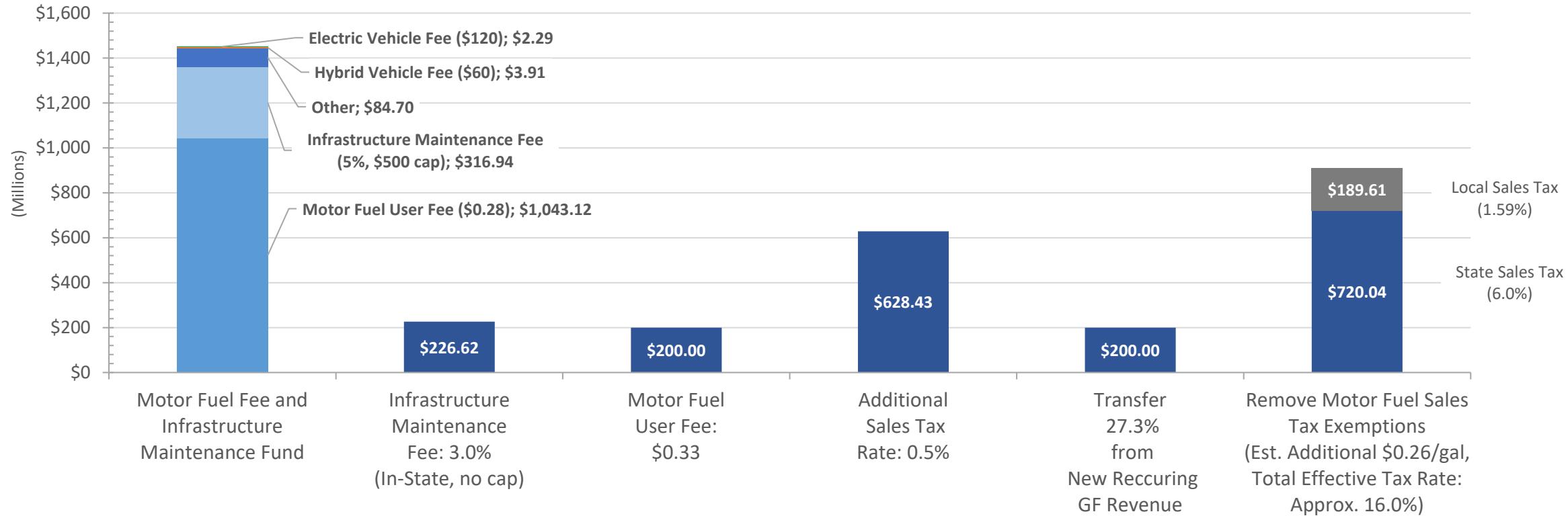
Source: U.S. Department of Transportation Federal Highway Administration Highway Statistics Series, S.C. Department of Transportation Motor Fuel Revenue Data, U.S. Bureau of Labor Statistics, Producer Price Index by Commodity: All Commodities [PPIACO] RFA-mad/11/20/2025



Comparisons of Estimated Revenues

Examples of sales taxes, increasing motor fuel user fees, and removing sales tax exemptions

REVENUE COMPARISONS



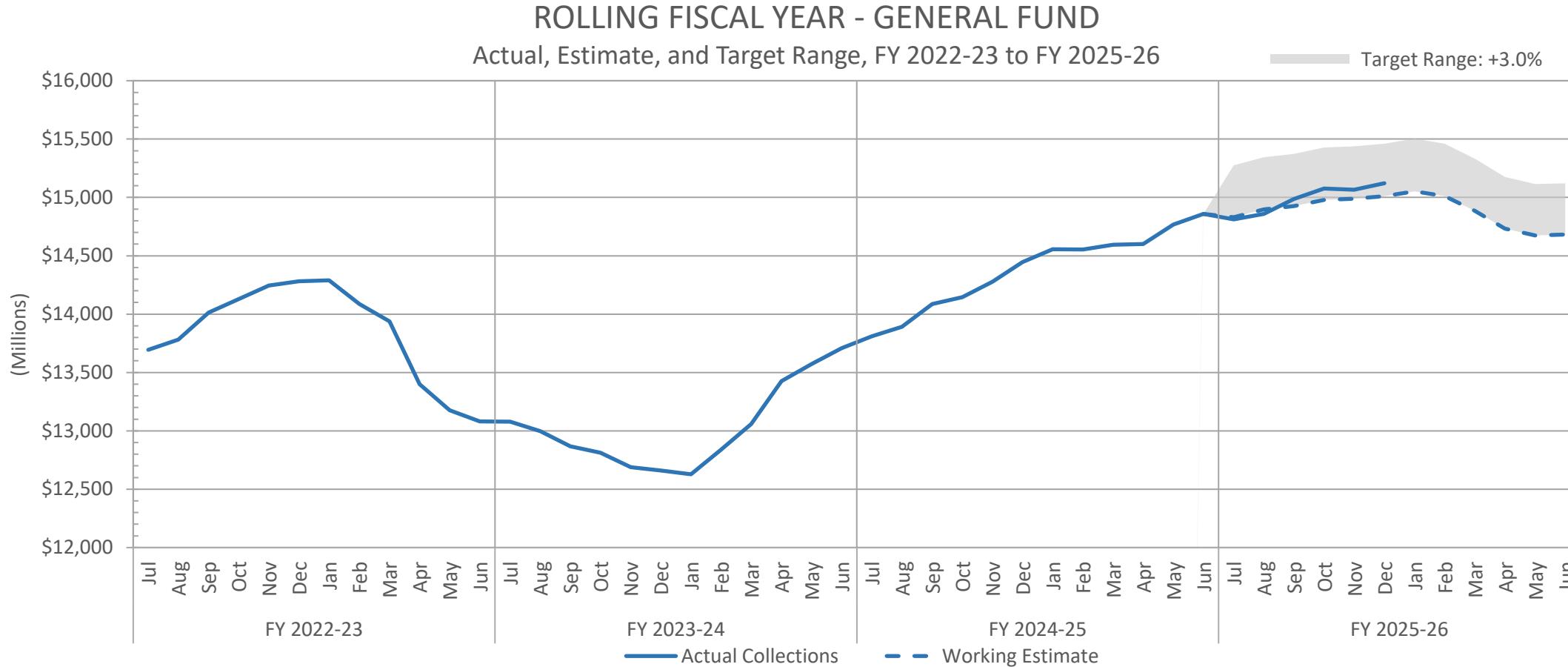
Notes: (1) Additional revenue from new IMF rate and Motor Fuel User Fee illustrates additional revenue collections, after covering revenue generated from current respective rates and fees. (2) Revenue from removing exemptions and an increase in the Sales tax rate illustrate new revenue, and would not cover current revenue as well. (3) Removing exemptions from the motor fuel user fee would result in an average effective tax rate of approximately 16.0% per gallon of motor fuel based on the current \$0.28 fee, state Sales tax rate of 6%, and the average local Sales tax rate of 1.59%

State Revenues and the Budget



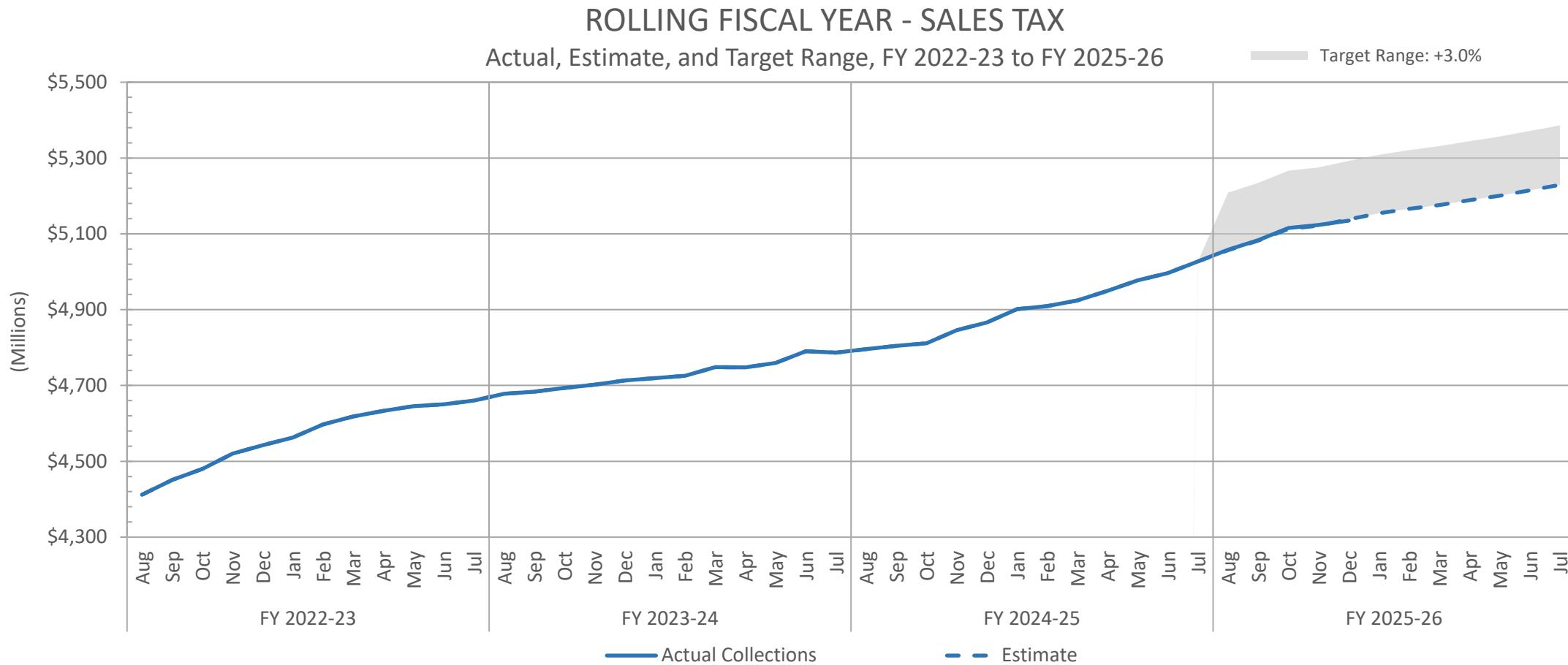
General Fund Revenue – Actual vs. November Estimate

Through December, collections are 3.7% above last year, or \$111.1 million ahead of year-to-date expectations, and within 3% of the estimate



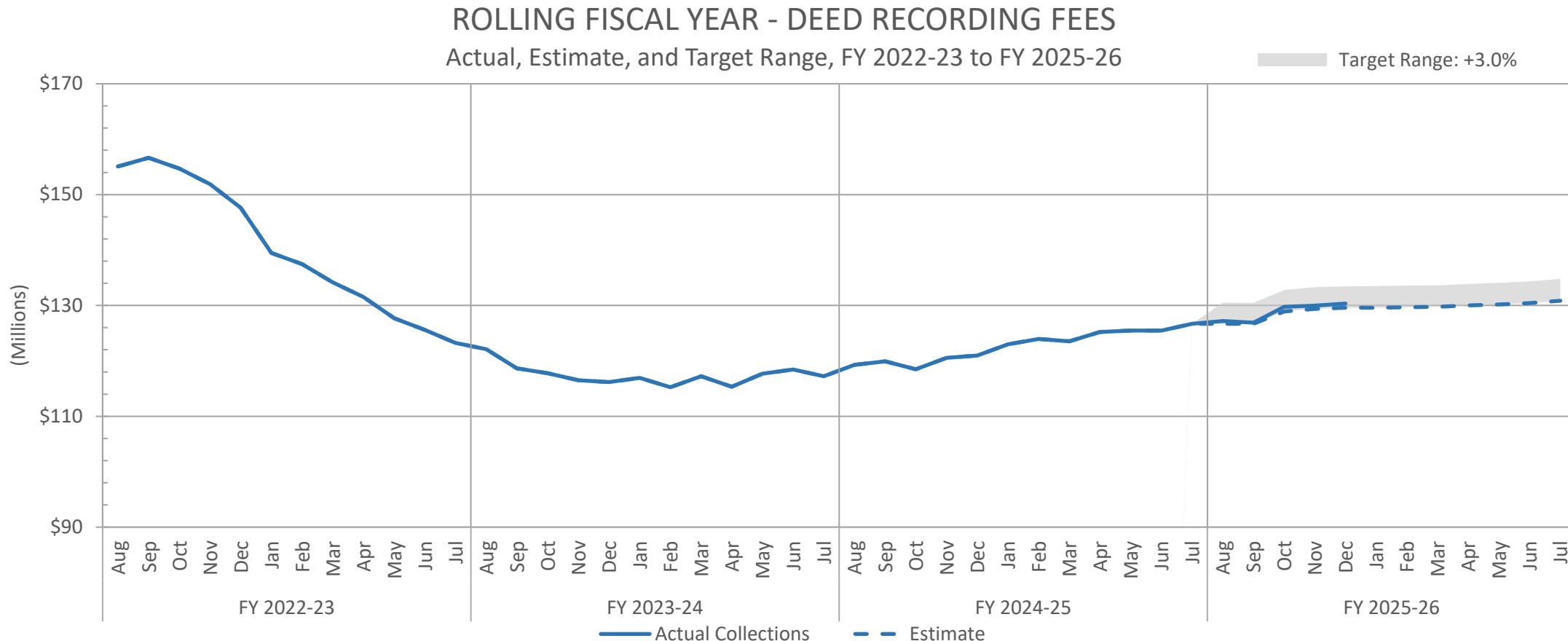
Sales Tax - Actual vs. Estimate

Sales tax revenue growth has slowed in recent months and is tracking very close to expectations (FY 25: 5.0%, FY 26: 4.0%, FY 27: 3.4%)



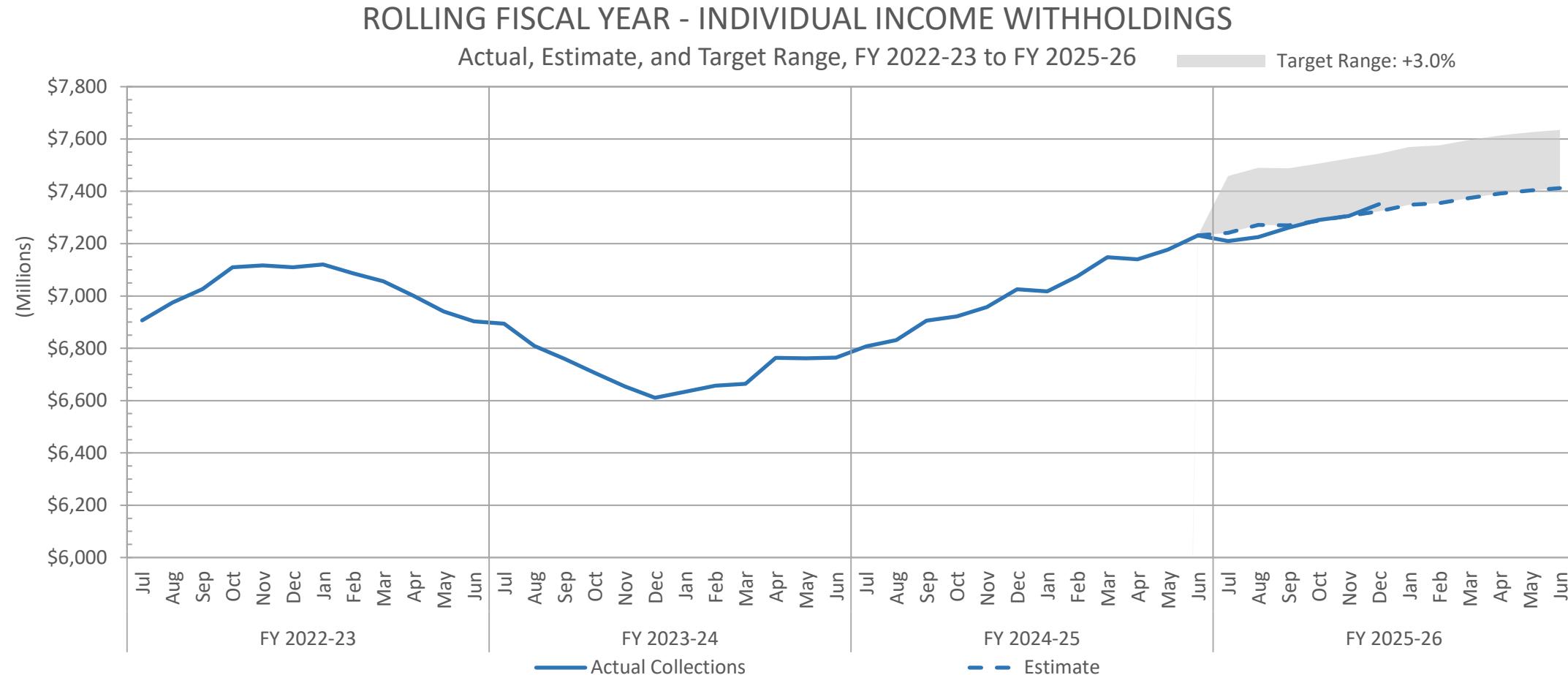
Deed Recording Fees - Actual vs. Estimate

Fiscal year-to-date collections are growing by 7.0% over last year and are \$0.8 million above expectations (FY 25: 8.1%, FY 26: 3.3%, FY 27: 3.0%)



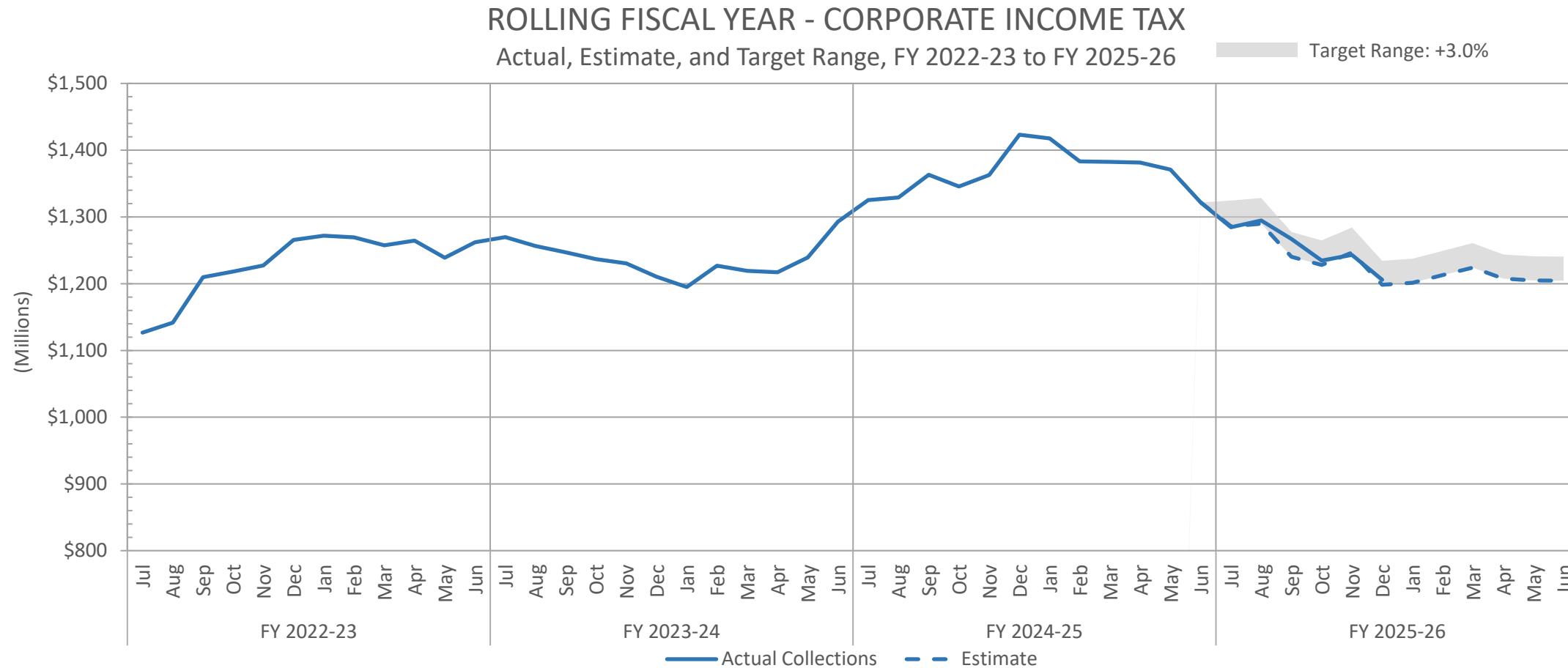
Withholdings - Actual vs. Estimate

Withholdings are \$27.4 million above the estimate in total through December, growing 3.4% over the same period last year, although growth for the whole year is expected to slow to 2.5% (FY 25: 6.9%, FY 26: 2.5%, FY 27: 3.9%)



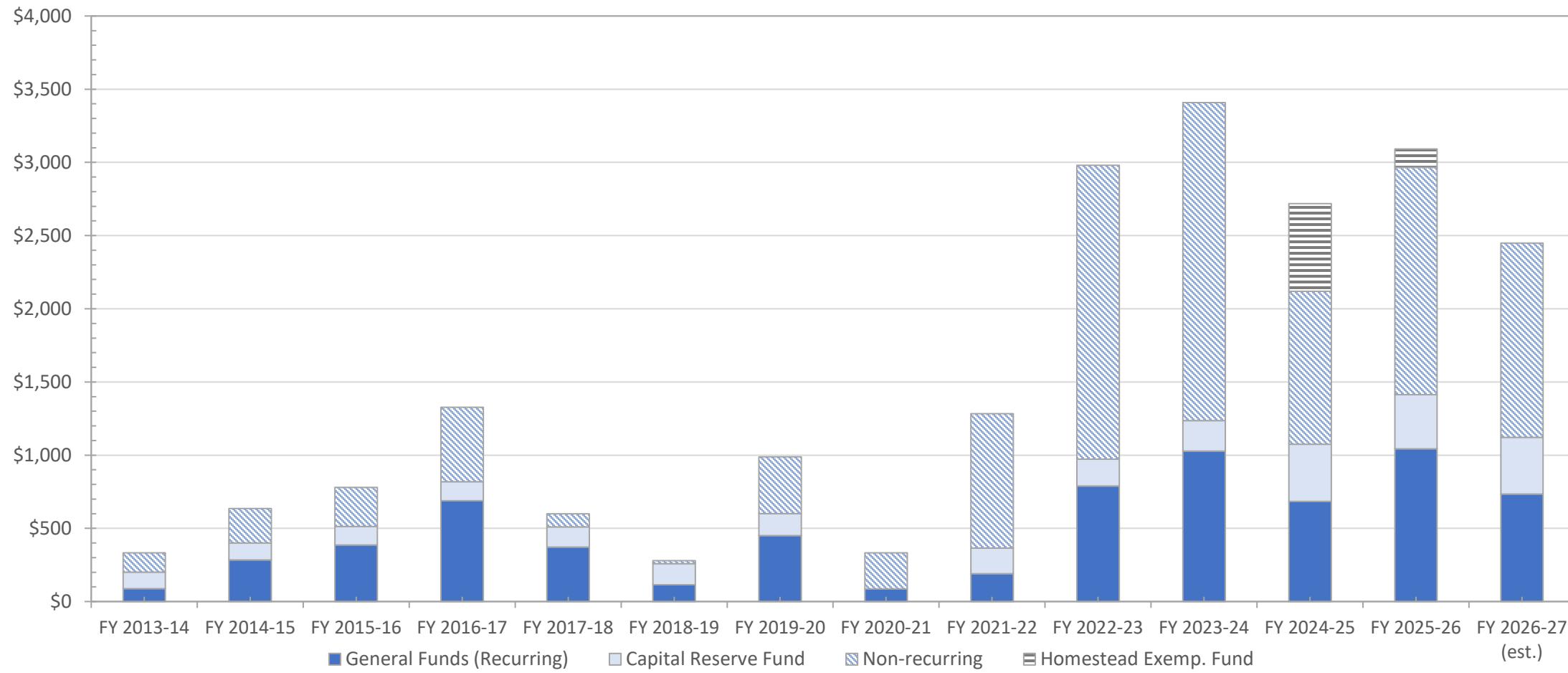
Corporate Income Tax – Actual vs. Estimate

December collections from quarterly payments exceeded expectations by \$11.4 million; in total, revenues are above the November estimate by \$7.6 million



Revenue Available for Budget Process

AVAILABLE "NEW" FUNDS BY BUDGET YEAR



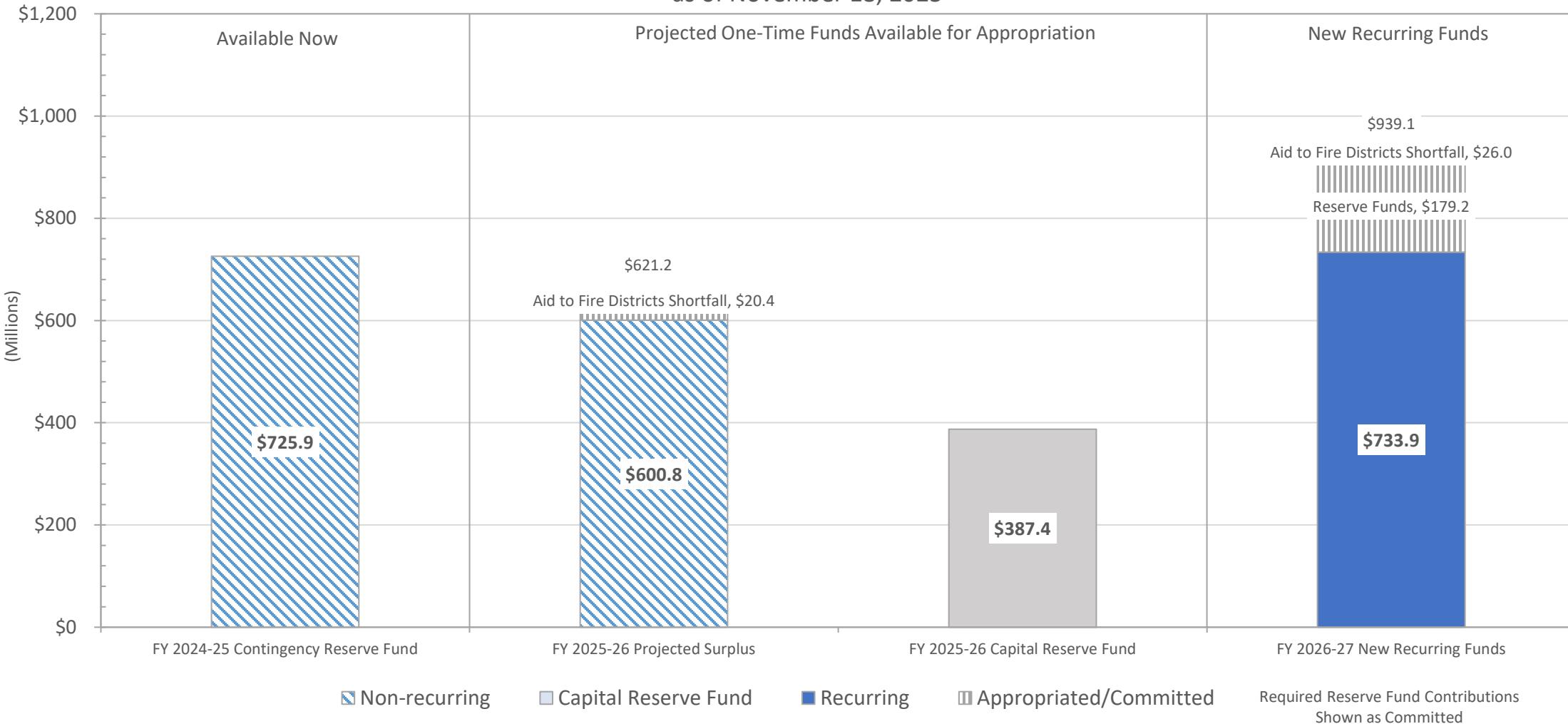
Source: Revenue and Fiscal Affairs Office 333 - lhj/01/20/2026



FY 2026-27 Budget - Available Funds

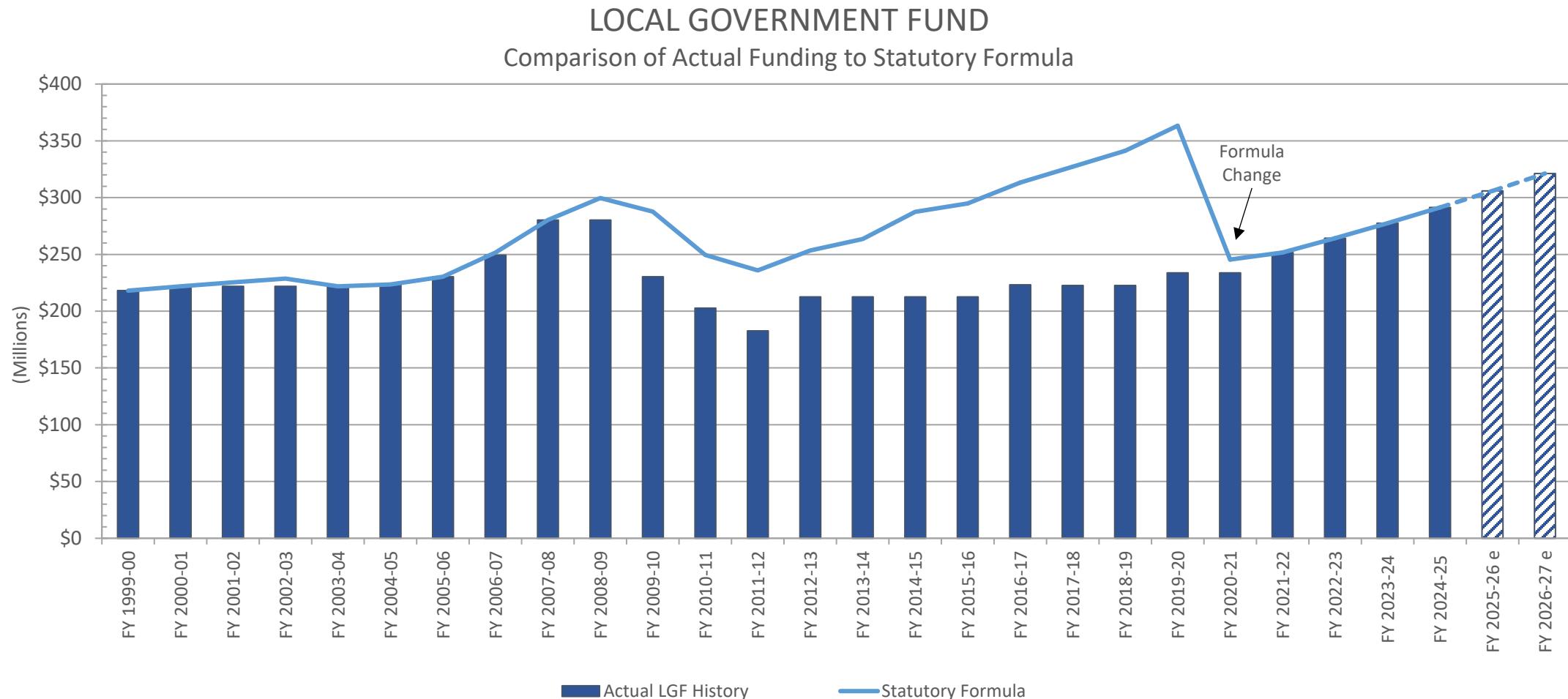
AVAILABLE FUNDS - FY 2026-27 BUDGET PROCESS

as of November 18, 2025



Local Government Fund

Under the statutory formula, the Local Government Fund is set to increase 5% in FY 27 (\$15.3 million)



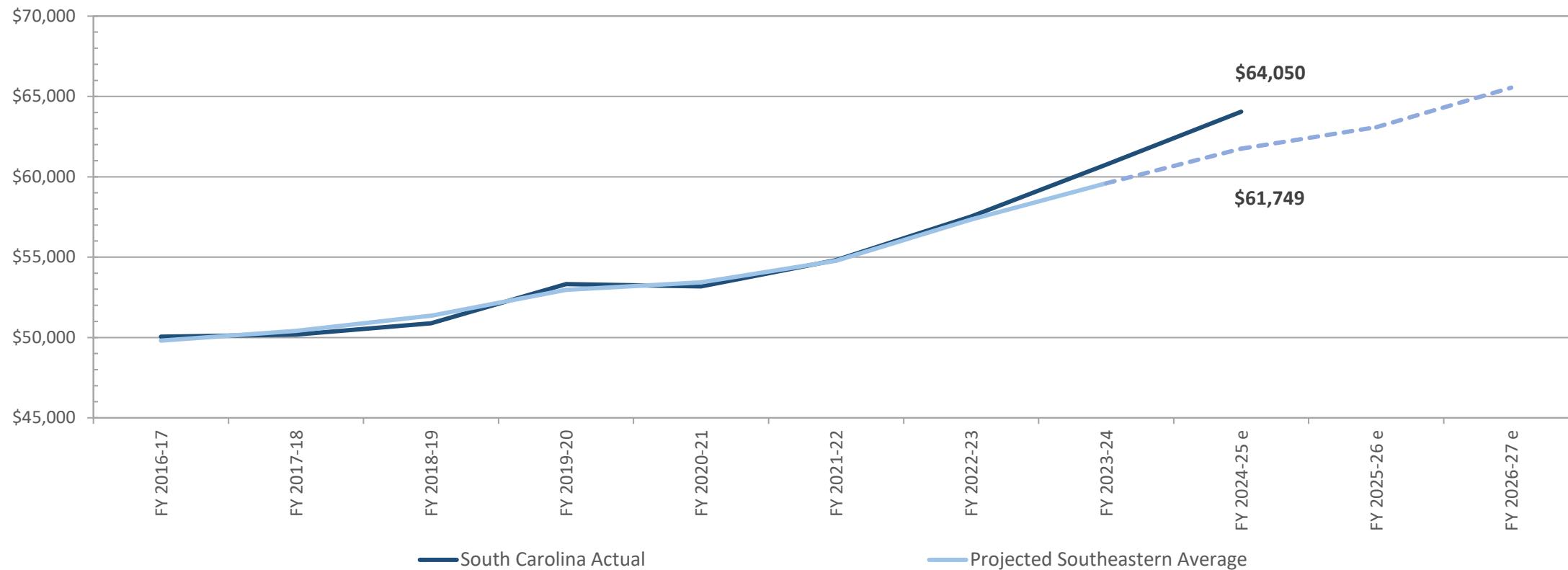
Source: S.C. Revenue and Fiscal Affairs Office - 193/lpw/11/19/2025



SC and Southeastern Average Teacher Salary

In FY 25, the average teacher salary in SC was about 3.7% higher than the SE average

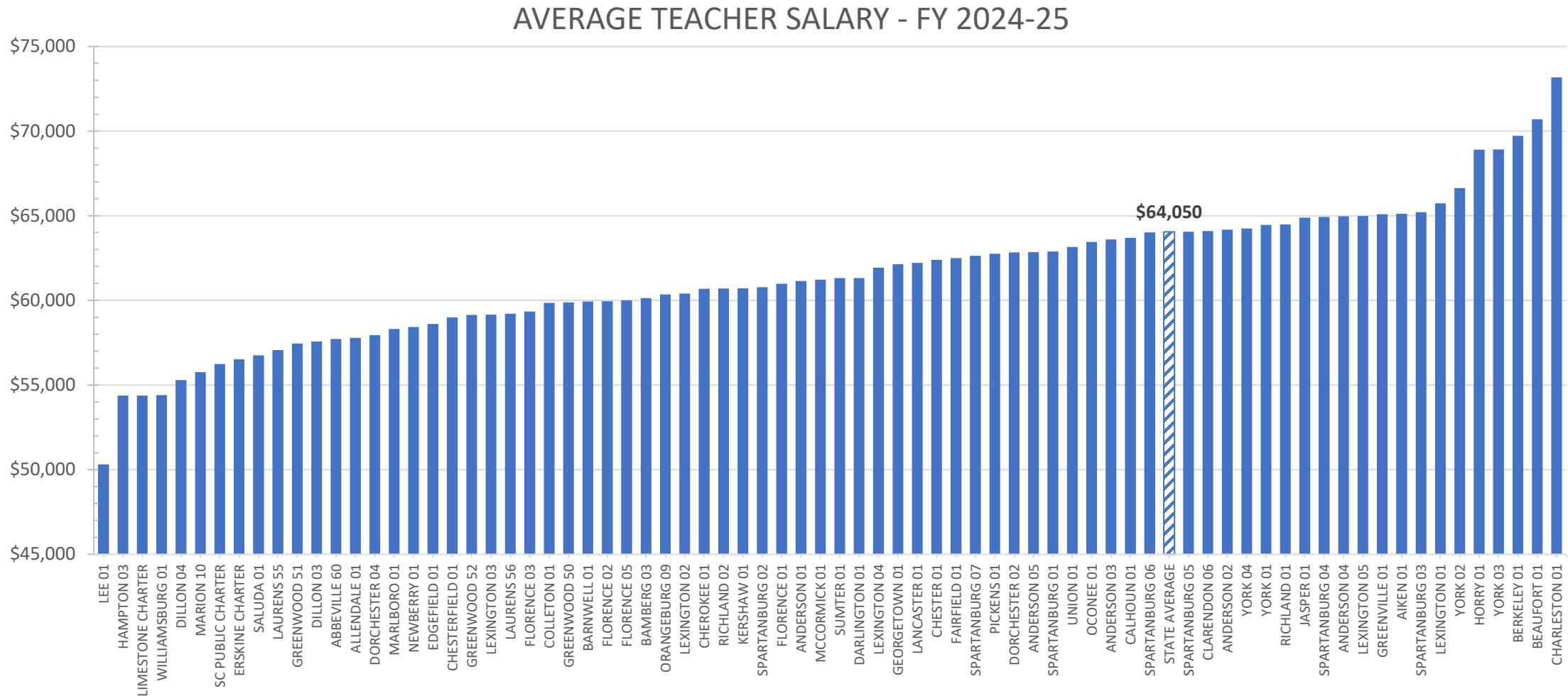
SOUTH CAROLINA AND SOUTHEASTERN AVERAGE TEACHER SALARY



Data Source: S.C. Department of Education, S.C. teacher salary; S.C. Revenue and Fiscal Affairs Office, Southeastern average salary estimates
Source: S.C. Revenue and Fiscal Affairs Office - 301 - 11/7/2025

Average Teacher Salary by District – FY 2024-25

Twenty districts paid more than the state average in FY 25



Data Source: S.C. Department of Education, S.C. teacher salary; RFA 346 – 11/19/2025



South Carolina Individual Income Tax



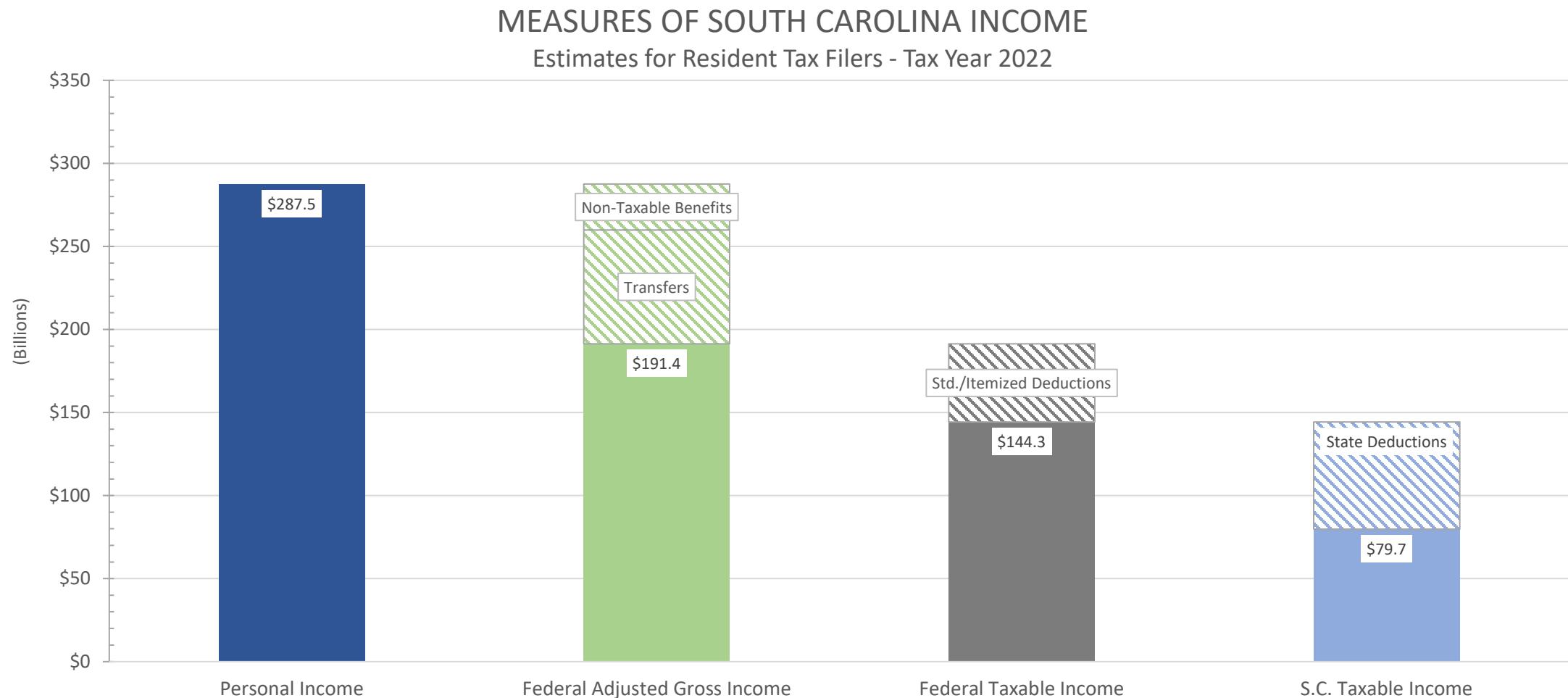
Individual Income Tax Proposals

- The Governor's FY 2026-27 Executive Budget proposes reducing the top rate from 6% to 5.9% in 2026 at an estimated cost of \$101.8 million for tax year 2026
- H. 4216 as passed by the House in 2025 proposes changing the tax structure by taxing federal adjusted gross income, changing deductions, and changing the tax rates at a cost of \$119.1 million for tax year 2026
- The bill is currently up for debate in the Senate



Estimated SC Income – Different Measures

SC taxable income is approximately 28% of personal income



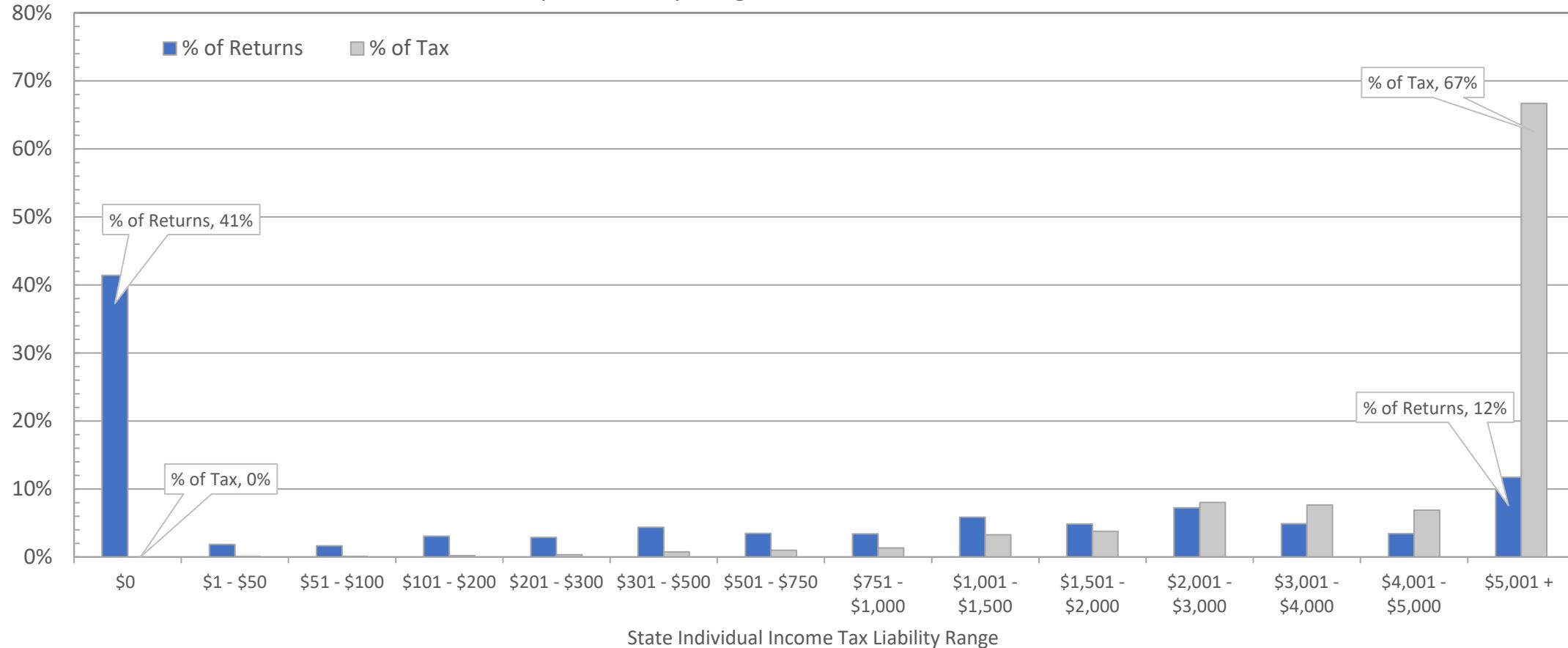
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis; I.R.S. Statistics of Income; S.C. Dept. of Revenue Individual Income Tax Returns
S.C. Revenue and Fiscal Affairs 186B-Ihj/01/24/2025



Estimated South Carolina Tax Liability for Tax Year 2024

ESTIMATED SC INDIVIDUAL INCOME TAX RETURNS AND TAX LIABILITY

By Tax Liability Range, Tax Year 2024



Data Source: S.C. Department of Revenue Individual Income Tax Returns; compiled by S.C. Revenue and Fiscal Affairs 131/lhj/2/5/2026

H. 4216 – Income Tax Proposal

- H. 4216 proposes taxing federal adjusted gross income, instead of federal taxable income, replacing the federal standard/itemized deduction with a state deduction based on income, and changing the tax rates from 0%, 3%, and 6% to 1.99% and 5.39%
- Link to bill and fiscal impact:

<https://www.scstatehouse.gov/billsearch.php?billnumbers=4216>

| Tax Year 2025 | |
|---------------------|----------|
| Tax Bracket | Tax Rate |
| \$0 to \$3,560 | 0% |
| \$3,560 to \$17,830 | 3% |
| Over \$17,830 | 6% |

| H. 4216 Proposed Tax Year 2026 | |
|-----------------------------------|----------|
| Tax Bracket | Tax Rate |
| \$0 to \$30,000 | 1.99% |
| Over \$30,000 | 5.39% |

H. 4216 AS AMENDED BY THE HOUSE ON 5.06.2025 - ESTIMATED SOUTH CAROLINA INDIVIDUAL INCOME TAX IMPACT

Tax Year 2026 - Updated 1.13.2026

Proposal: Apply a tax rate of 1.99% on taxable income up to \$30,000 and 5.39% over, eliminate the federal standard or itemized deduction, allow a new SC deduction at certain income levels, and maintain all other state adjustments, exemptions, and credits. (See notes below)
Impact: With this tax structure, 38.7% of taxpayers have a lower tax liability, 26.7% have a higher tax liability, and 34.6% are unchanged. The General Fund impact is (\$119,100,000).

| Estimated Federal Adjusted Gross Income Range | Estimated Tax Return Distribution | | | | Estimated Tax Change (Returns with a Change) | | | | | | | Returns with a Change | | | | | | | | Tax Returns with No Change | | Tax Returns with Zero Tax Liability | |
|---|-----------------------------------|------------------------|------------------------|------------------------|--|-----------------------|------------------------|------------------------|--------------------|-----------------------------------|---------------------------|--|------------------------|-------------------------|---------------------------|---|-----------------------|-------------------------|----------------------------|----------------------------|-----------------------|-------------------------------------|--|
| | | | | | | | | | | | | Tax Returns with a Decrease in Liability | | | | Tax Returns with an Increase in Liability | | | | | | | |
| | Estimated # of Returns | Estimated % of Returns | Old Avg. Tax Liability | New Avg. Tax Liability | Returns with Tax Change | % of Returns in Range | Old Avg. Tax Liability | New Avg. Tax Liability | Average Tax Change | Total Dollar Increase/ (Decrease) | Tax Decrease # of Returns | Tax Decrease % of Returns in Range | Total Decrease Amount | Average Decrease Amount | Tax Increase # of Returns | Tax Increase % of Returns in Range | Total Increase Amount | Average Increase Amount | No Tax Change # of Returns | No Change % of Returns | Zero Tax # of Returns | Zero Tax % of Returns | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | |
| \$0* | 78,854 | 2.9% | \$50 | \$43 | 1,080 | 1.4% | \$3,683 | \$3,154 | (\$529) | (\$571,000) | 575 | 0.7% | (\$606,000) | (\$1,054) | 505 | 0.6% | \$35,000 | \$69 | 77,774 | 98.6% | 77,824 | 98.7% | |
| \$1 to \$10,000 | 286,253 | 10.4% | \$3 | \$9 | 43,699 | 15.3% | \$20 | \$58 | \$38 | \$1,655,000 | 834 | 0.3% | (\$76,000) | (\$91) | 42,865 | 15.0% | \$1,731,000 | \$40 | 242,554 | 84.7% | 243,249 | 85.0% | |
| \$10,001 to \$20,000 | 310,122 | 11.2% | \$16 | \$26 | 75,652 | 24.4% | \$67 | \$105 | \$38 | \$2,872,000 | 5,591 | 1.8% | (\$360,000) | (\$64) | 70,060 | 22.6% | \$3,232,000 | \$46 | 234,471 | 75.6% | 235,107 | 75.8% | |
| \$20,001 to \$30,000 | 275,560 | 10.0% | \$107 | \$110 | 140,713 | 51.1% | \$210 | \$216 | \$5 | \$769,000 | 51,548 | 18.7% | (\$2,676,000) | (\$52) | 89,165 | 32.4% | \$3,445,000 | \$39 | 134,847 | 48.9% | 134,332 | 48.7% | |
| \$30,001 to \$40,000 | 269,566 | 9.8% | \$288 | \$216 | 160,474 | 59.5% | \$483 | \$362 | (\$121) | (\$19,360,000) | 131,750 | 48.9% | (\$21,067,000) | (\$160) | 28,724 | 10.7% | \$1,707,000 | \$59 | 109,091 | 40.5% | 110,638 | 41.0% | |
| \$40,001 to \$50,000 | 234,386 | 8.5% | \$569 | \$390 | 174,112 | 74.3% | \$767 | \$526 | (\$241) | (\$41,986,000) | 127,503 | 54.4% | (\$46,301,000) | (\$363) | 46,609 | 19.9% | \$4,315,000 | \$93 | 60,274 | 25.7% | 61,884 | 26.4% | |
| \$50,001 to \$75,000 | 407,593 | 14.8% | \$1,192 | \$990 | 351,715 | 86.3% | \$1,381 | \$1,148 | (\$234) | (\$82,146,000) | 286,705 | 70.3% | (\$93,552,000) | (\$326) | 65,010 | 15.9% | \$11,406,000 | \$175 | 55,877 | 13.7% | 61,644 | 15.1% | |
| \$75,001 to \$100,000 | 250,437 | 9.1% | \$2,020 | \$1,874 | 225,176 | 89.9% | \$2,247 | \$2,085 | (\$162) | (\$36,461,000) | 173,939 | 69.5% | (\$51,076,000) | (\$294) | 51,237 | 20.5% | \$14,615,000 | \$285 | 25,261 | 10.1% | 27,341 | 10.9% | |
| \$100,001 to \$150,000 | 298,343 | 10.8% | \$3,258 | \$3,269 | 289,966 | 97.2% | \$3,352 | \$3,363 | \$11 | \$3,115,000 | 175,398 | 58.8% | (\$35,022,000) | (\$200) | 114,568 | 38.4% | \$38,137,000 | \$333 | 8,377 | 2.8% | 8,450 | 2.8% | |
| \$150,001 to \$200,000 | 143,398 | 5.2% | \$5,518 | \$5,873 | 141,749 | 98.9% | \$5,582 | \$5,942 | \$359 | \$50,933,000 | 19,752 | 13.8% | (\$6,653,000) | (\$337) | 121,997 | 85.1% | \$57,586,000 | \$472 | 1,649 | 1.1% | 1,210 | 0.8% | |
| \$200,001 to \$300,000 | 109,340 | 4.0% | \$8,741 | \$9,077 | 108,086 | 98.9% | \$8,842 | \$9,182 | \$340 | \$36,718,000 | 29,527 | 27.0% | (\$10,562,000) | (\$358) | 78,560 | 71.8% | \$47,280,000 | \$602 | 1,253 | 1.1% | 791 | 0.7% | |
| \$300,001 to \$500,000 | 56,123 | 2.0% | \$14,926 | \$14,844 | 55,098 | 98.2% | \$15,204 | \$15,120 | (\$84) | (\$4,627,000) | 36,199 | 64.5% | (\$25,411,000) | (\$702) | 18,898 | 33.7% | \$20,784,000 | \$1,100 | 1,025 | 1.8% | 688 | 1.2% | |
| \$500,001 to \$1,000,000 | 25,664 | 0.9% | \$25,969 | \$25,338 | 24,764 | 96.5% | \$26,912 | \$26,258 | (\$654) | (\$16,195,000) | 18,325 | 71.4% | (\$32,991,000) | (\$1,800) | 6,439 | 25.1% | \$16,796,000 | \$2,608 | 900 | 3.5% | 649 | 2.5% | |
| Over \$1,000,000 | 11,936 | 0.4% | \$78,228 | \$77,074 | 11,163 | 93.5% | \$83,646 | \$82,413 | (\$1,233) | (\$13,767,000) | 8,187 | 68.6% | (\$62,365,000) | (\$7,617) | 2,975 | 24.9% | \$48,598,000 | \$16,334 | 773 | 6.5% | 666 | 5.6% | |
| Total | 2,757,573 | 100.0% | \$2,321 | \$2,277 | 1,803,447 | 65.4% | \$3,548 | \$3,482 | (\$66) | (\$119,100,000) | 1,065,834 | 38.7% | (\$388,700,000) | (\$365) | 737,613 | 26.7% | \$269,600,000 | \$366 | 954,126 | 34.6% | 964,473 | 35.0% | |

Figures may not add to totals due to rounding. For non-residents, federal AGI is only the amount applicable to South Carolina.

*Returns may have \$0 federal AGI but positive state taxable income due to provisions not adopted by South Carolina or out-of-state income adjustments.

| Current 2026 Marginal Tax Rates: | Taxable Income Range: | Proposed Tax Rates : | SC Deduction | Phase-out Start | Phase-out End | Other Notes: |
|---|-----------------------|----------------------|-------------------|-----------------|---------------|--------------|
| 0% | up to \$3,640 | 1.99% up to \$30,000 | Single | \$15,000 | \$40,000 | \$95,000 |
| 3% | \$3,640-\$18,230 | 5.39% over \$30,000 | Married Joint | \$30,000 | \$80,000 | \$190,000 |
| 6.0% | over \$18,230 | | Head of Household | \$22,500 | \$60,000 | \$142,500 |
| SC deduction is phased-out based on federal AGI levels shown. | | | | | | |
| Earned Income Tax credit is capped at \$200. | | | | | | |

Disclaimer: Estimates are based on current assumptions at the time of the analysis. Changes in growth rates, base year tax data, or other assumptions may have a positive or negative impact on these estimates and the budget.



Impact of Federal Income Tax Law Changes - Select Provisions

(Impact of more than +/- \$5 million)

| Provision | Tax Year 2025 | Tax Year 2026 |
|---|-----------------|-----------------|
| Temporary senior deduction (\$6,000) | (\$62.7) | (\$63.8) |
| Increase to standard deduction (Single: \$750, Married: \$1,500, Head of Household: \$1,125) | (\$80.8) | (\$82.2) |
| No tax on overtime | (\$47.1) | (\$49.2) |
| No tax on tips | (\$18.2) | (\$18.4) |
| No tax on car loan interest | (\$13.0) | (\$19.4) |
| Full expensing of domestic research and experimental expenditures | (\$50.4) | (\$11.8) |
| Increased dollar limitations for expensing of certain depreciable business assets | (\$6.1) | (\$5.1) |
| 0.5% floor on deduction of charitable contributions made by individuals | \$0 | \$8.7 |
| Exceptions from limitations on deduction for business meals | \$0 | \$7.9 |

For a complete listing see: <https://rfa.sc.gov/programs-services/fiscal-analysis/economic-analyses>

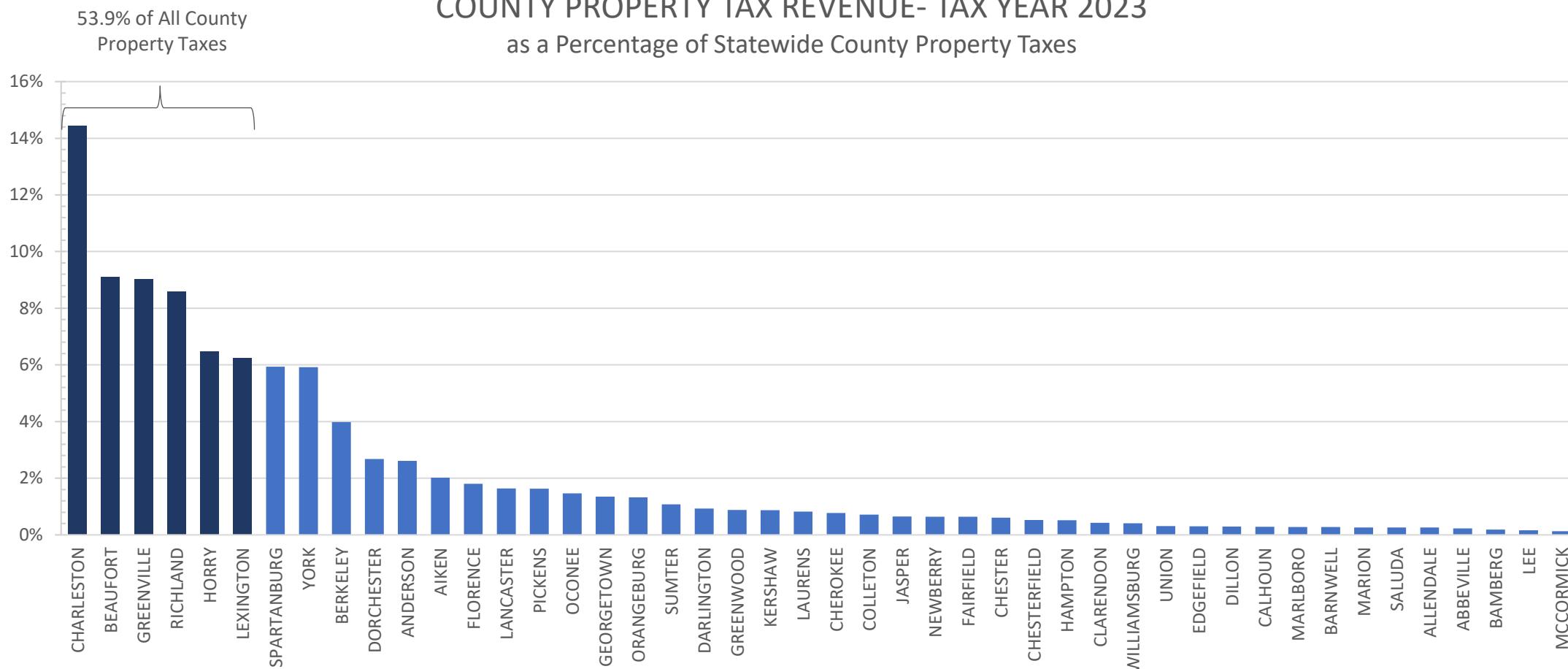


Property Tax Issues



County Property Tax Revenue

The top 6 counties make up almost 54% of statewide property taxes



Source: S.C. Department of Revenue; Tax Collections by County Report - 377 RFA-mkm/01/30/2025

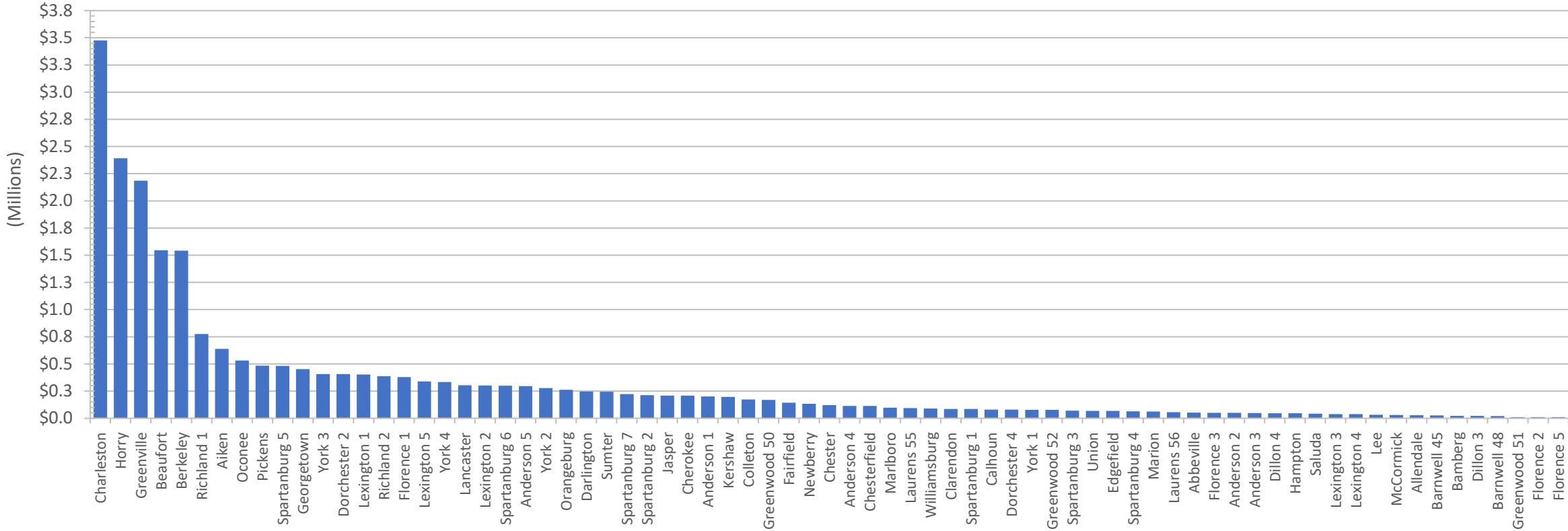


Value of One Mill - 2023

One mill generates between \$10,635 and \$3.47 million for school district operating expenses

ESTIMATED VALUE OF A MILL - SCHOOL OPERATIONS

Tax Year 2023



Note: Includes Fee-in-lieu

Source: Department of Revenue 2025 Index of Taxpaying Ability; calculations by Revenue and Fiscal 378-mkm/08/27/25



Millage Rate Increase Limitation

Inflation component

- The inflation component for the millage rate increase limitation for FY 2026-27 is 2.63%
- Census Bureau Population Release Dates:
 - Counties and School Districts – March 2026
 - Incorporated Places (Municipalities) – May 2026

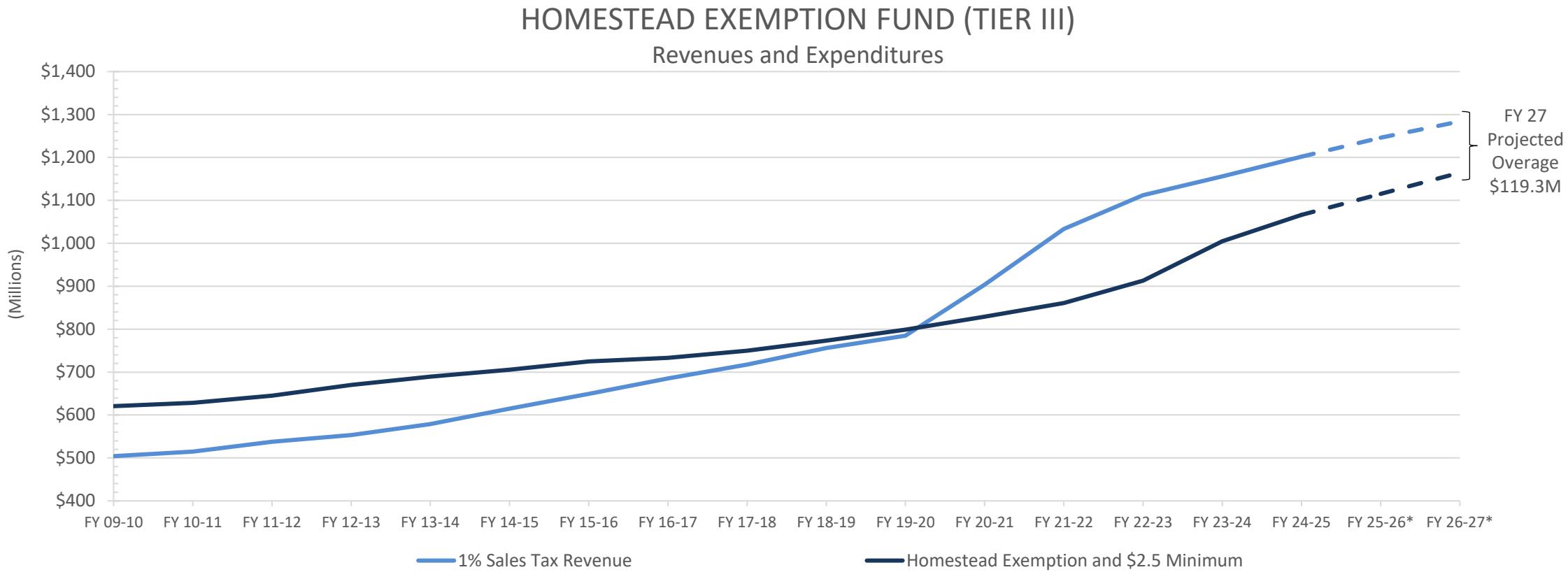
Property Tax Exemptions and Reimbursements

Tiers I, II, and III

| Property Tax Exemption | Reimbursement Title | Reimbursement Amount |
|--|---------------------|--|
| \$100,000 Residential School Operating Property Tax Exemption | Tier I | Capped at \$249,069,750 |
| Homestead Exemption (65+) | Tier II | School operating - capped at \$80,892,729 All other - dollar for dollar match |
| Exemption for Residential School Operating Millage above \$100,000 (Act 388 of 2006) | Tier III | Formula driven based on population and inflation |

Homestead Exemption Fund

Sales tax revenue projection continues to cover expenditures



*Does not include fund balance or appropriations.

Note: Tier III Expenditure includes \$2.5M minimum disbursements and lease purchase lawsuit revisions. BEA expenditure estimates as of 12/15/2025 and revenue estimates as of 11/18/2025.

Source: SC Revenue and Fiscal Affairs Office MKM-40- 01/20/2026



Homestead Exemption Fund- Appropriation of Fund Balance

- Proviso 118.20 of the FY 2025-26 Appropriations Act appropriated \$124.3 million of the balance in the HEX Fund for income tax relief, allowing for an acceleration of lowering the top income tax bracket from 6.2% to 6.0%



Manufacturers Valuation Exemption

42.8571% of the value of the property is exempt

- The Comprehensive Tax Cut Act of 2022 increased the manufacturing property tax exemption to 42.8571% of the appraised value
 - Essentially, this exemption lowers the assessment ratio from 10.5% to 6%
- Per statute, In any year that the reimbursements are projected by RFA to exceed the \$170 million limit, the exemption amount will be proportionally reduced so as not to exceed the limit
- Based on RFA's current projections, the reimbursement projection may exceed the cap beginning in FY 2026-27
- However, Proviso 117.202 of FY 2025-26 allows up to \$300 million to be used for the reimbursements despite the cap in statute

Homestead Exemption – Proposed Legislation

Increase the exemption amount to \$150,000 with a 5-year residency requirement

- S. 768 effectively increases the homestead exemption to \$150,000 for those who are eligible for the exemption in tax year 2025
 - For those who become eligible after tax year 2025, they must also have resided in the state for at least the 5 years immediately prior to the application to qualify for the exemption
- The exemption will continue be reimbursed by the Trust Fund for Tax Relief on a dollar-for-dollar basis
- Also, by ordinance, a governing body may increase the exemption amount; any property taxes not collected due to this increase by ordinance will not be reimbursed by the State



Business Personal Property – Proposed Legislation

Exemption for first \$10,000 of net depreciated value for small businesses

- H. 5006 establishes a business personal property tax exemption for the first \$10,000 of net depreciated value for business personal property for small businesses
- Small business is defined as a commercial retail service, industry entity, or nonprofit corporation, including affiliates, that:
 - the business' ownership is comprised of taxpayers who pay income taxes in this state;
 - is independently owned and operated; and
 - employs fewer than one hundred full-time employees or has gross annual sales of less than \$10 million dollars.



State Aid to Fire Districts

Proviso 117.213 – Review of open-ended status

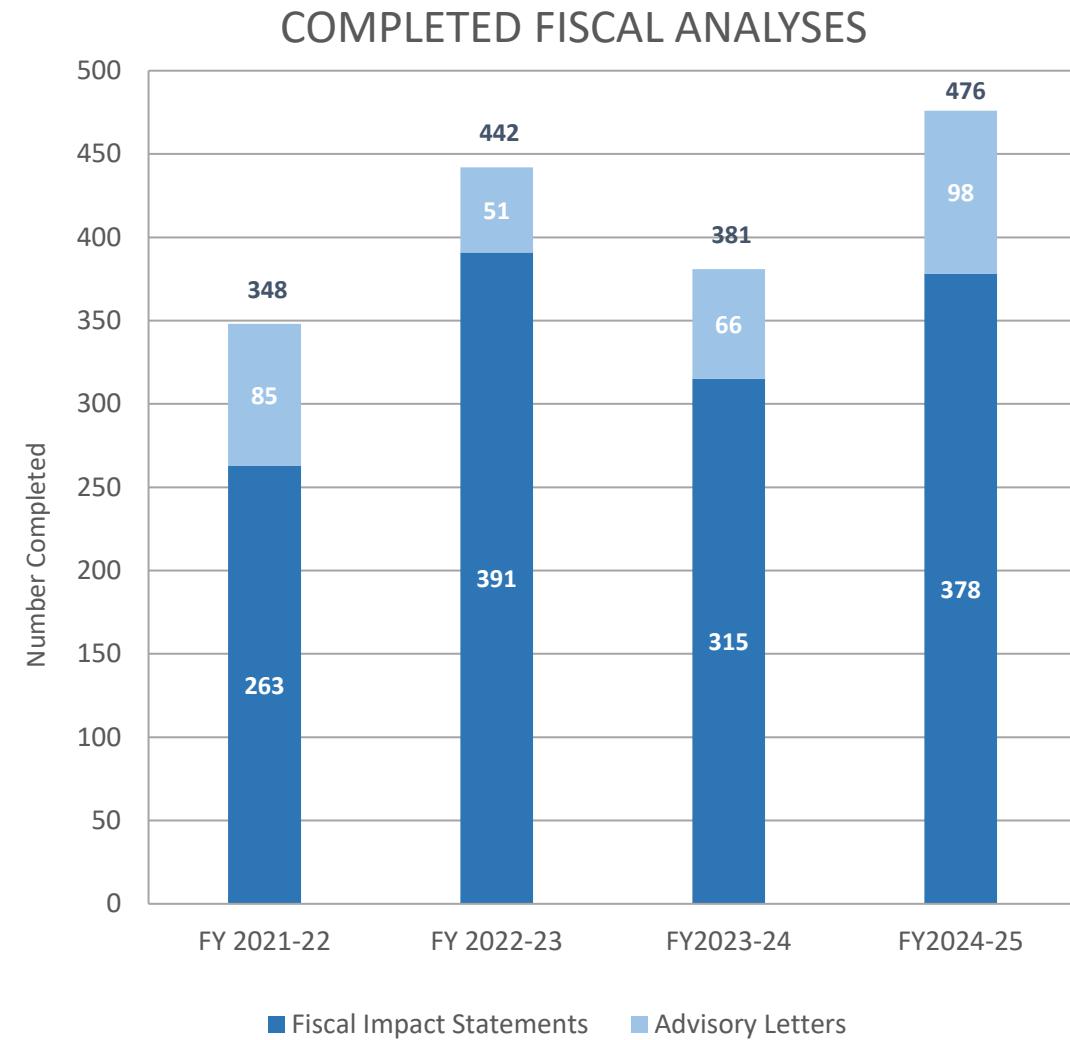
- The State Aid to Fire Districts appropriation distributes certain insurance tax revenue to local fire departments
- Proviso 117.213 of the FY 2025-26 Appropriations Act tasked RFA, in conjunction with the Executive Budget Office, to provide options to address the State Aid to Fire Districts open-ended status
- The General Fund acts as a clearing account for the tax revenue that is collected in one fiscal year and distributed the next, and the appropriation has not been increased to keep up with the distribution, resulting in an open-ended appropriation
- The Executive Budget moves this process out of the State's General Fund to a separate fund and allocates sufficient funding for the distribution as recommended
- The change should have *no impact* on the amount or the timing of the distributions for State Aid to Fire Districts

Fiscal Impact Statements



Fiscal Analysis

- The Fiscal Analysis Division provides analytical services to the General Assembly and statewide constitutional officers regarding the economy, revenues, and expenditures. The Division is also responsible for fiscal impact statements and a variety of calculations and reports related to education, property tax, local governments, and statutory inflation adjustments.



Fiscal Impact Statements

Local property tax impacts

- H. 3585 2025-04-30 amended
- H. 5006 2026-01-26 introduced
- S. 768 2026-01-21 amended

Questions

For additional information please visit our website: www.rfa.sc.gov

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