

An Overview of South Carolina's State and Local Government Tax Structure

Presented to

Senate Finance Common Sense Tax Reform Special Subcommittee

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General Observations Regarding Taxes and Spending

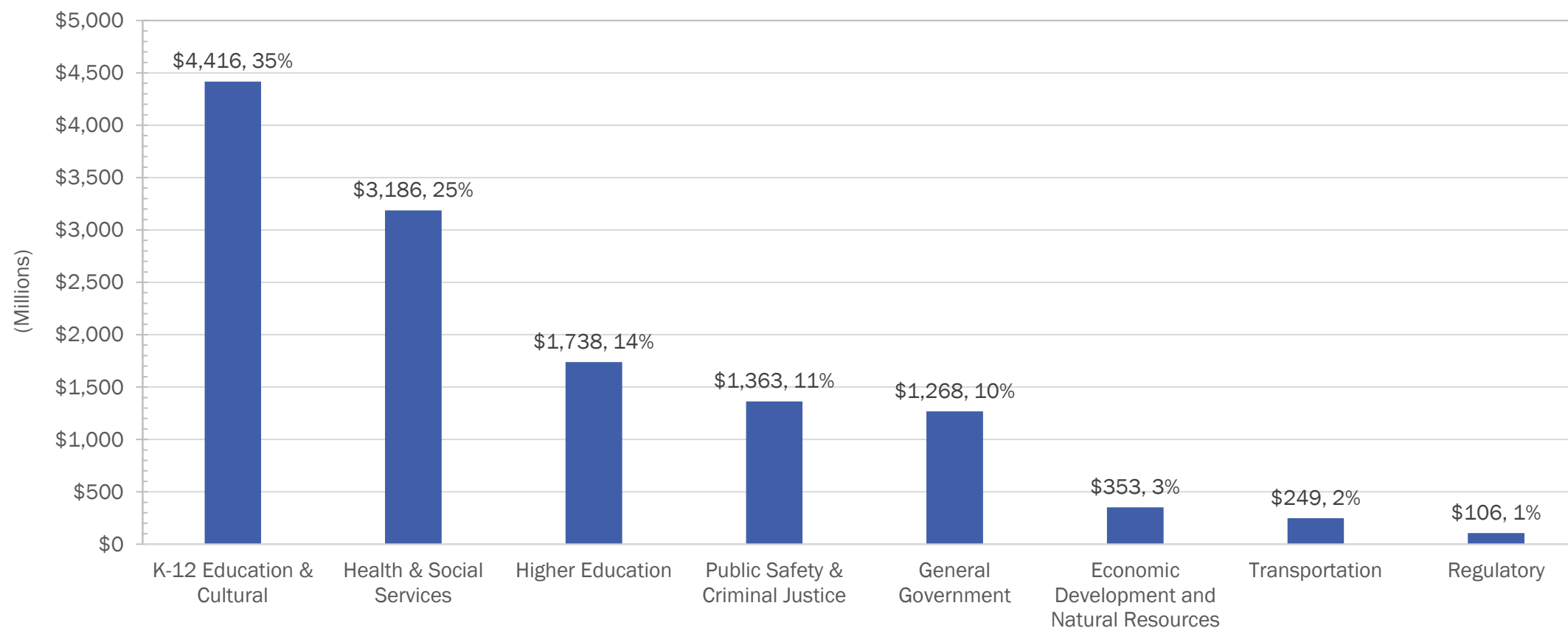
Deciding how to use limited resources to satisfy unlimited wants

- Analysis and discussions on a tax cannot be done in isolation; additional context is needed
 - Taxes (and fees) are imposed to provide public services, but this represents only one-half of the fiscal equation; analysis and discussion on funding public services must include expenditure factors (e.g., cost savings, consolidation, alternatives)
 - Distinguish or balance between state versus local obligations
- Effectiveness of a tax (tax policy) depends on economic and other factors
 - Sufficiency of the economic base or activity – tax base may be too small; growth in the tax base may vary
 - Impact on the economy – will the tax help improve or enhance a community or be a drag on economic growth; will it incentivize or discourage certain behaviors
 - Impact of economic changes - how will the revenue stream be affected by changes in technology or consumer behavior
 - Exclusions, exemptions, and deductions – what are the benefits and consequences of different treatment
- Appropriateness of the tax and its exemptions (revenue) versus the programmatic needs (expenditures) is often quite subjective

General Fund Expenditures – FY 2024-25

K-12 Education (35%) and Health & Social Services (25%) are the two largest areas of General Fund expenditures

GENERAL FUND EXPENDITURES BY FUNCTIONAL AREA - FY 2024-25



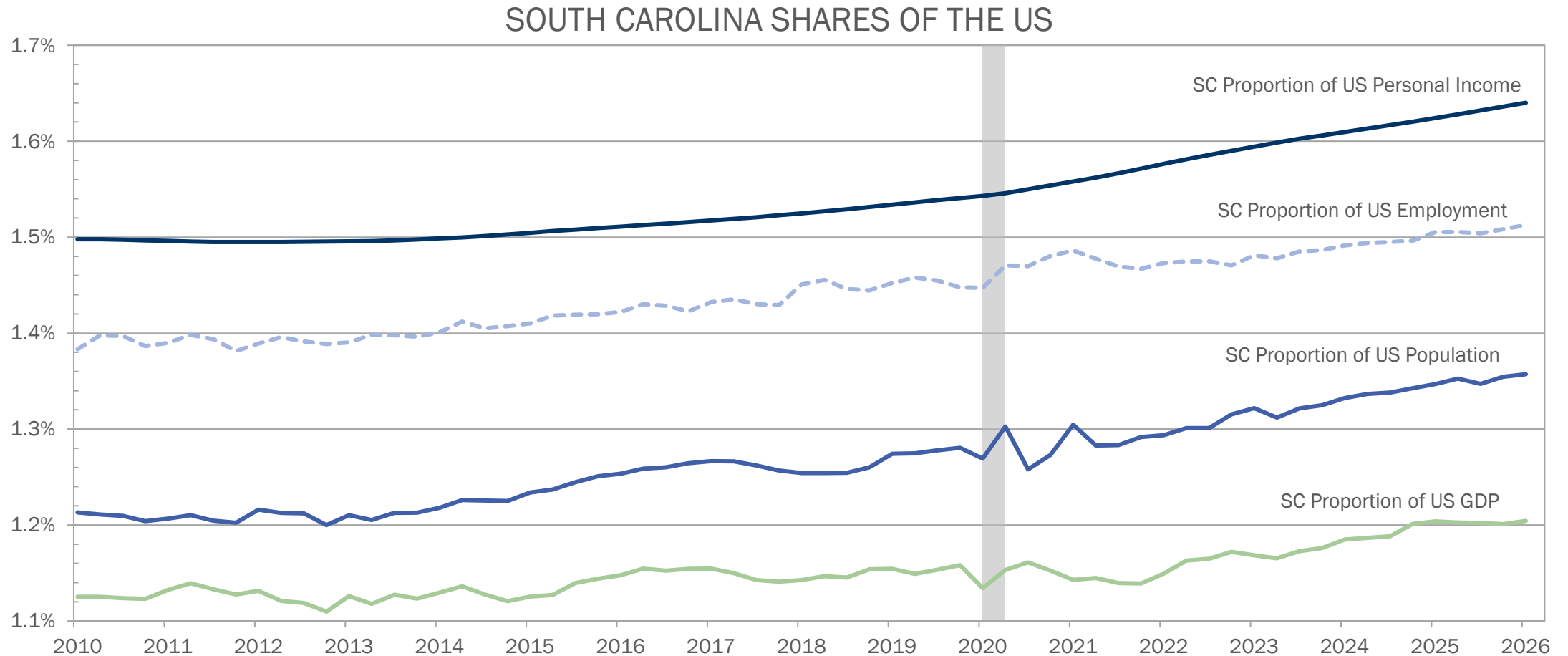
Source: SC Dept. of Administration Finance dashboard and Higher Education reports to Executive Budget Office, RFA/lhj/09/08/2026

Includes the agencies listed in the dashboard and colleges and universities. (<https://admin.sc.gov/transparency/insidesc-data-dashboards/finance/sc-actuals-vs-actuals-dashboard>)

SC Economic Base and Trends

SC Versus US – Share of Population, Employment, Income, and GDP

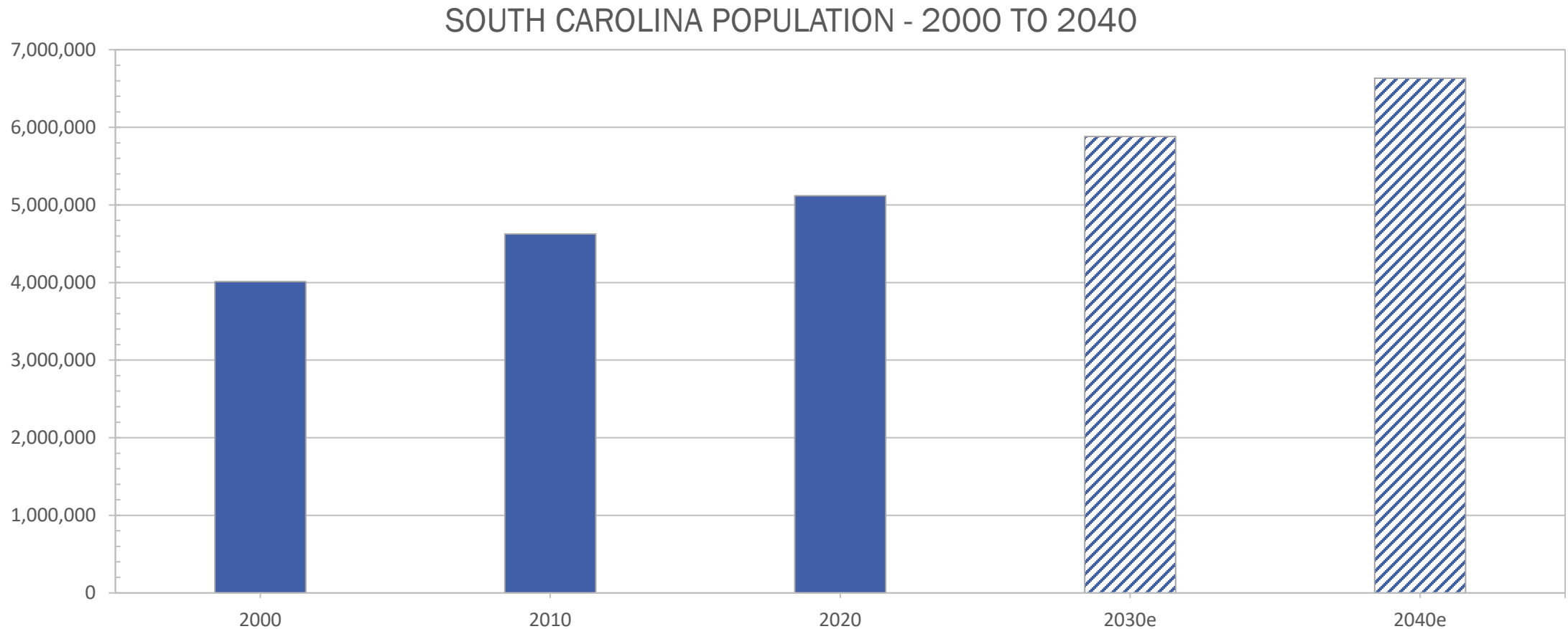
SC's share of US population, employment, personal income, and GDP continue to increase



Source: U.S. Department of Commerce, Bureau of Economic Analysis; 344- RFA/kv/7/23/2026

SC Population Growth - Projections

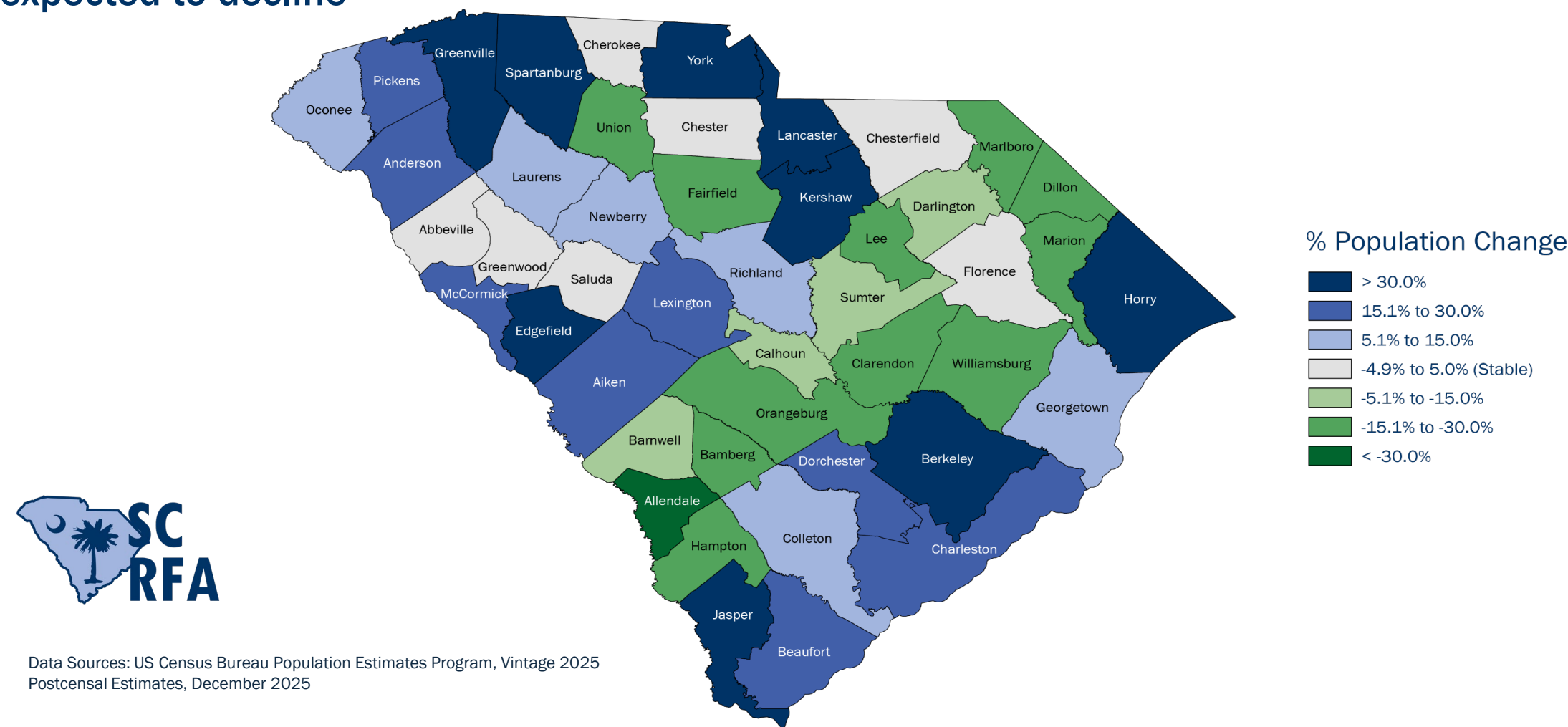
Population is estimated to grow 29% from 5.1 million in 2020 to 6.6 million in 2040; similarly, the need for services and the total cost will increase



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

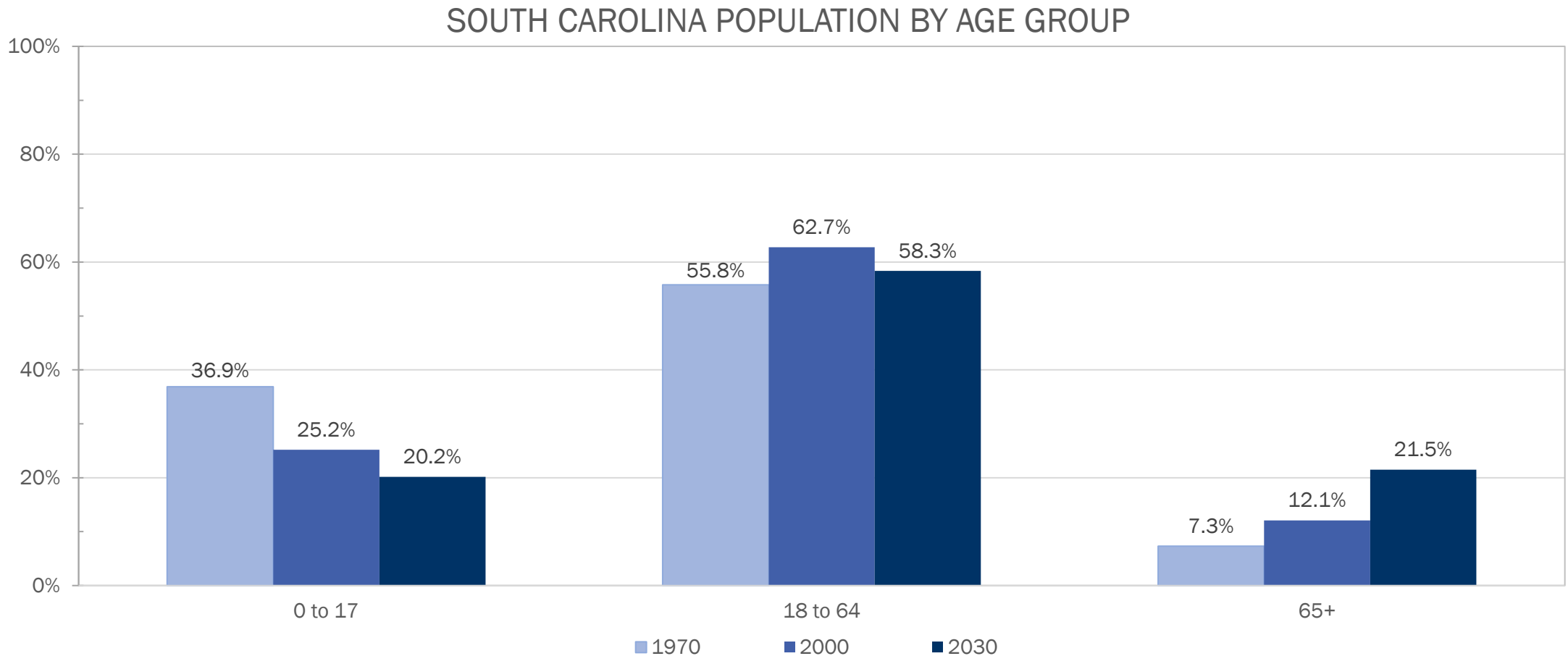
Projected Total Population Change by SC County, 2020 - 2040

Significant differences in population growth by county are expected, resulting in different fiscal conditions; 22 counties are expected to increase notably, while 16 are expected to decline



SC Population by Age Group

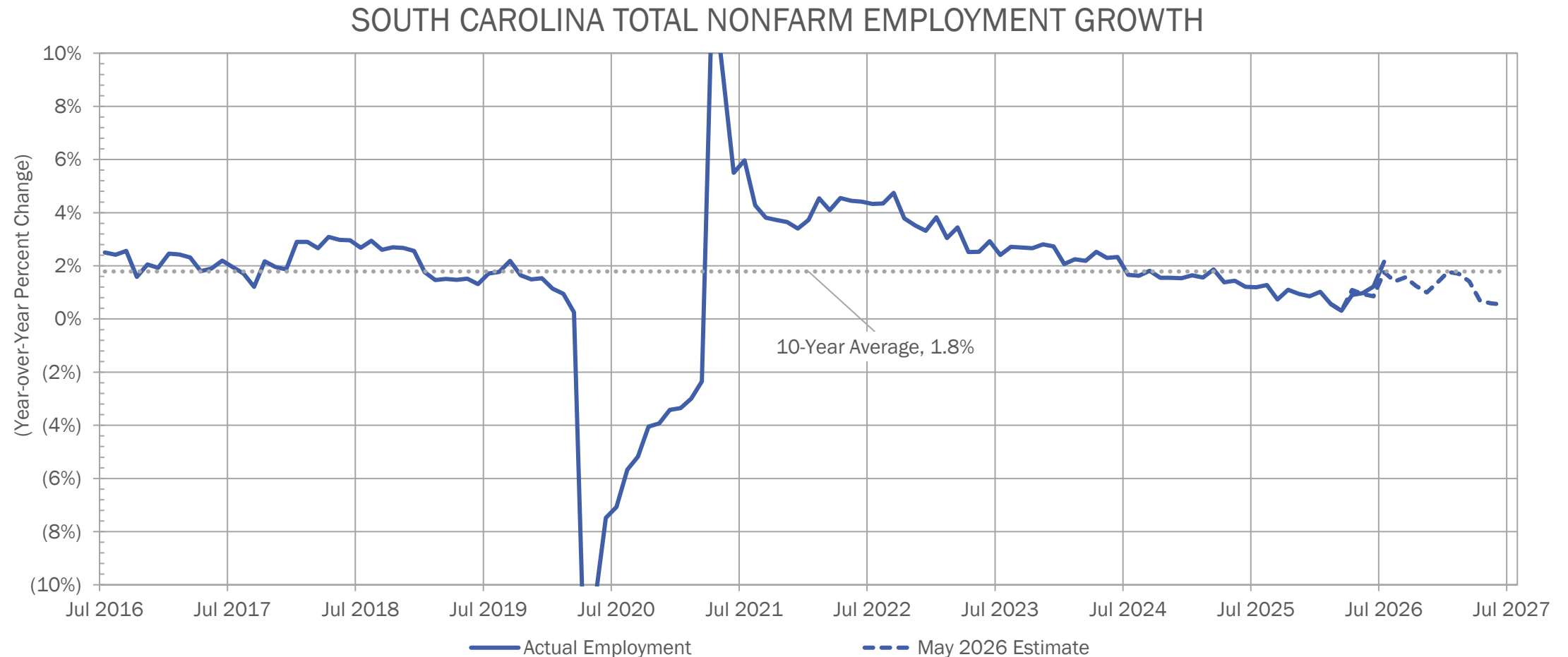
By 2030, there are projected to be more people over 64 than under 18; the percentage of people of workforce age is projected to decrease (relatively fewer workers to support a larger population)



Source: US Census Bureau, population estimates; SC Revenue and Fiscal Affairs, population projections. 383-RFA/lpw/9/1/2026

SC Employment – Percent Change

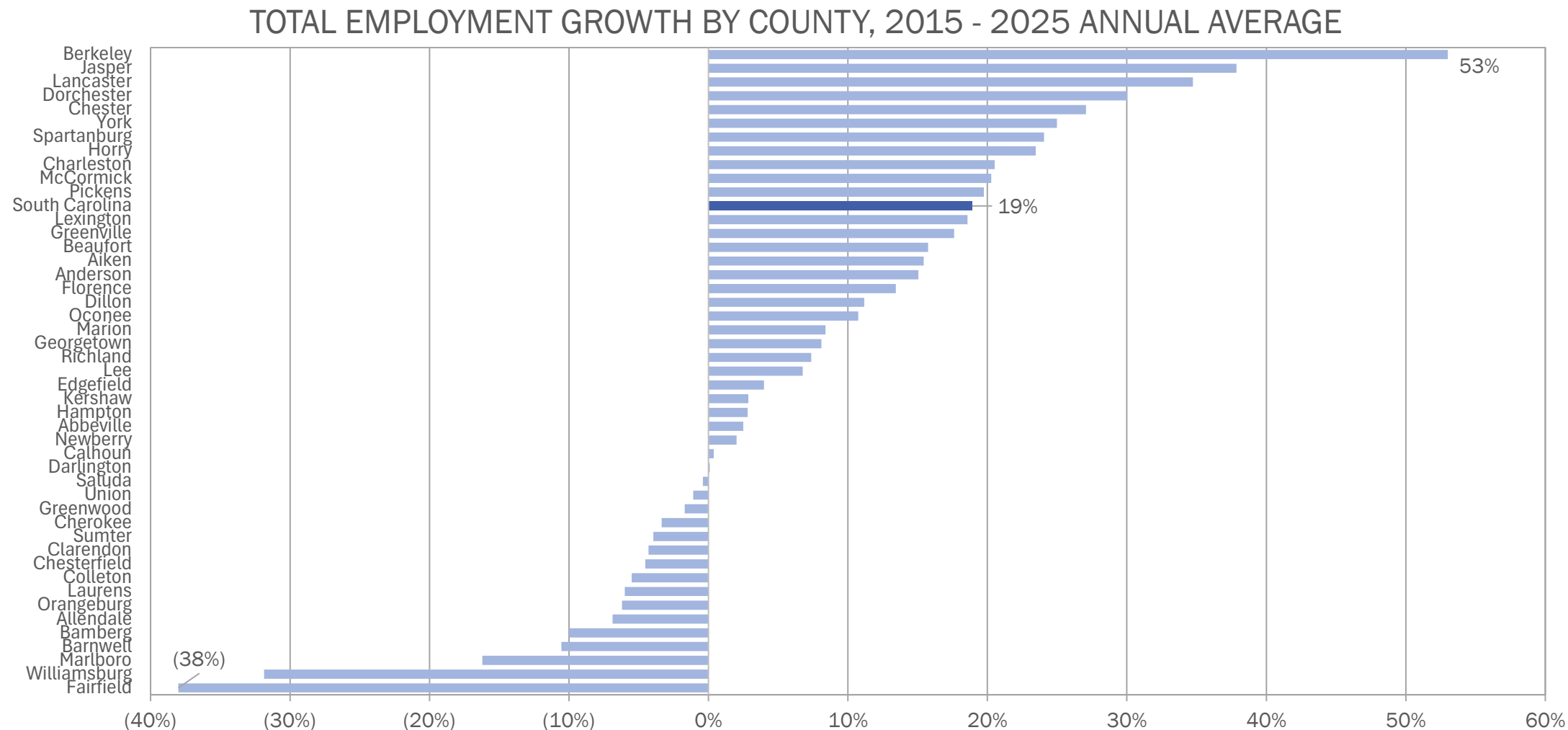
South Carolina employment growth is expected to average 1.3% in FY 27, below the long-term average of 1.8%



Source: Bureau of Labor Statistics, U.S. Department of Labor RFA/kv/8/26/2026

Employment Growth by County over the Past 10 Years

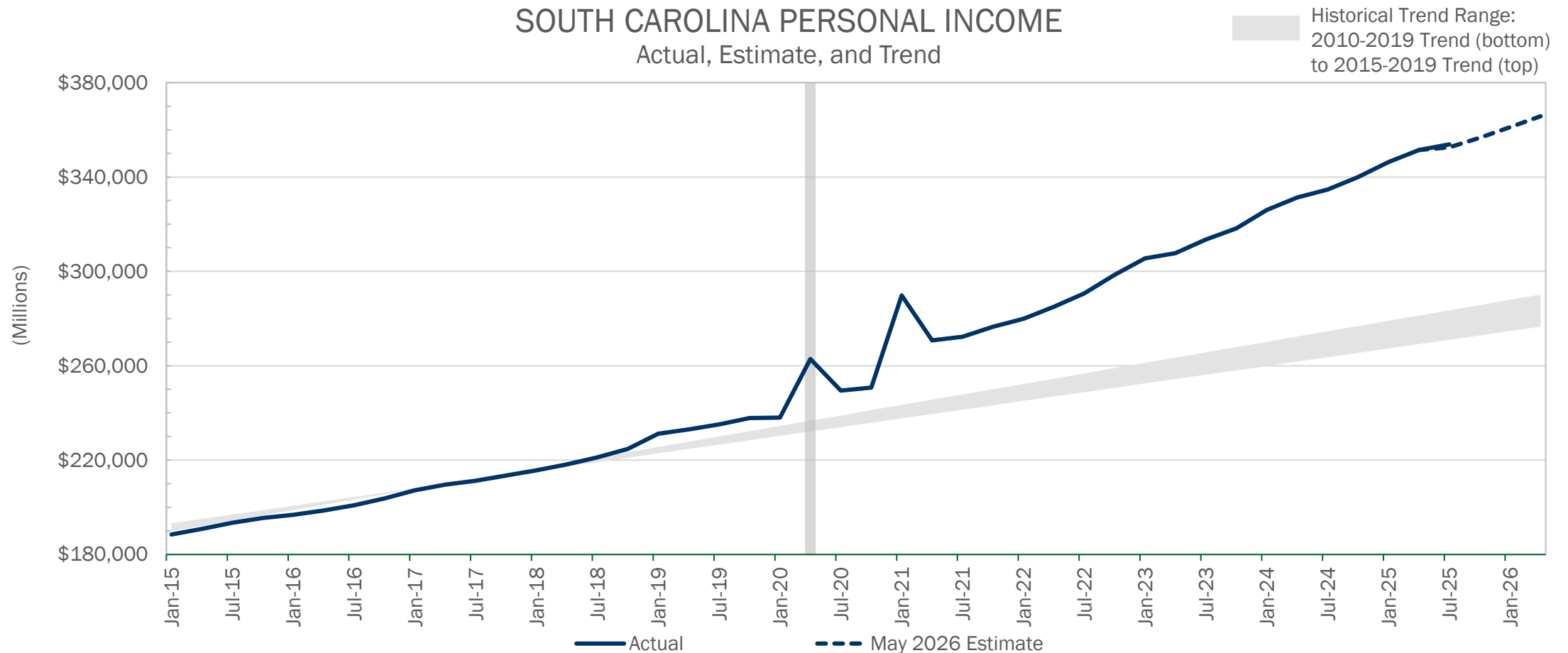
Employment growth also varied widely by county; 11 counties grew faster than the state average



Source: Bureau of Labor Statistics, U.S. Department of Labor 363-RFA/kv/8/20/2026

South Carolina Personal Income - Historical Growth

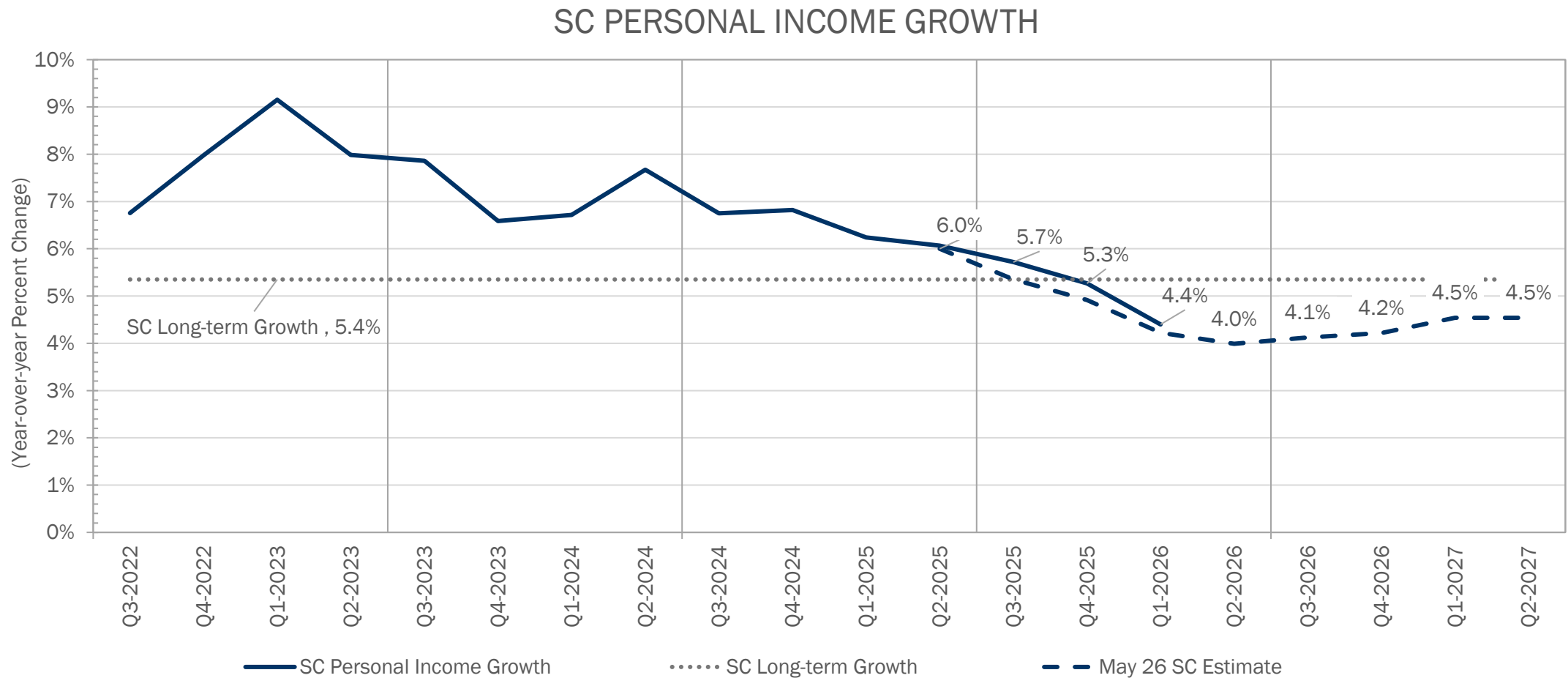
SC personal income growth accelerated during the pandemic, establishing a higher base before returning to more normal growth expectations



Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kv/7/1/2026

SC Personal Income Growth

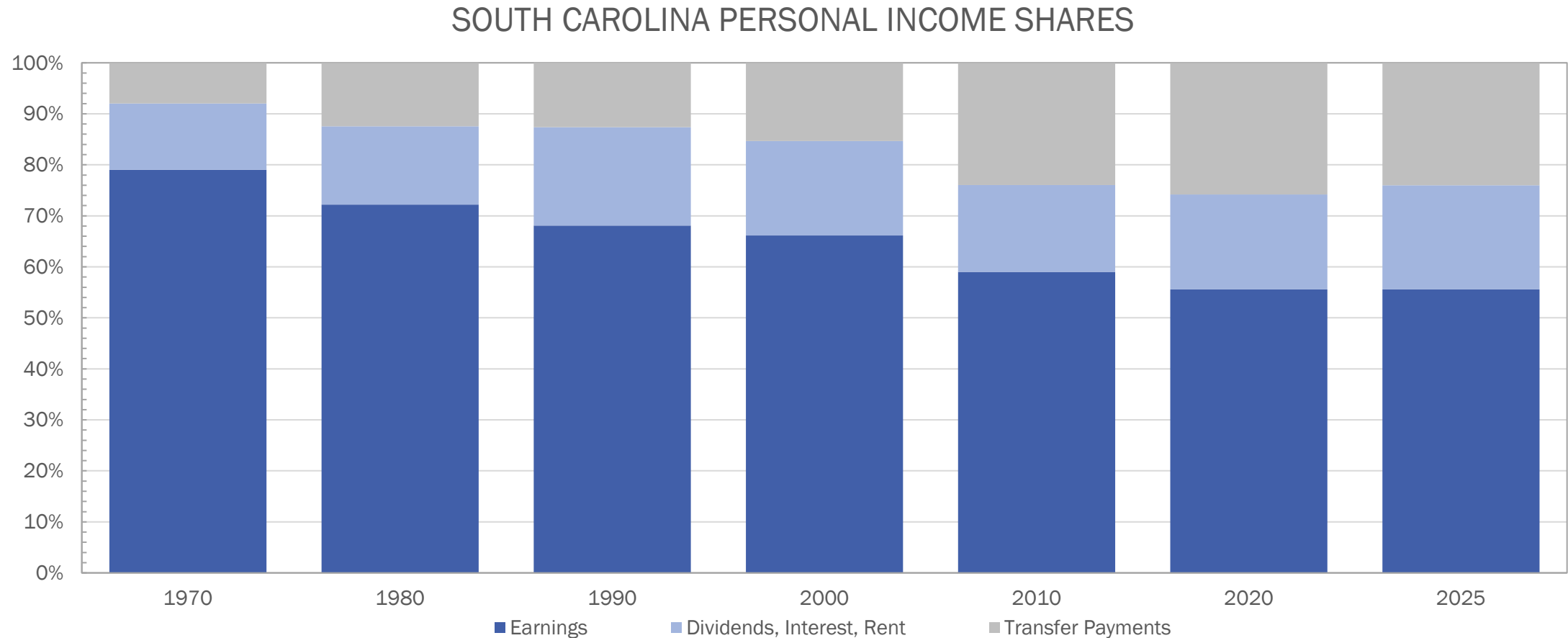
SC income growth is expected to slow below the long-term average of 5.4% during FY 26 and FY 27



Source: U.S. Bureau of Economic Analysis (retrieved from FRED); long-term growth is 20-year growth rate as of 2024 352 - RFA/lhj/07/14/2026

South Carolina Personal Income Growth

The proportion of income from earnings (wages, salaries, and proprietor's income) has fallen since 1970 from 79% to 56%; aging population increases transfer payments

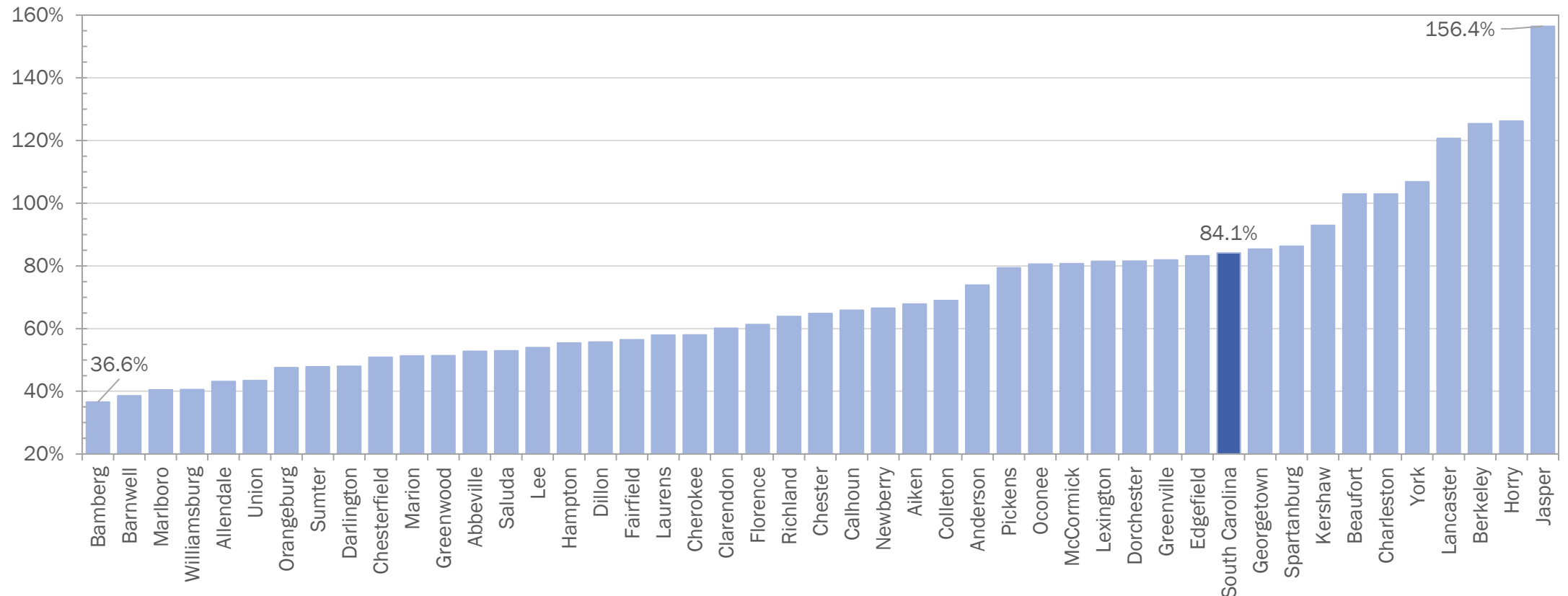


Source: U.S. Bureau of Economic Analysis, Personal Income by Major Component RFA/361/kv/9/8/2026

Personal Income Growth by County

SC total personal income grew 84.1% over 10 years, but growth varied widely among counties; only 10 counties grew faster than the state average

PERSONAL INCOME GROWTH BY COUNTY - 2014 TO 2024

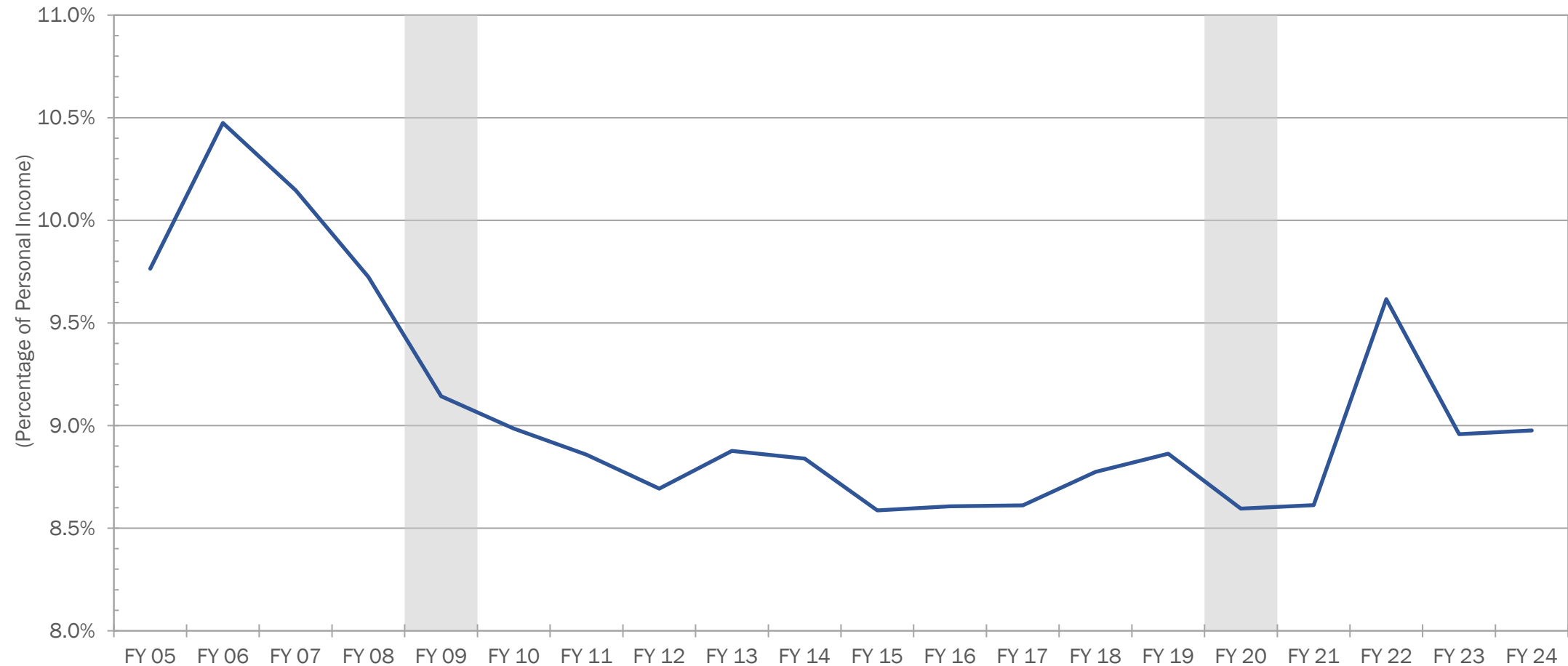


Source: U.S. Bureau of Economic Analysis, Personal Income; Bureau of Labor Statistics, U.S. Department of Labor RFA/361/kv/8/20/2026

Major Revenue Sources for State and Local Governments

General Fund, Major Other Funds, and Major Local Revenues

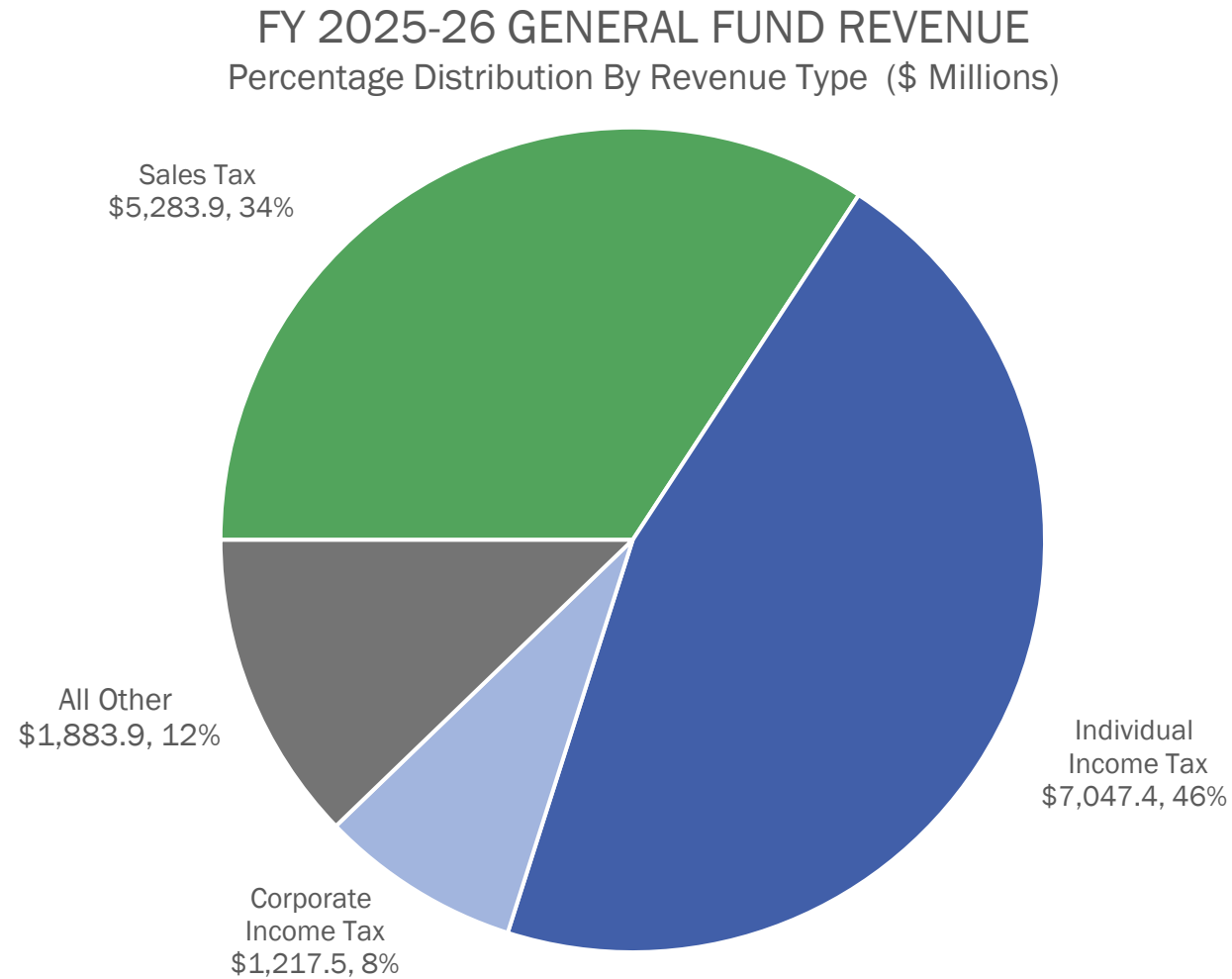
GENERAL FUND, EIA, HEX, MOTOR FUEL, & COUNTY/SCHOOL DISTRICT LOCAL REVENUE
as a Percentage of Total Personal Income



Source: U.S. Department of Commerce, Bureau of Economic Analysis; SC Revenue and Fiscal Affairs Office 34-kv/9/2/2026

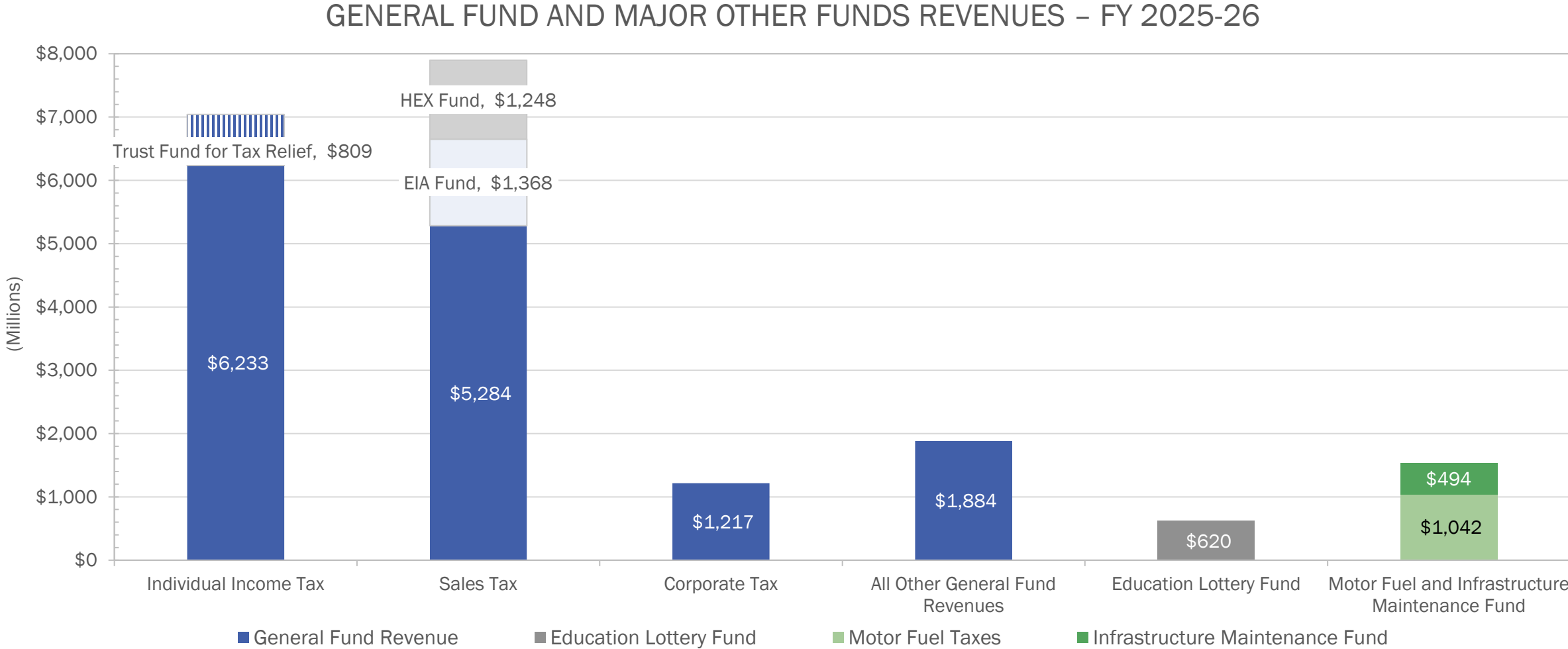
FY 2025-26 General Fund Revenue by Source

80% of General Fund revenue is from sales and individual income taxes



Source: S.C. Revenue and Fiscal Affairs 30 - RFA/kv/8/20/2026

Major Revenue Items - FY 2025-26 Appropriations Act

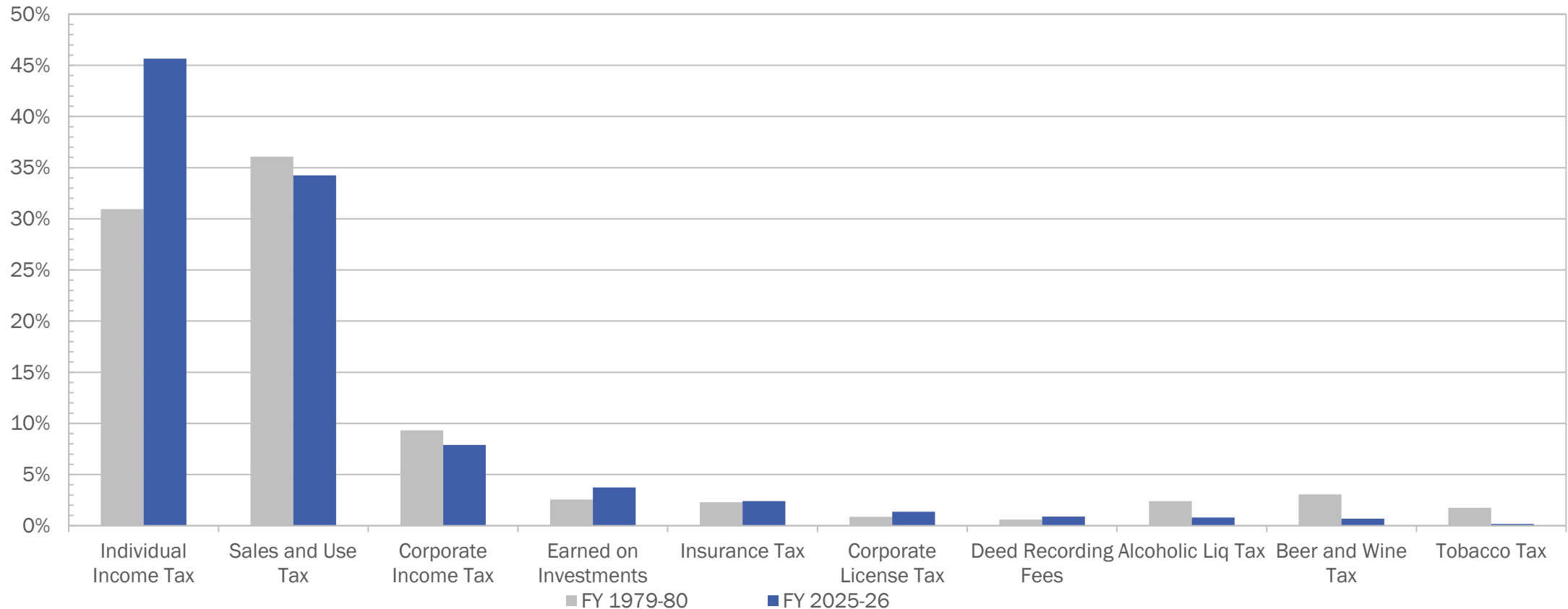


Source: SC Revenue and Fiscal Affairs - 366/mad/08/19/2026
Infrastructure Maintenance Fund includes infrastructure maintenance fee (vehicle sales tax), road use fees, and certain vehicle fees.

General Fund Revenue by Source – History

The make-up of General Fund revenue has shifted more toward individual income tax over time, largely due to legislative sales tax changes

GENERAL FUND REVENUE PERCENTAGE BY TYPE
FY 1979-80 versus FY 2025-26



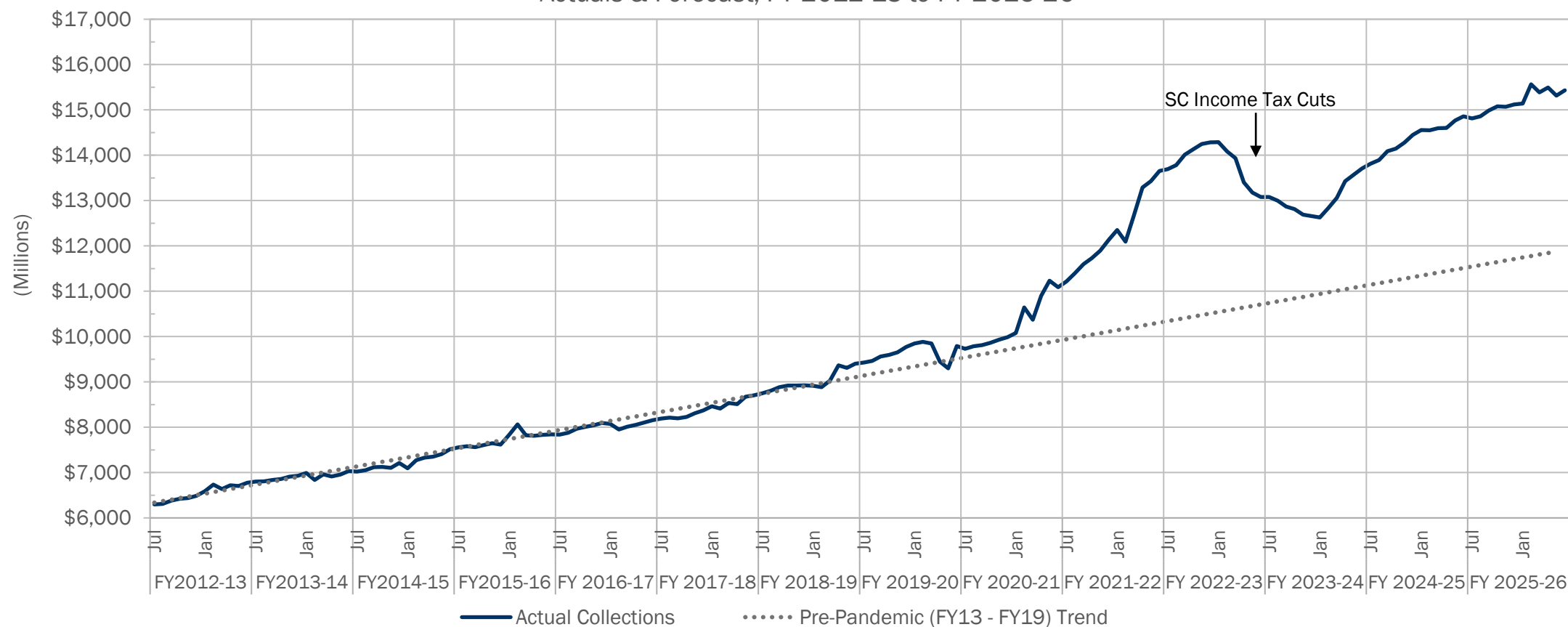
Source: SC Revenue and Fiscal Affairs 225-RFA/Ihj/08/21/2026

General Fund Revenue – Long-term Growth

Post pandemic, revenues have settled at a higher level, and growth rates are steadier

ROLLING FISCAL YEAR FORECAST- GENERAL FUND

Actuals & Forecast, FY 2012-13 to FY 2025-26



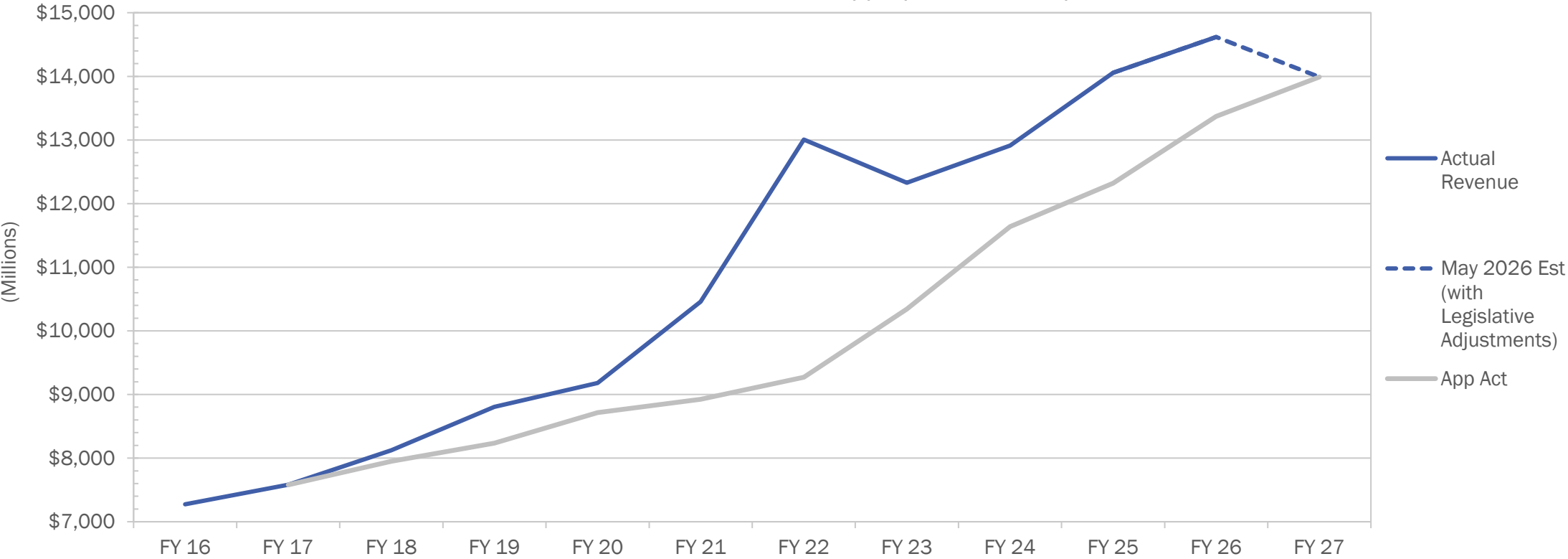
Source: SC Revenue and Fiscal Affairs

FY 2026-27 Estimated General Fund Revenue and Budget Growth

Economic changes from the pandemic and federal stimulus payments resulted in dramatic revenue growth in FY 21 and FY 22, which has taken longer to incorporate into the budget and tax cuts

FY 2026-27 GENERAL FUND BUDGET OUTLOOK - WITH LEGISLATIVE ADJUSTMENTS

Actual and Estimated Revenue versus Appropriation Act Expenses

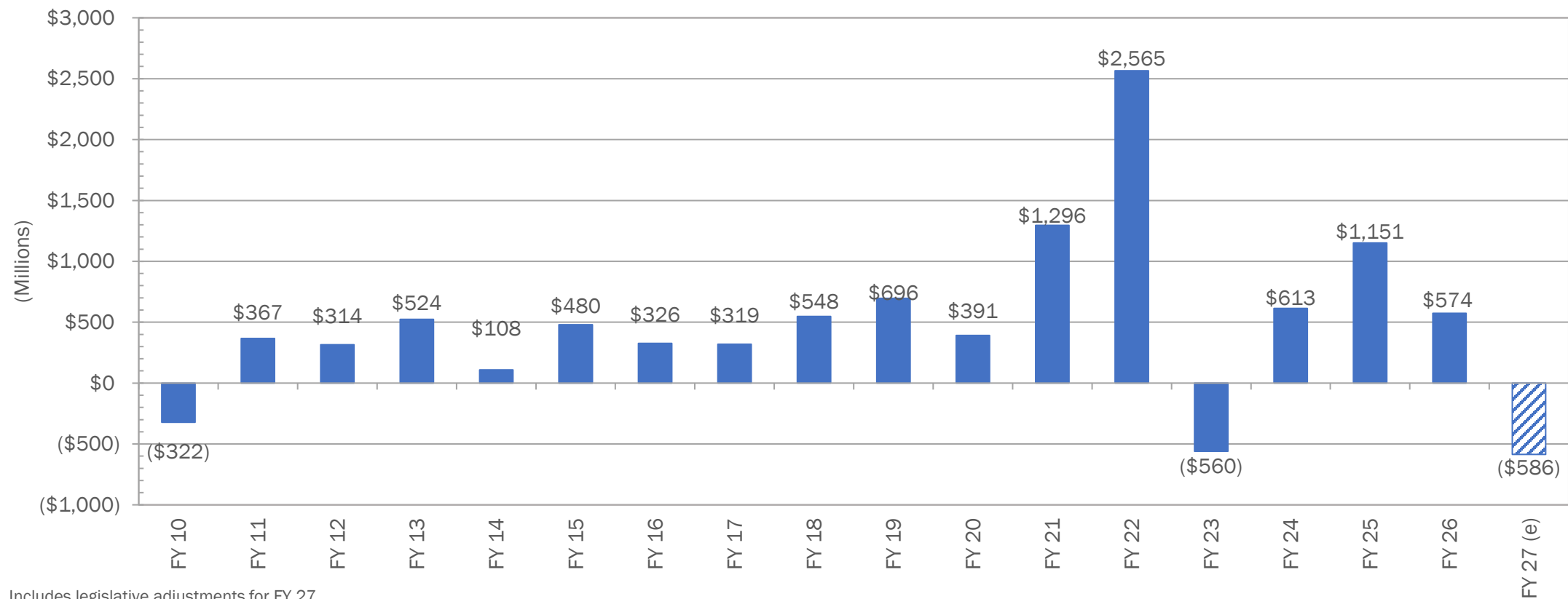


Source: SC Revenue and Fiscal Affairs, 8/21/2026 [Z:\BEA Forecasting\Gen Fund Rev - Estimates and Accuracy]

General Fund Revenue Growth

Revenue growth since the pandemic era spike has returned to more normal levels due to tax cuts, but this measure is often overlooked as the budget includes appropriations of prior year surpluses

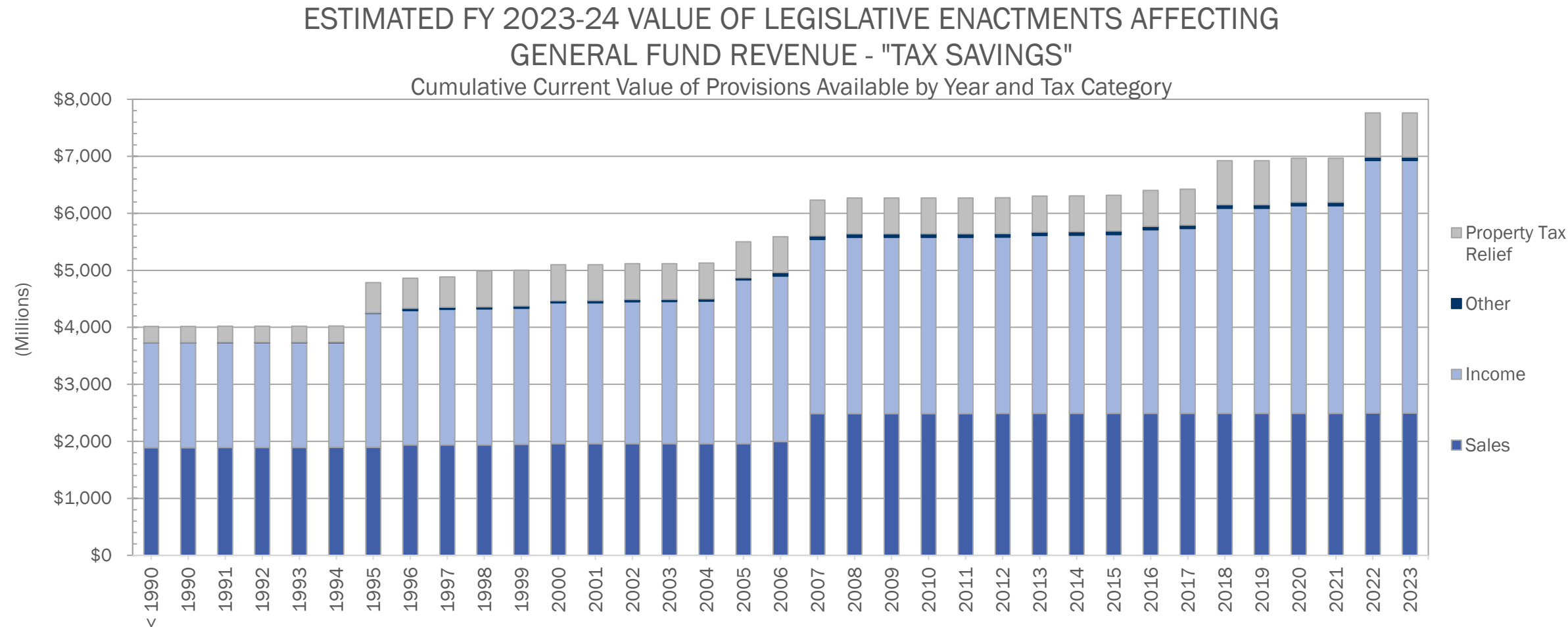
ANNUAL GROWTH IN GENERAL FUND REVENUE



Includes legislative adjustments for FY 27.
Source: Revenue and Fiscal Affairs - 169A/lhj/9/8/2026

History of Legislative Adjustments to Tax Revenue – FY 2023-24

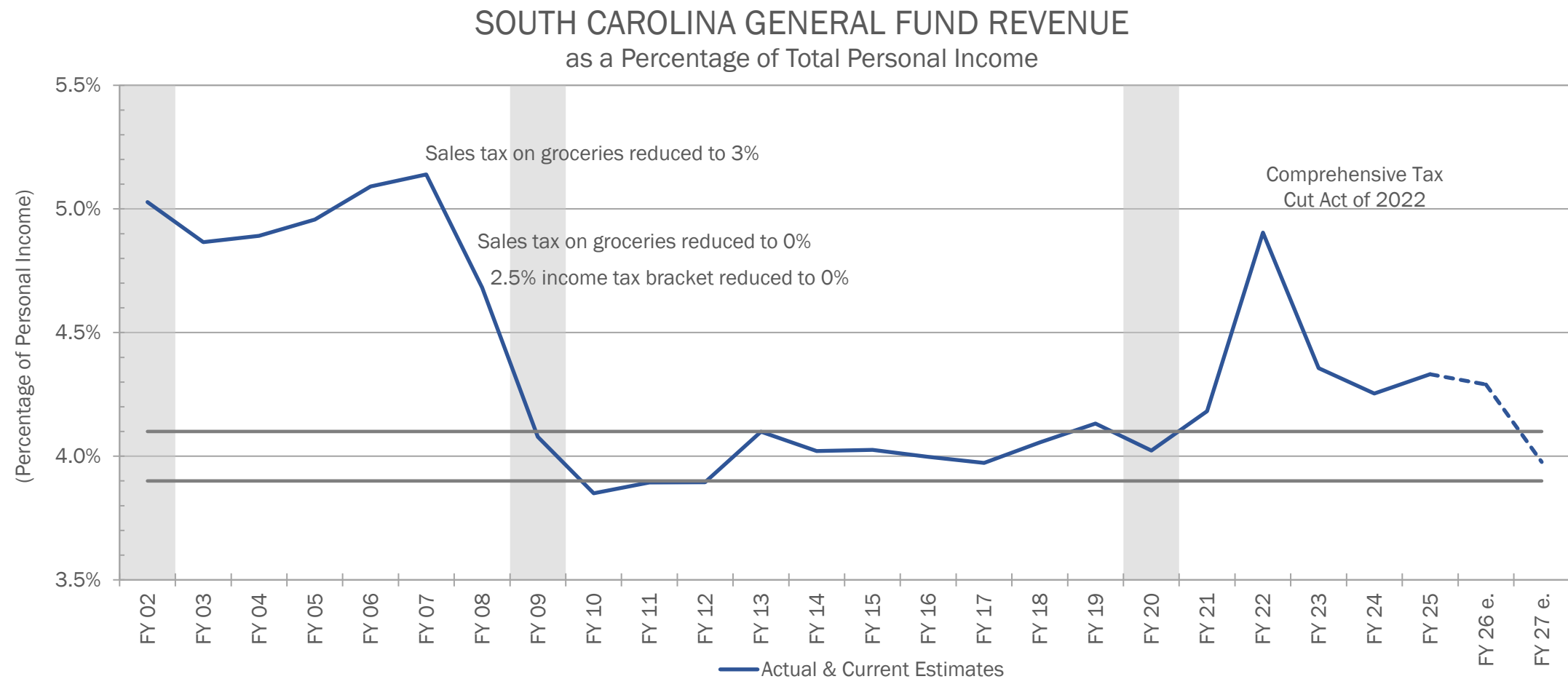
Approximately half of the current value of legislative adjustment have been since 1995



Source: SC Revenue and Fiscal Affairs, Estimated Tax Savings Report, RFA/lhj/1.21.25

General Fund Revenue as a Percentage of Personal Income

General Fund revenue as a percentage of income decreased in the 2000s due to sales tax changes



Source: U.S. Department of Commerce, Bureau of Economic Analysis; SC Revenue and Fiscal Affairs Office 34-kv/9/2/2026; FY27 estimate has been adjusted for legislative changes

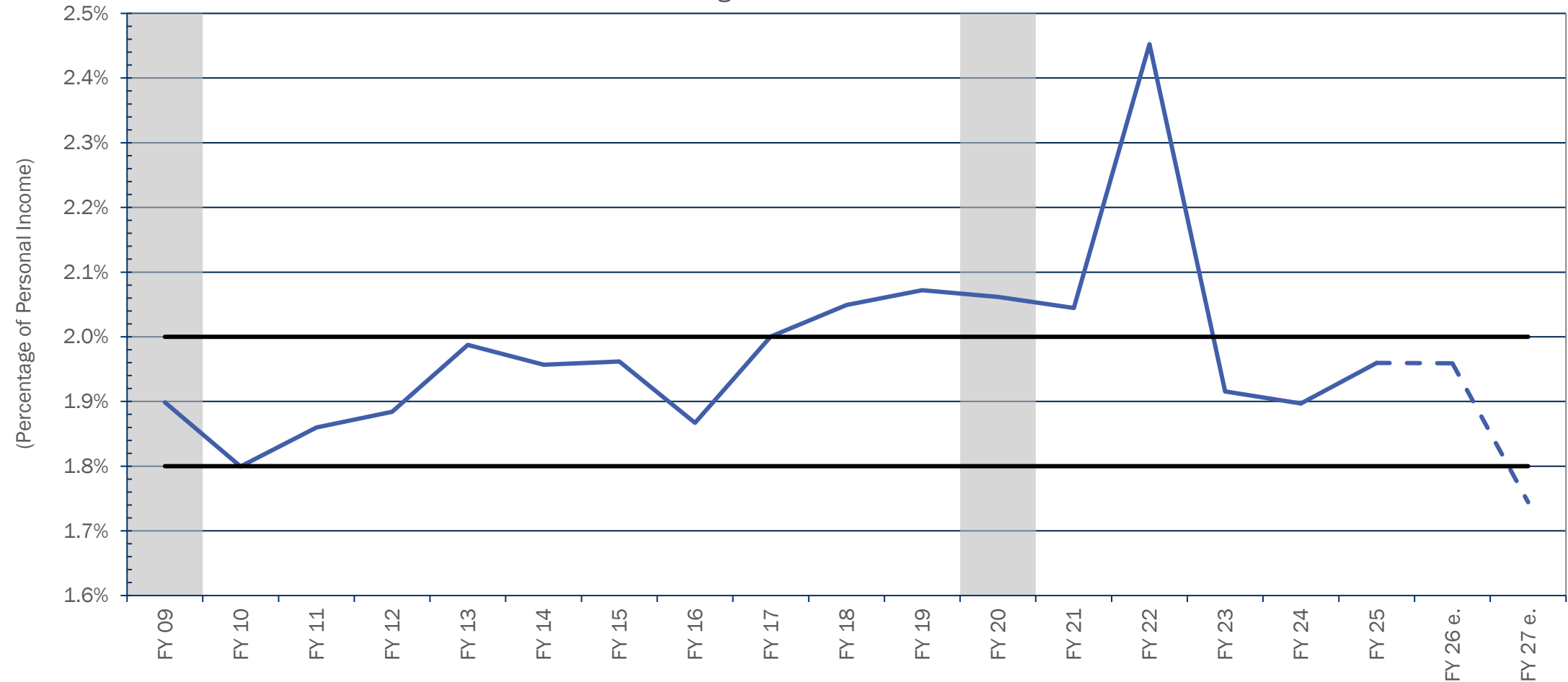
Individual and Corporate Income Tax

Individual Income Tax Rates

- Individual income tax rates for tax year 2026
 - 1.99% on taxable income up to \$30,000
 - 5.21% on taxable income over \$30,000
- Active trade or business income tax rate is 3%
 - Active Trade or Business Income: Pass-through income from Sole Proprietorships, Partnerships, S Corporations (S-Corp), or Limited Liability Companies (LLC) not taxed as C Corporations (C-Corp). Does not include passive investment income or expenses related to it, capital gains or losses, guaranteed payments for personal services, or amounts reasonably related to personal services.
 - Beginning with the 2021 tax year, a qualifying partnership or S-Corp, including an LLC taxed as a partnership or S-Corp, can elect to have its active trade or business income taxed at the entity level instead of the partner or shareholder level.

Individual Income Tax as a Percentage of Personal Income

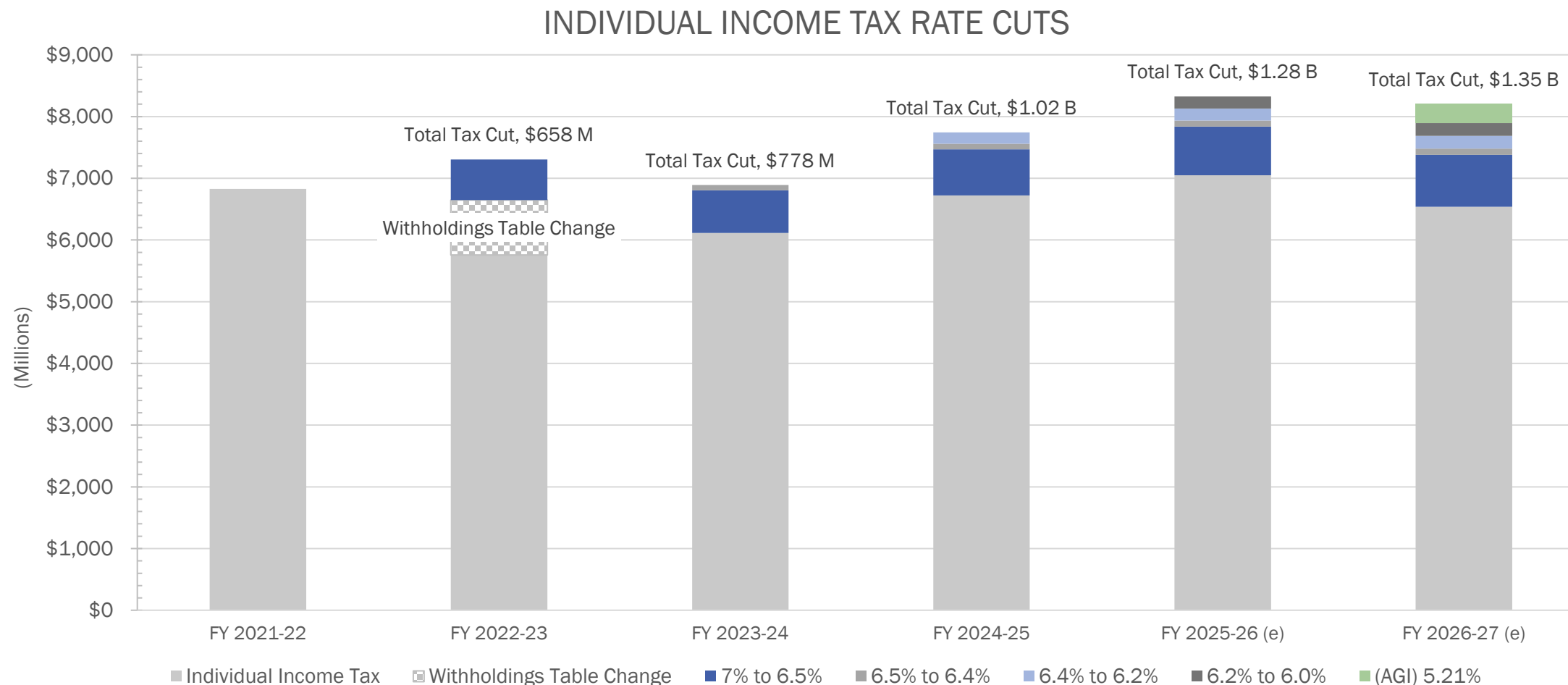
SOUTH CAROLINA INDIVIDUAL INCOME TAX COLLECTIONS
as a Percentage of Total Personal Income



Source: U.S. Department of Commerce, Bureau of Economic Analysis; SC Revenue and Fiscal Affairs Office 34-kv/9/2/2026; FY27 estimates have been adjusted for legislative changes.

Individual Income Tax Rate Cuts Since 2022

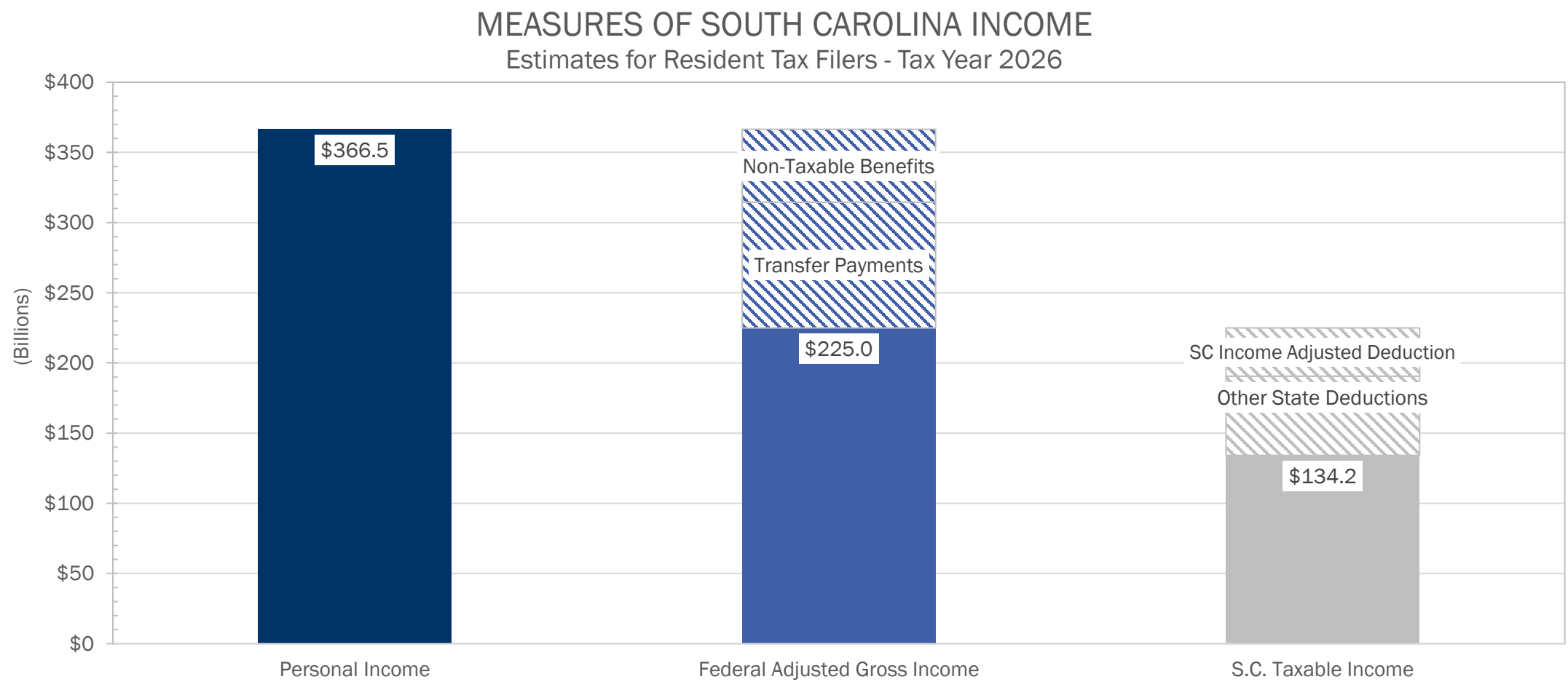
The income tax cuts since tax year 2022 will lower income taxes by an estimated \$1.35 billion in FY 2026-27



Source: SC Revenue and Fiscal Affairs; individual income tax liability change attributed to each fiscal year without regard to extensions (TY 22 in FY22- 23) 379-RFA/lhj/08/21/2026

SC Income Measures – 2026 Estimates

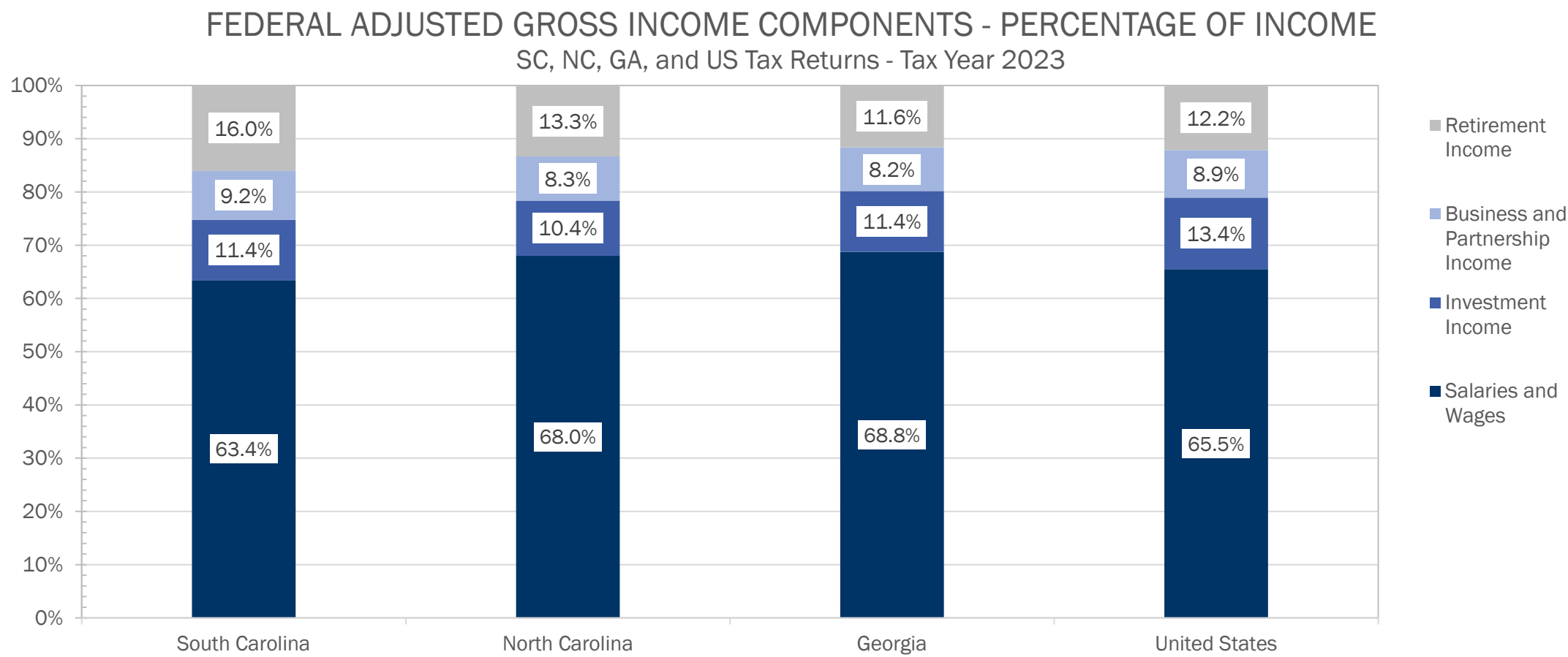
SC taxable income is approximately 36.6% of total personal income



Source: S.C. Revenue and Fiscal Affairs estimates for tax year 2026 based on tax year 2024 individual income tax returns 186-lhj/08/24/2026

Federal Adjusted Gross Income by Type – Percentage of Income

SC taxpayers have less salary income and more retirement income on average than NC, GA, or the US

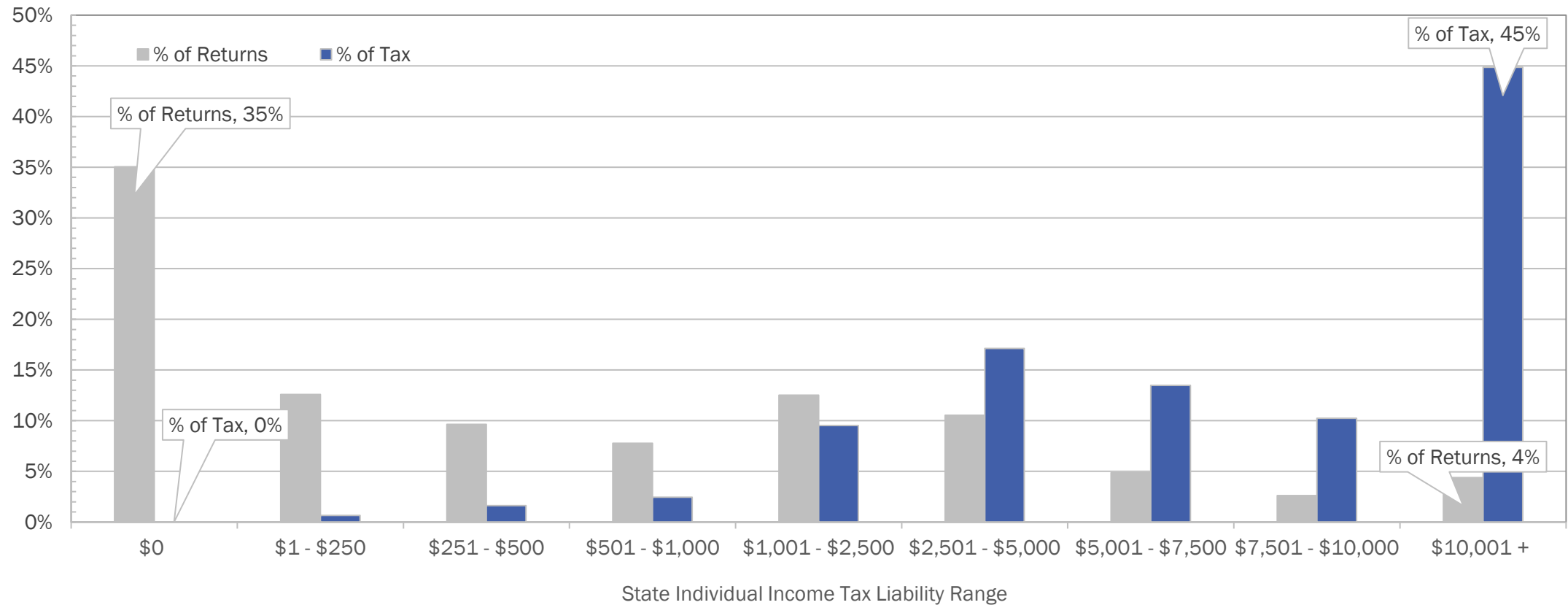


Source: Internal Revenue Service, Statistics of Income, 2023 tax returns [Z:\Senate Finance Tax Study 2026] 8.21.2026

SC Individual Income Tax Returns and Liability by Amount of Tax

In tax year 2026, approximately 35% of tax returns will have \$0 tax liability; 4% of returns will owe 45% of total tax liability

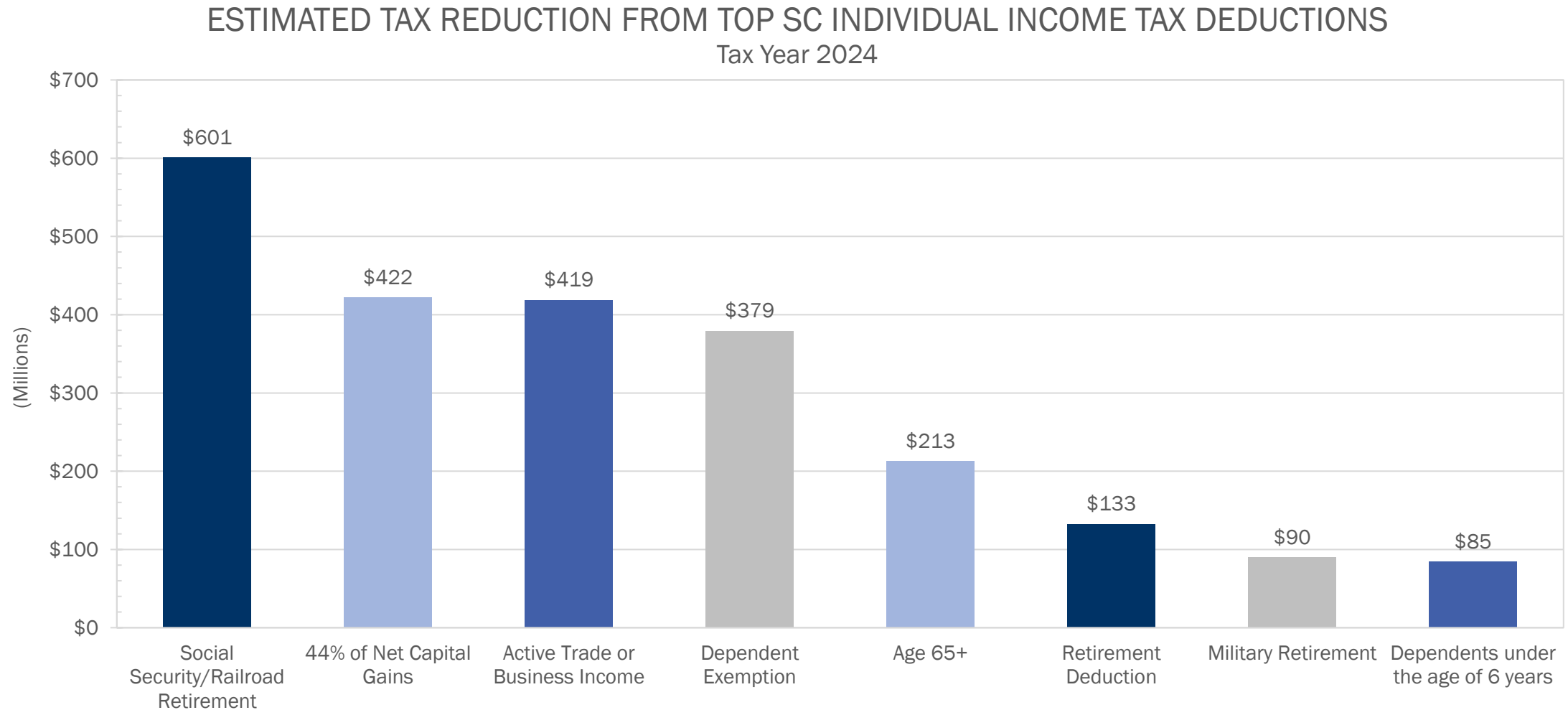
ESTIMATED DISTRIBUTION OF SC INDIVIDUAL INCOME TAX RETURNS AND LIABILITY
by Tax Liability Range, Tax Year 2026



Source: S.C. Department of Revenue Individual Income Tax Returns; projections by S.C. Revenue and Fiscal Affairs 131/lhj/8/31/2026

Largest SC Individual Income Tax Deductions

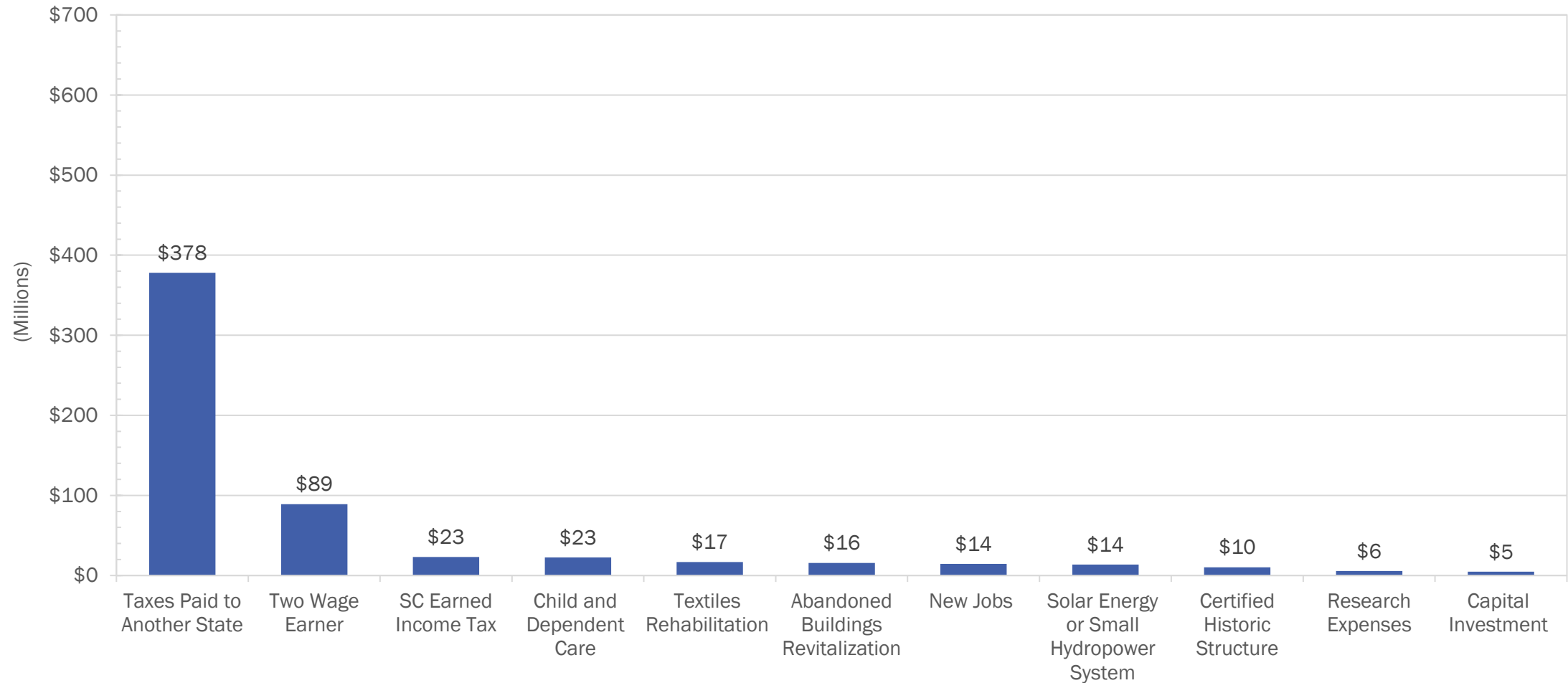
Estimated reduction in tax liability from each deduction



Source: SC Department of Revenue individual income tax returns; analysis by SC Revenue and Fiscal Affairs 314/lhj/8/24/2026

Largest SC Individual Income Tax Credits

TOP SOUTH CAROLINA INDIVIDUAL INCOME TAX CREDITS
Tax Year 2024



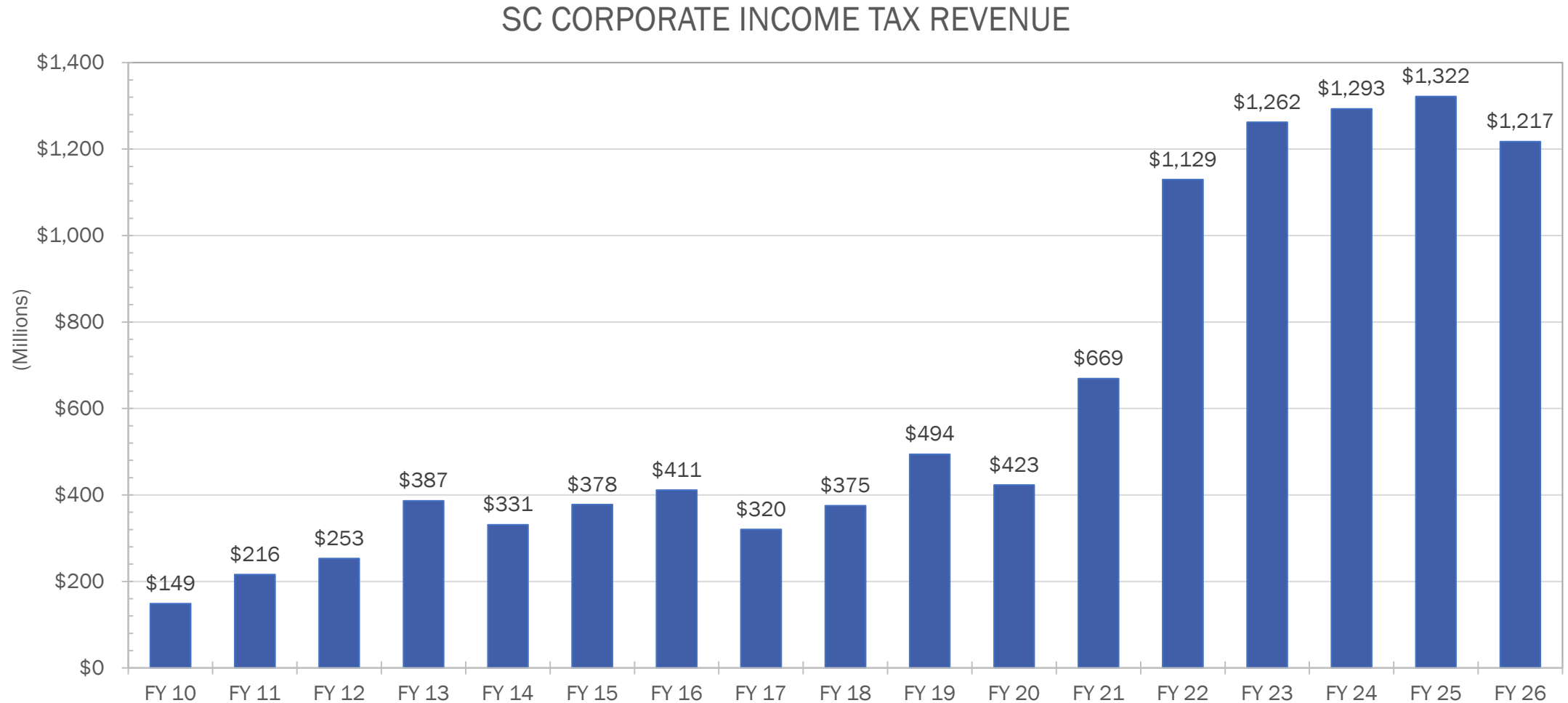
Source: SC Revenue and Fiscal Affairs 314/lhj/08/24/2026 Figures reflect estimated amount utilized.

Corporate Income and License Tax Rates

- Corporate income tax rate on C Corporations is 5% on South Carolina taxable income
- Active trade or business income tax from pass-through businesses that elect to file as entities are also included in General Fund corporate income tax revenue
- Corporations must pay an annual license fee which is 0.1% of capital and paid in surplus plus \$15. The license fee cannot be less than \$25.

Total SC General Fund Corporate Income Tax Revenue

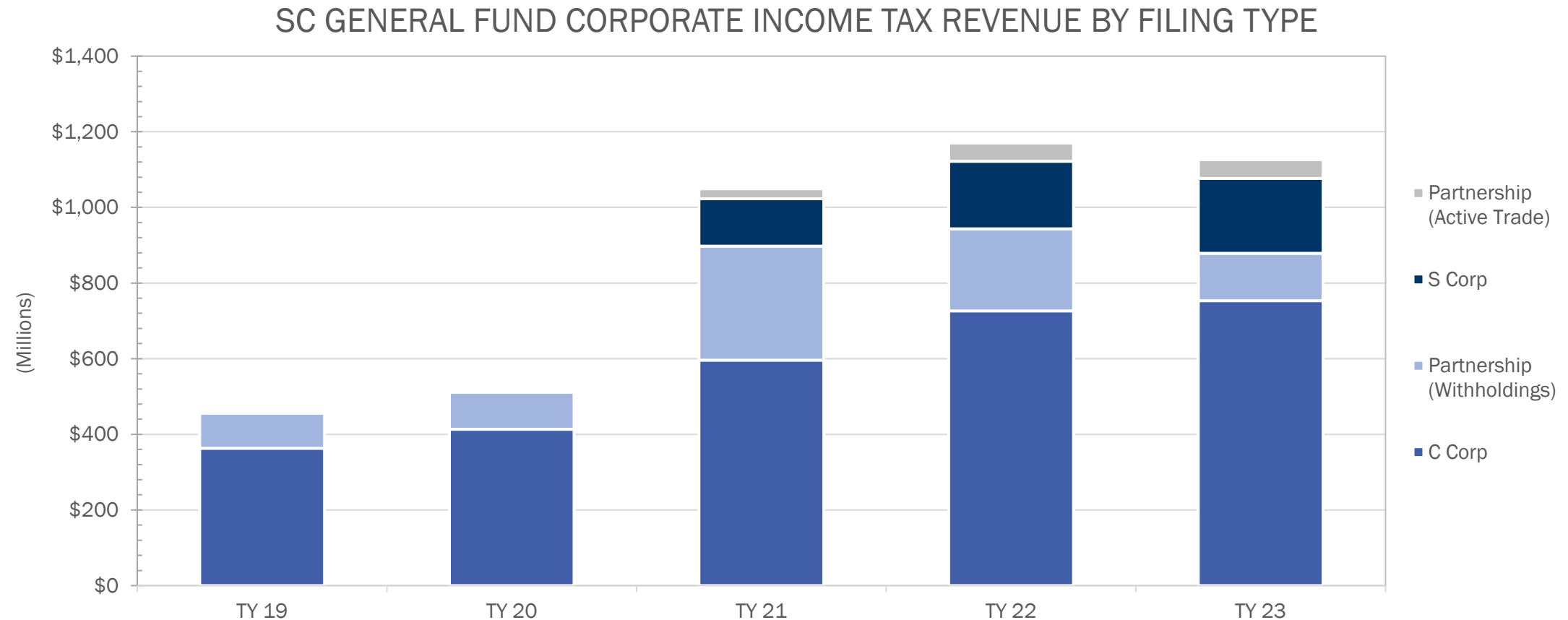
The most volatile revenue source



Source: SC Revenue and Fiscal Affairs - RFA/lhj/08/27/2026 [z:/BEA forecasting/Corp/Corp Inc.xlsx]

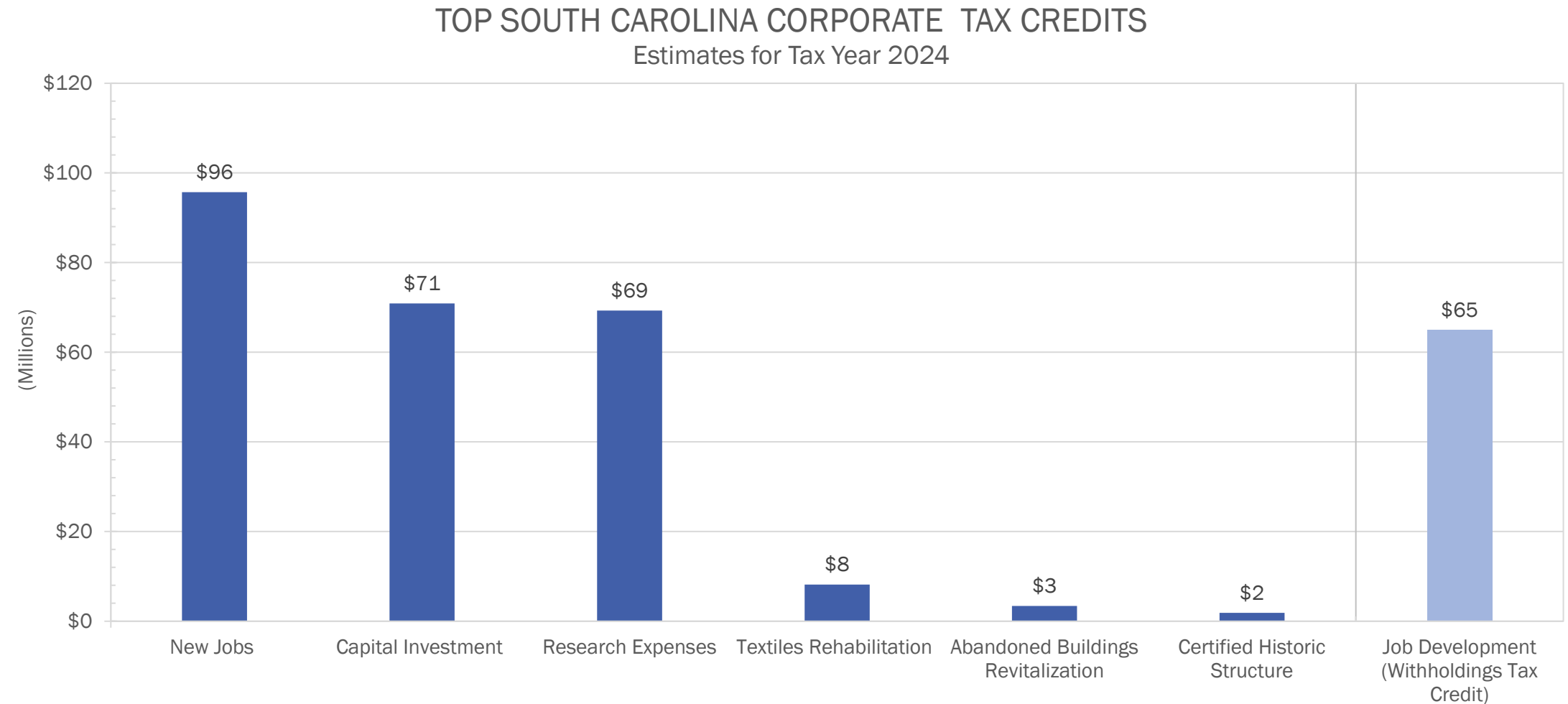
Corporate Income Tax Revenue – by Filing Type

Pass-through entity tax filers are included in corporate income tax revenue starting in tax year 2021



Source: Dept. of Revenue corporate and partnership income tax returns; analysis by SC Revenue and Fiscal Affairs - RFA/Ihj/08/25/2026
Z:\BEA Forecasting\Corp\Corp Collections by Category Estimates 8.2026.xlsx]

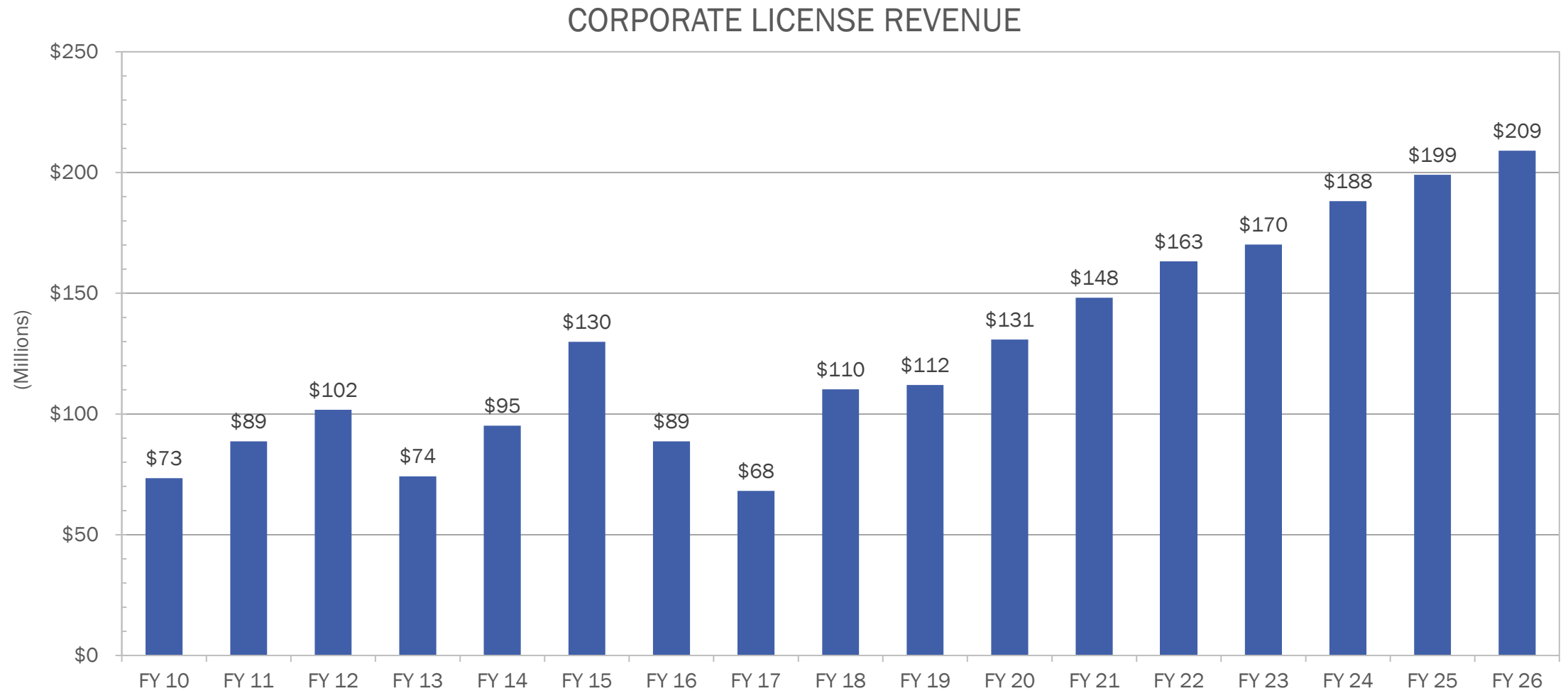
Largest Corporate Tax Credits – Amount Utilized



Includes credits claimed corporate income or license taxes. Amounts do not include credits against insurance, bank, or any other tax.

Source: SC Revenue and Fiscal Affairs 314/lhj/08/24/2026

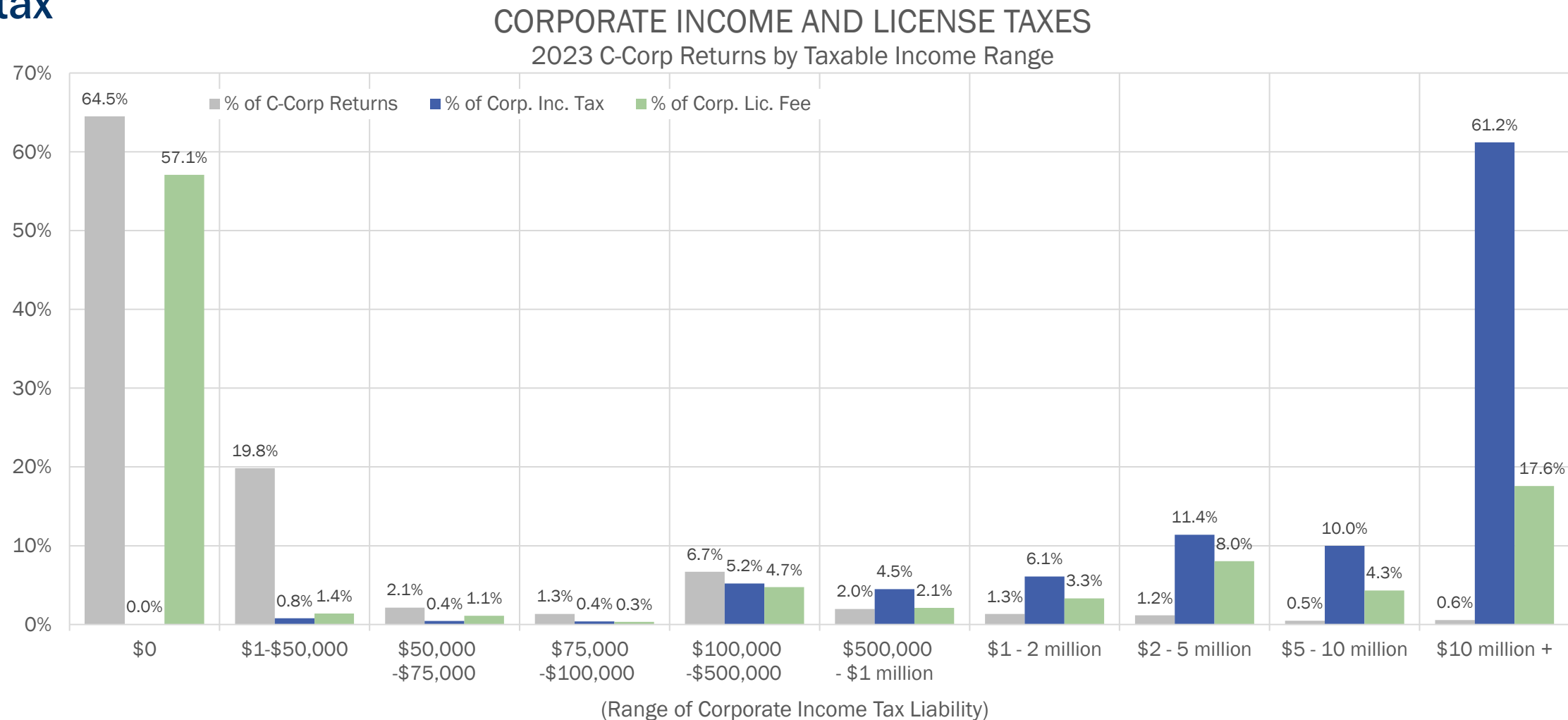
Corporate License Tax Revenue - History



Source: SC Revenue and Fiscal Affairs, 8/31/2026

Corporate Income Tax and License Tax Distribution

Approximately 0.6% of C-Corps owe 61.2% of income tax but only 17.6% of license tax



Source: S.C. Dept. of Revenue C-Corp Returns; Compiled by Revenue and Fiscal Affairs- RFA/lhj/8/25/2026
[Z:\Income Tax Data\Corporation Summary\2023 Corporate Liability Distribution.xlsx]

State and Local Sales Tax

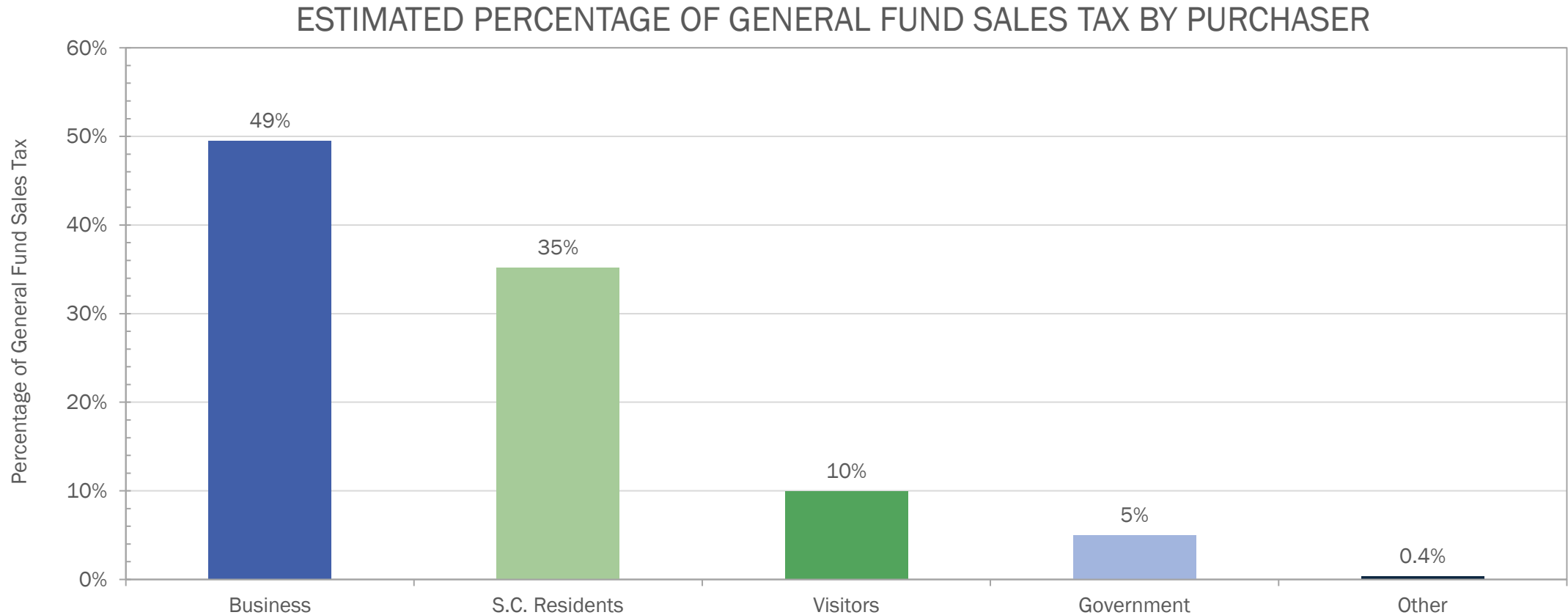
State Sales Tax Revenue Collections – FY 2025-26

4% General Fund	\$5,283.9 million
1% Education Improvement Act Fund (EIA)	\$1,367.7 million
1% Homestead Exemption Fund (HEX)	\$1,248.4 million
6% State Sales Tax Total	\$7,899.9 million

Note: Includes Use Tax and excludes EIA and HEX interest revenue

Sales Tax Base by Type of Purchaser

Purchases are distributed almost equally between businesses and individuals (residents and visiting consumers)

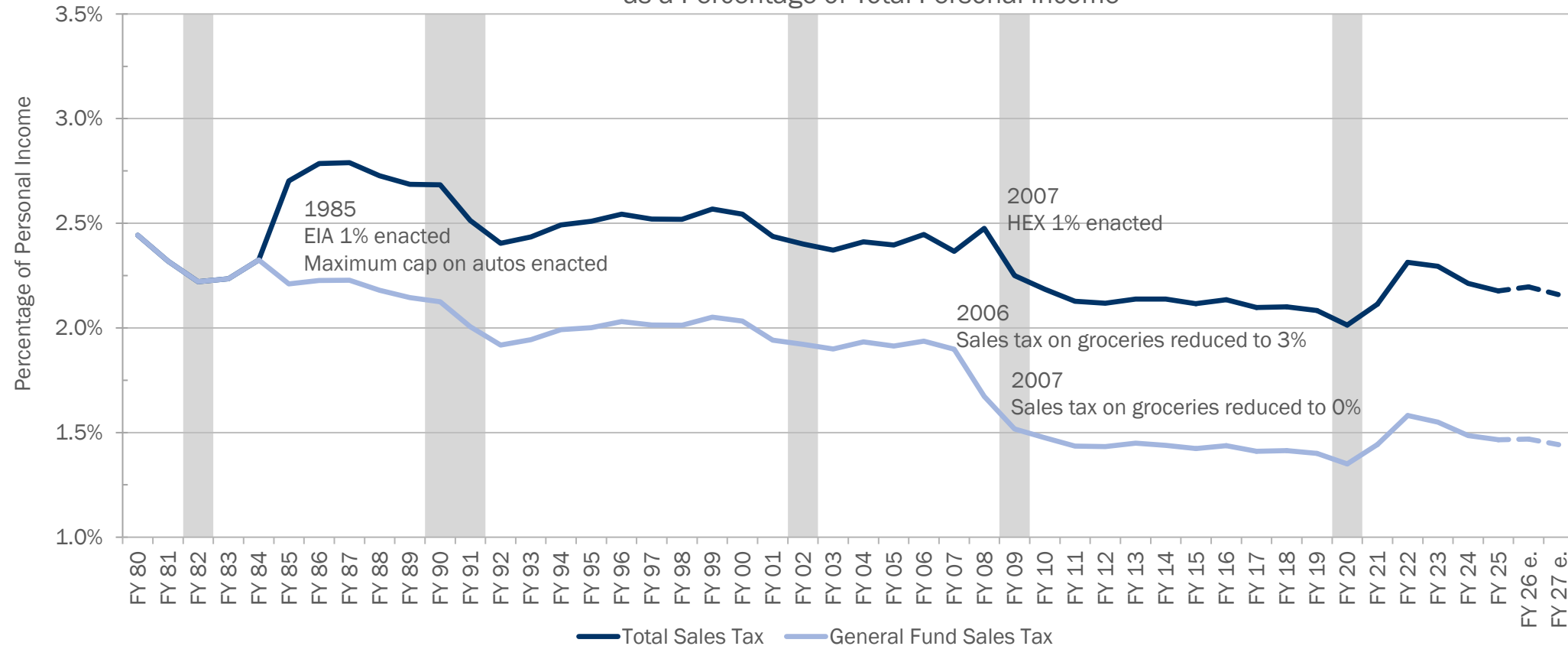


Source: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey; U.S. Bureau of Economic Analysis, Input-Output Accounts Data; S.C. Department of Revenue Net Taxable and Gross Sales data; U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: All Items in U.S. City Average [CPIAUCSL]; S.C. Revenue and Fiscal Affairs Office S.C. Population Estimates and Projections - mad/08/20/2026

State Sales Tax as a Percentage of Personal Income

Total revenues from the 6% sales tax are a smaller percentage of personal income than the 4% sales tax in FY 84

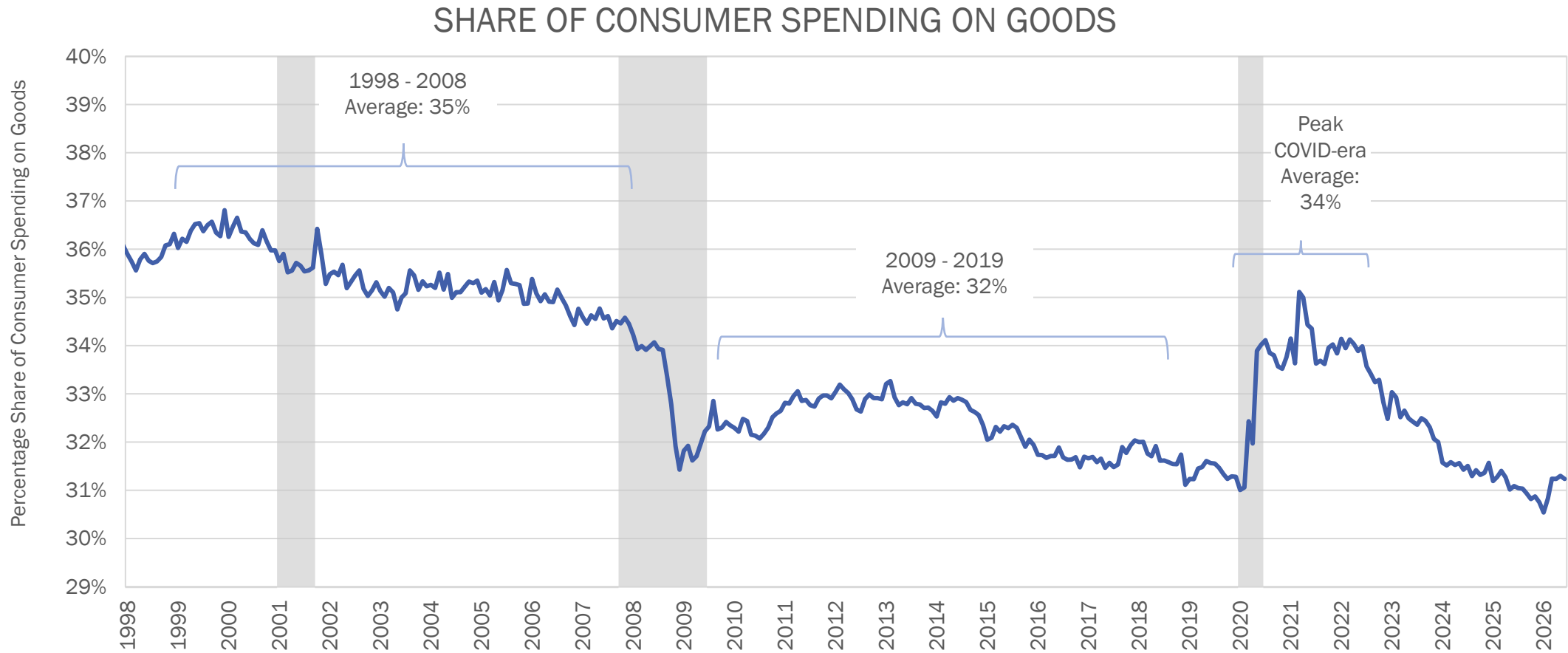
SOUTH CAROLINA TOTAL STATE AND GENERAL FUND SALES TAX COLLECTIONS
as a Percentage of Total Personal Income



Source: U.S. Department of Commerce, Bureau of Economic Analysis; SC Revenue and Fiscal Affairs Office 32-kv/9/2/2026; FY27 estimates have been adjusted for legislative changes

Share of Consumer Spending on Goods

Spending on goods as a percentage of total consumption varies over time with changes in consumer preferences, prices, and income; the share has decreased by approximately 5% since 1998

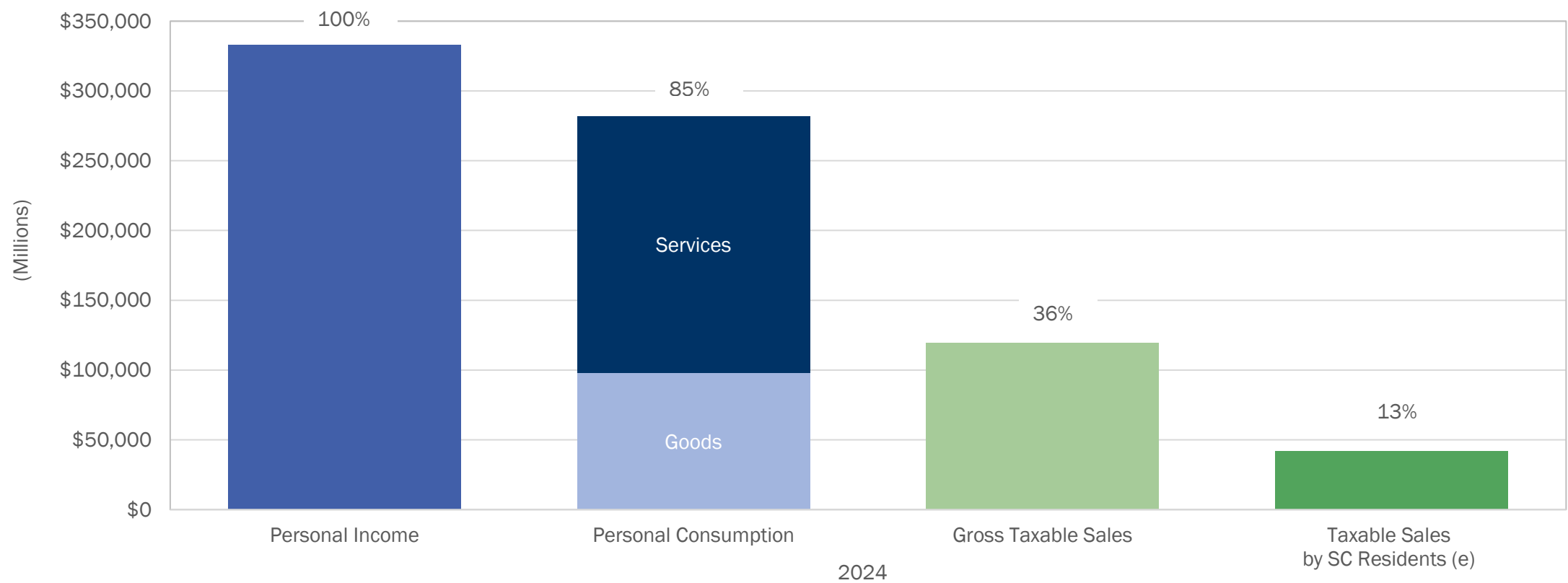


Source: U.S. Bureau of Economic Analysis, Personal Consumption Expenditures: Services [PCES], Personal Consumption Expenditures: Goods [PCEG] - mad/08/24/2026

SC Taxable Sales as a Percentage of Personal Income

Approximately 13% of personal income is spent on taxable purchases

SC PERSONAL INCOME, PERSONAL CONSUMPTION, AND TAXABLE SALES

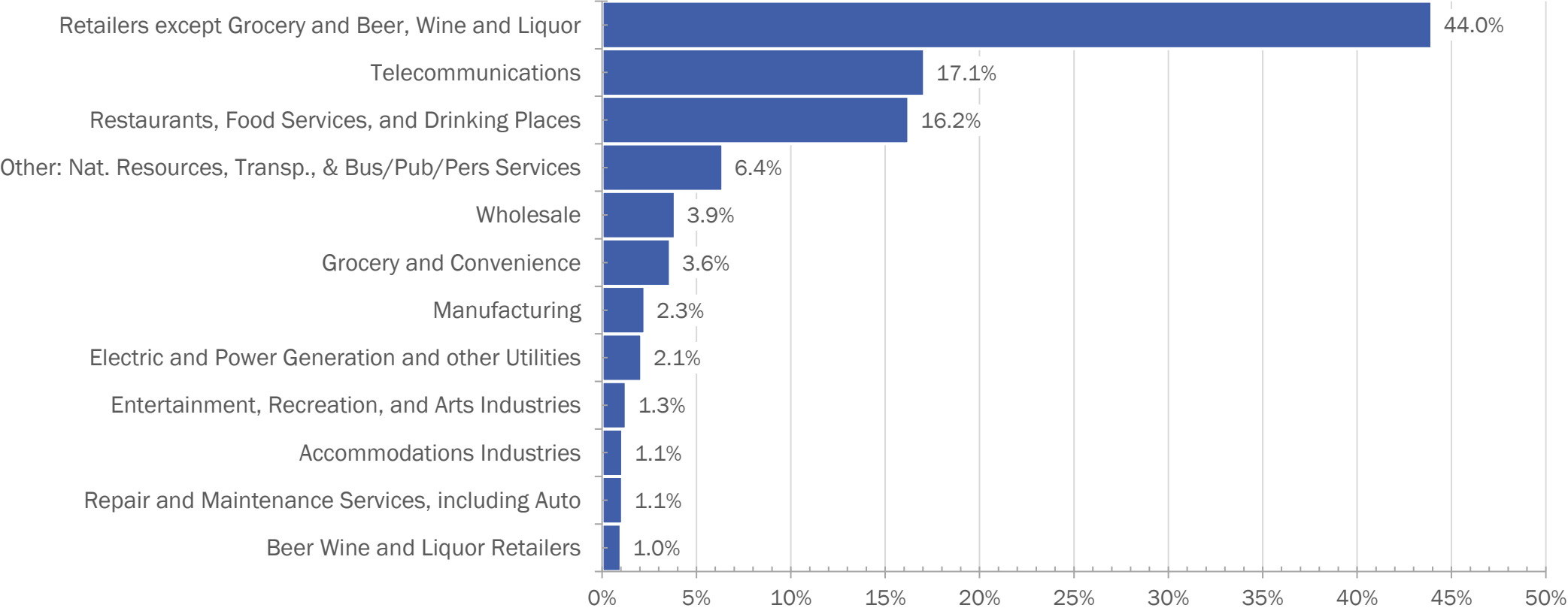


Source: Source: U.S. Department of Commerce, Bureau of Economic Analysis, S.C. Department of Revenue; S.C. Revenue and Fiscal Affairs Office, 171D-mad/08/25/2026

Sales Tax Base by Taxable Items

Retail, restaurants and food services, and telecommunications make up over 77% of reported taxable sales

FY 2024-25 TOP TAXABLE SALES CATEGORIES

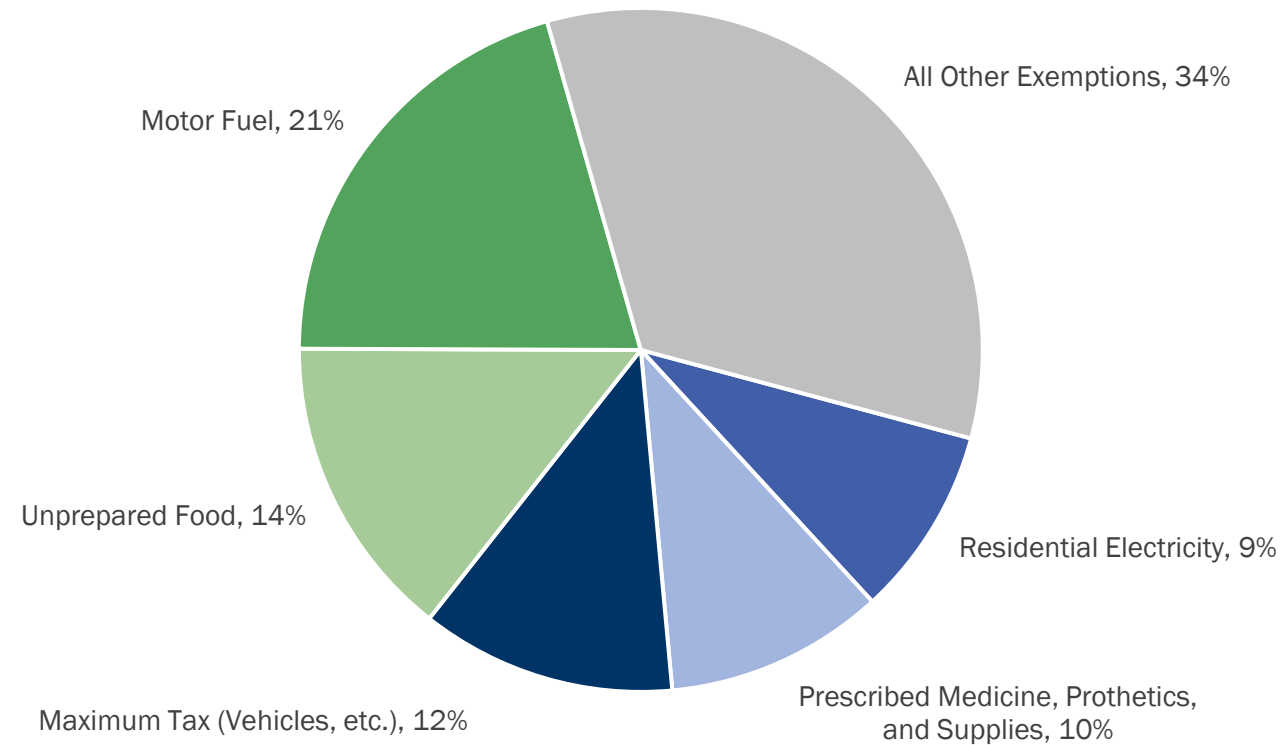


Source: S.C. Department of Revenue

Sales Tax Exemptions

Five exemptions make up over 66% of the FY 2025-26 total estimated state sales tax exemptions

DISTRIBUTION OF TOTAL SALES TAX AND USE EXEMPTION ESTIMATES
FY 2025-26

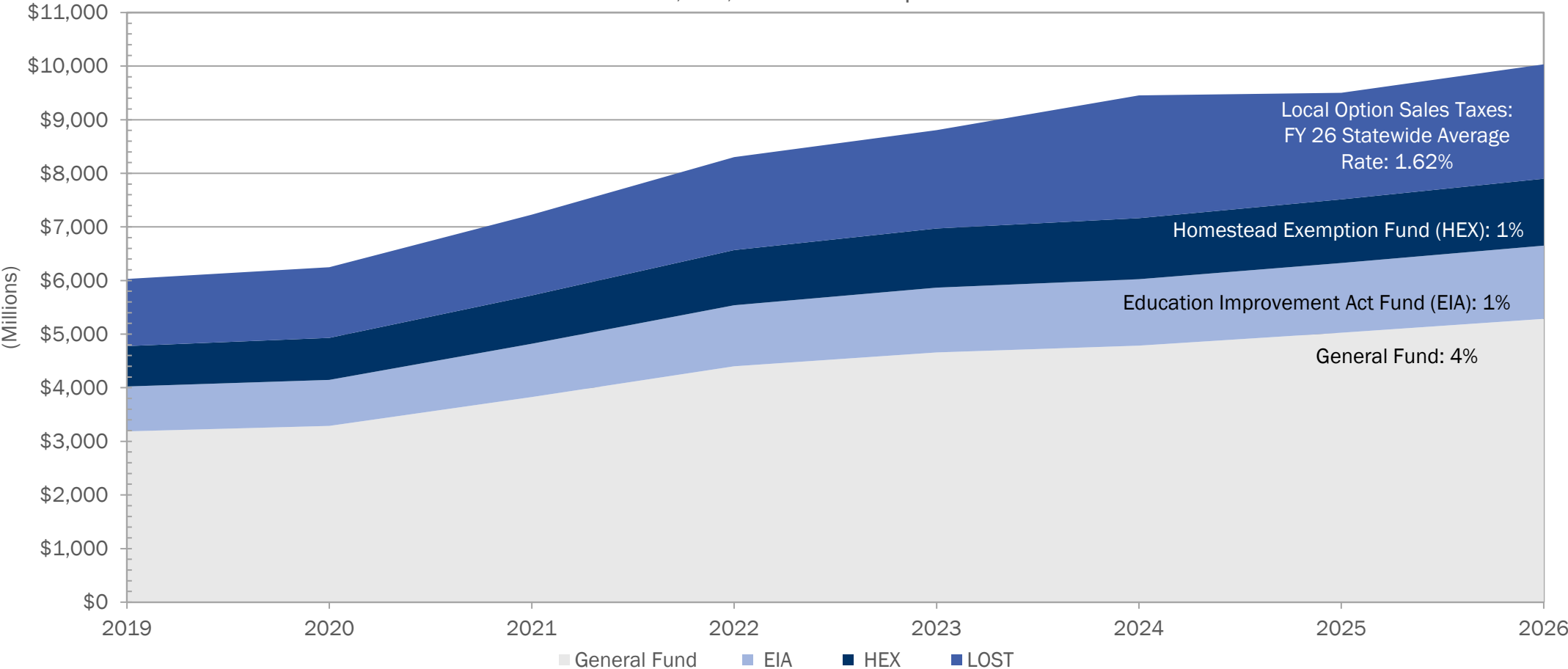


Note: Distribution reflects percentages across total collectable amounts.

Total State and Local Sales and Use Tax Collections

SOUTH CAROLINA STATE AND LOCAL SALES TAX COLLECTIONS

General Fund, EIA, HEX & Local Option Sales Taxes

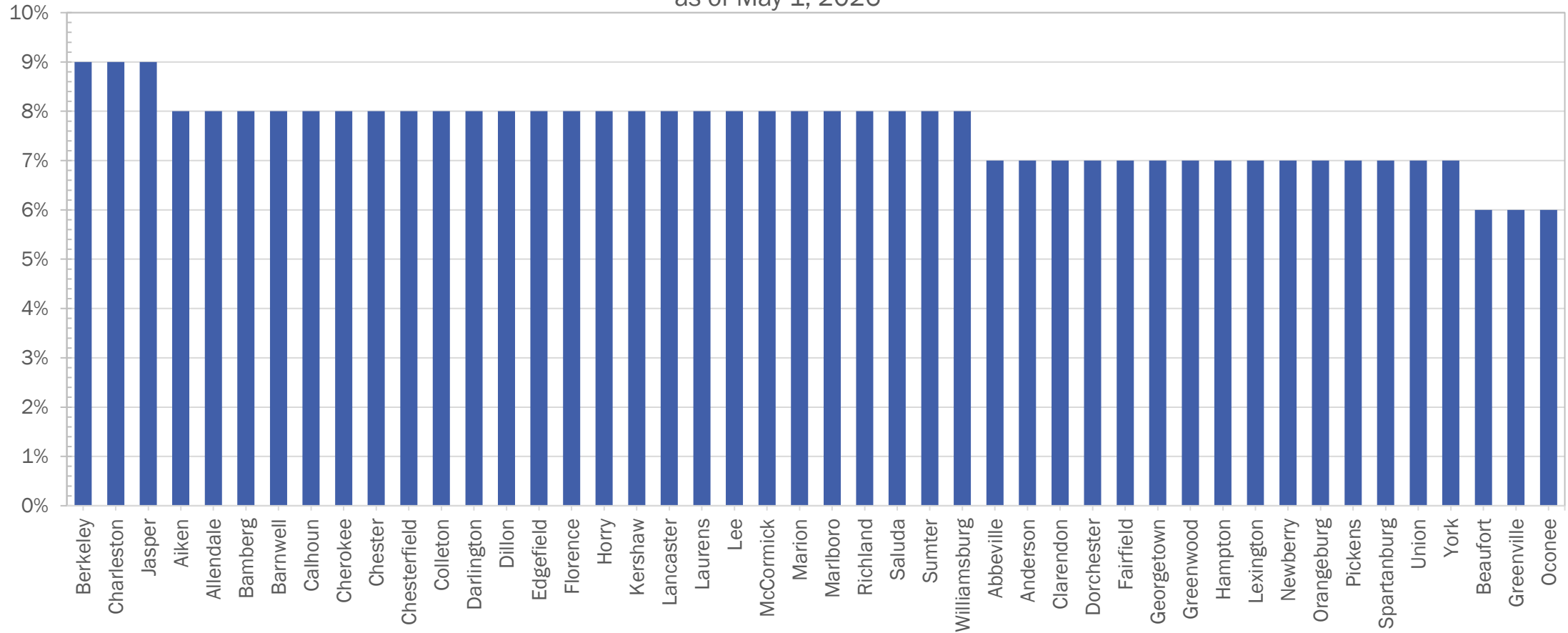


Source: SC Department of Revenue, SC Revenue and Fiscal Affairs Office 32m-mad/8/24/2026

Total (State and Local) Sales Tax Rate by County

As of May 1, 2026, the total sales tax is as high as 9% in some counties

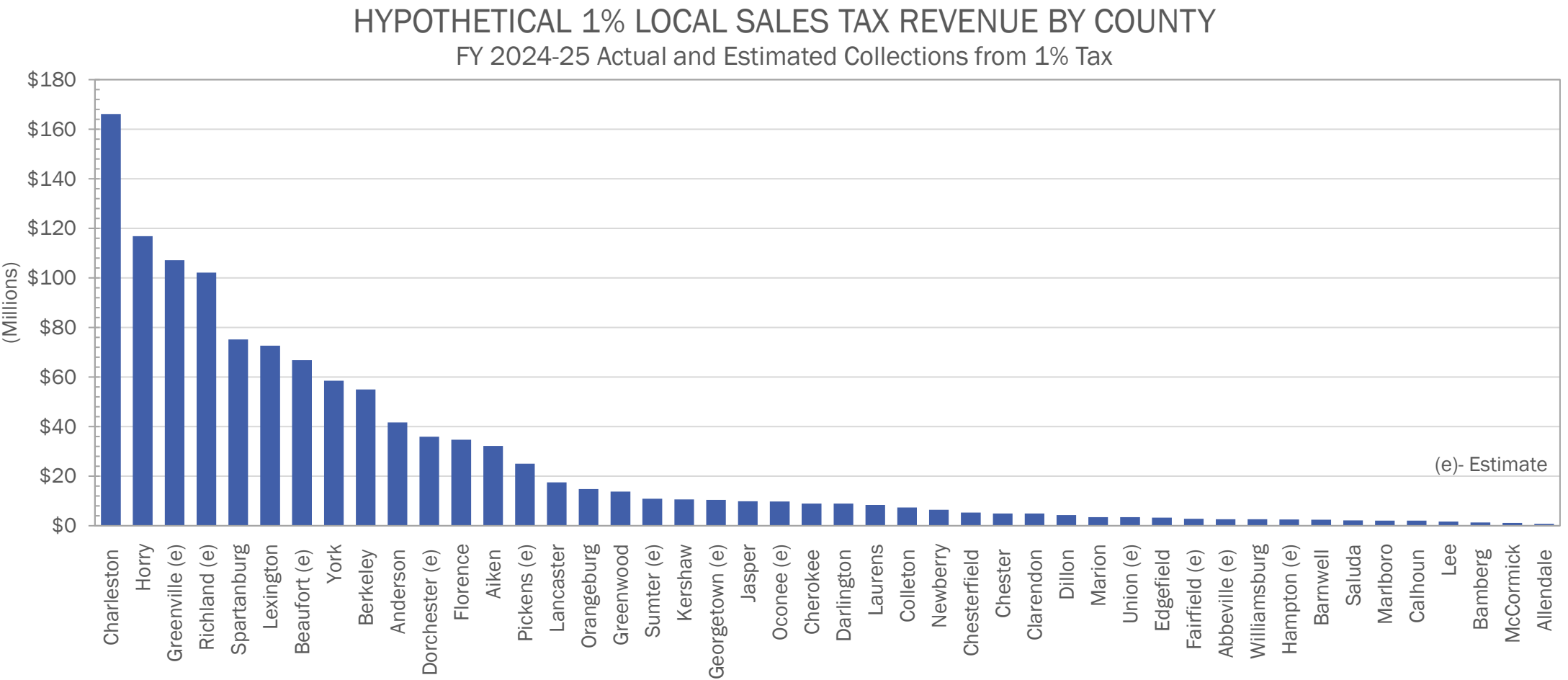
SOUTH CAROLINA STATE AND LOCAL SALES TAX RATE BY COUNTY
as of May 1, 2026



Source: SC Department of Revenue, SC Local Tax Designation by County, Effective May 1, 2026. RFA/lpw/8/24/2026

Hypothetical Local Revenue from a 1% Sales Tax by County

Top four counties account for 42% of state-wide collections from a 1% 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 376B - RFA/md/01/27/2026

Note: Collections do not include tax on unprepared food.

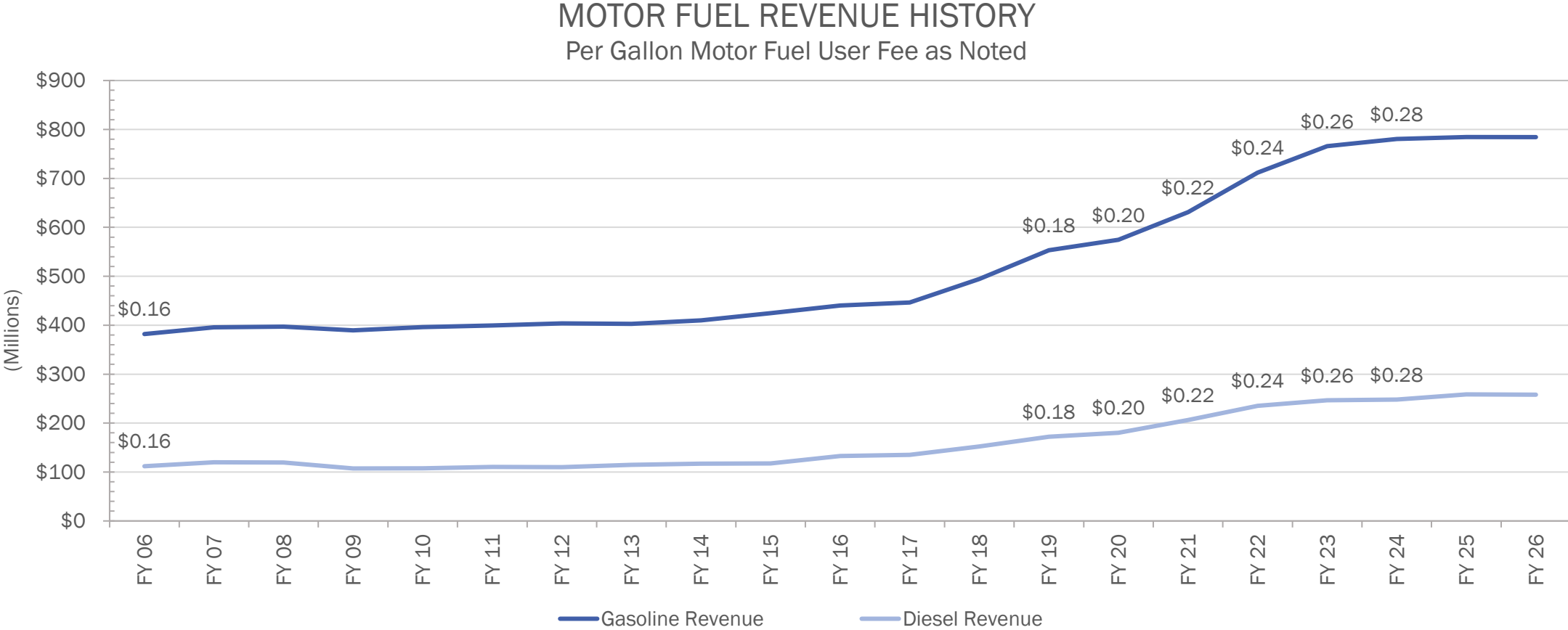
Other Major Revenues

Major Taxes for General and Other Funds

FY 2025-26 Selected Tax Revenues		
Revenue Source	General Funds	Other Funds
Accommodations Tax	\$0	\$120,208,051
Admissions Tax	\$42,413,985	\$10,404,689
Aircraft	\$0	\$8,259,381
Alcoholic Liquor Tax	\$124,167,022	\$5,966,462
Bank Tax	\$83,960,667	\$0
Beer and Wine Tax	\$107,335,814	\$0
Bingo Tax	(\$218,820)	\$4,692,584
Coin Operated Devices	\$1,516,224	\$335,833
Deed Recording Fees	\$138,431,813	\$40,792,659
Electric Power	\$0	\$30,842,556
Retailer License Tax	\$1,276,196	\$0
Sales Tax on Vehicles	\$0	\$372,784,079
Savings and Loan Tax	\$3,124,701	\$0
Tobacco Tax / Cigarette Surcharge	\$26,000,370	\$81,309,396

Motor Fuel Revenue History – FY 2004-05 to FY 2025-26

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

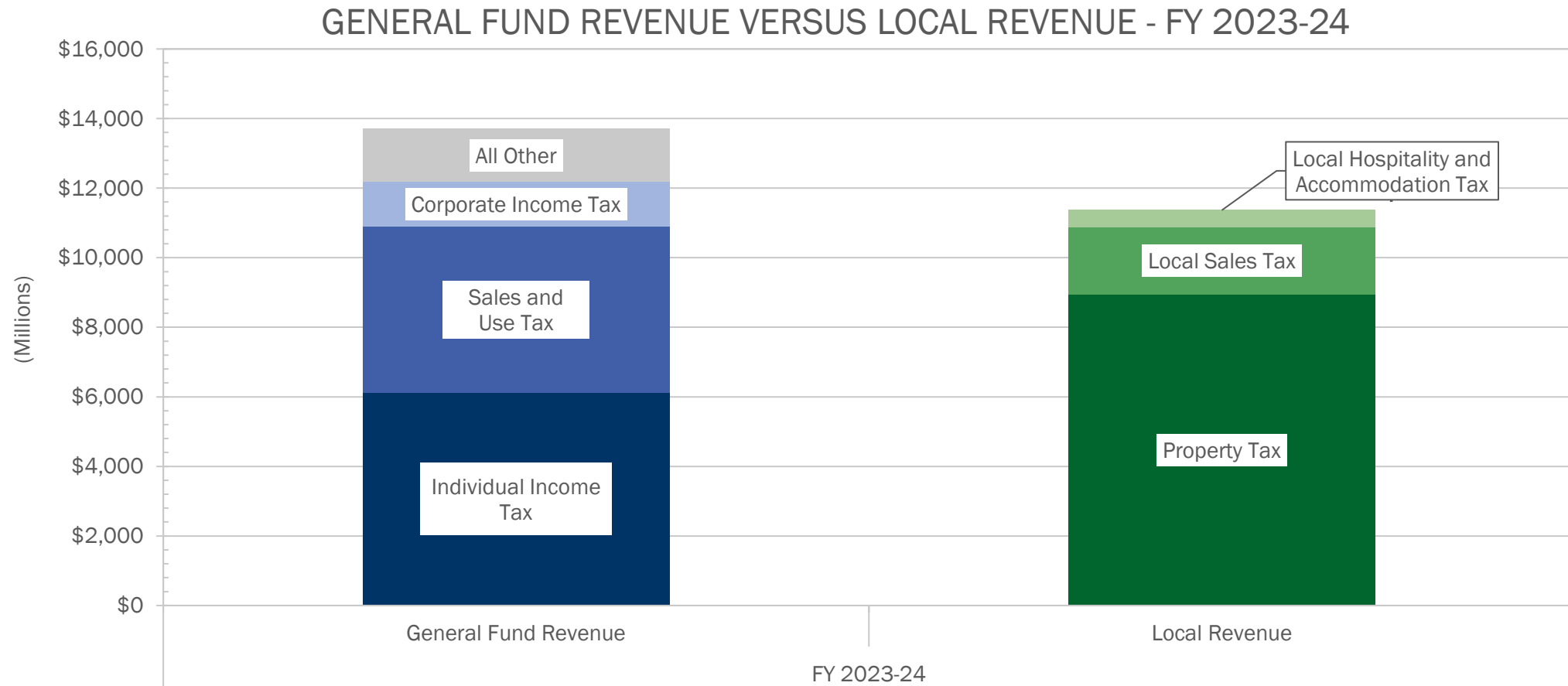


Source: SC Department of Transportation, Monthly Motor Fuel Revenue History, SC Revenue and Fiscal Affairs, Motor Fuel User Fee History. RFA/8/24/2026

Local Government Revenue and Property Tax

State General Fund Revenue versus Local Revenue

Statewide, property tax revenue exceeds any one source of General Fund revenue

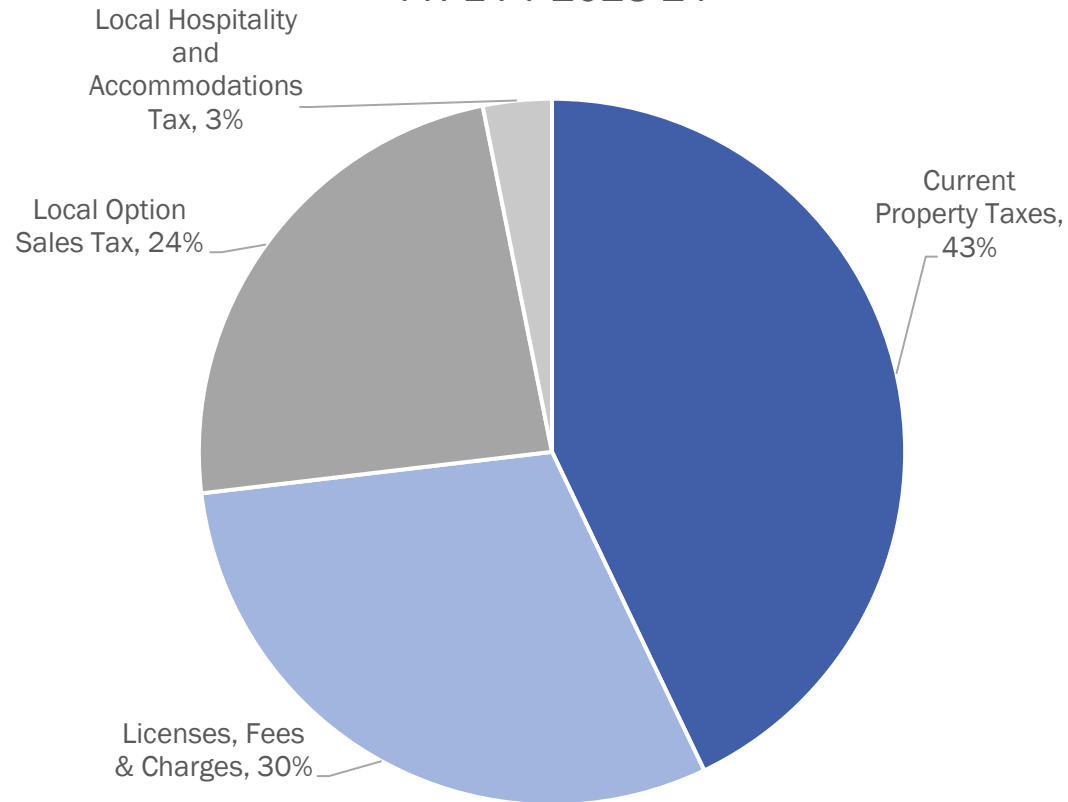


Source: SC Revenue and Fiscal Affairs BEA Forecast, SC Department of Revenue, Tax Collections by County; SC Revenue and Fiscal Affairs Office, Local Government Finance Report RFA/mkm/9/3/2026

Local Revenues by Type of Tax or Fee

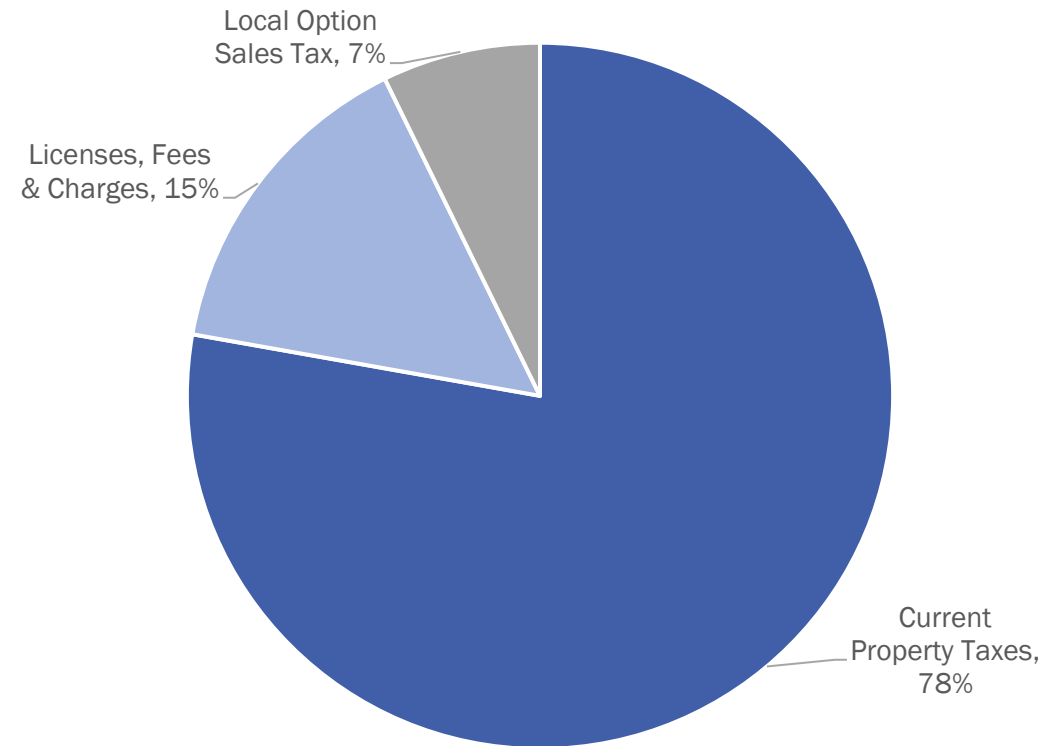
School districts rely on property taxes much more than counties

COUNTY REVENUE FROM LOCAL SOURCES BY TYPE FY 2023-24



Note: Revenue does not include bonds and leases
Source: SC RFA, 2024 Local Government Finance Report - RFA/lpw/8/26/2026

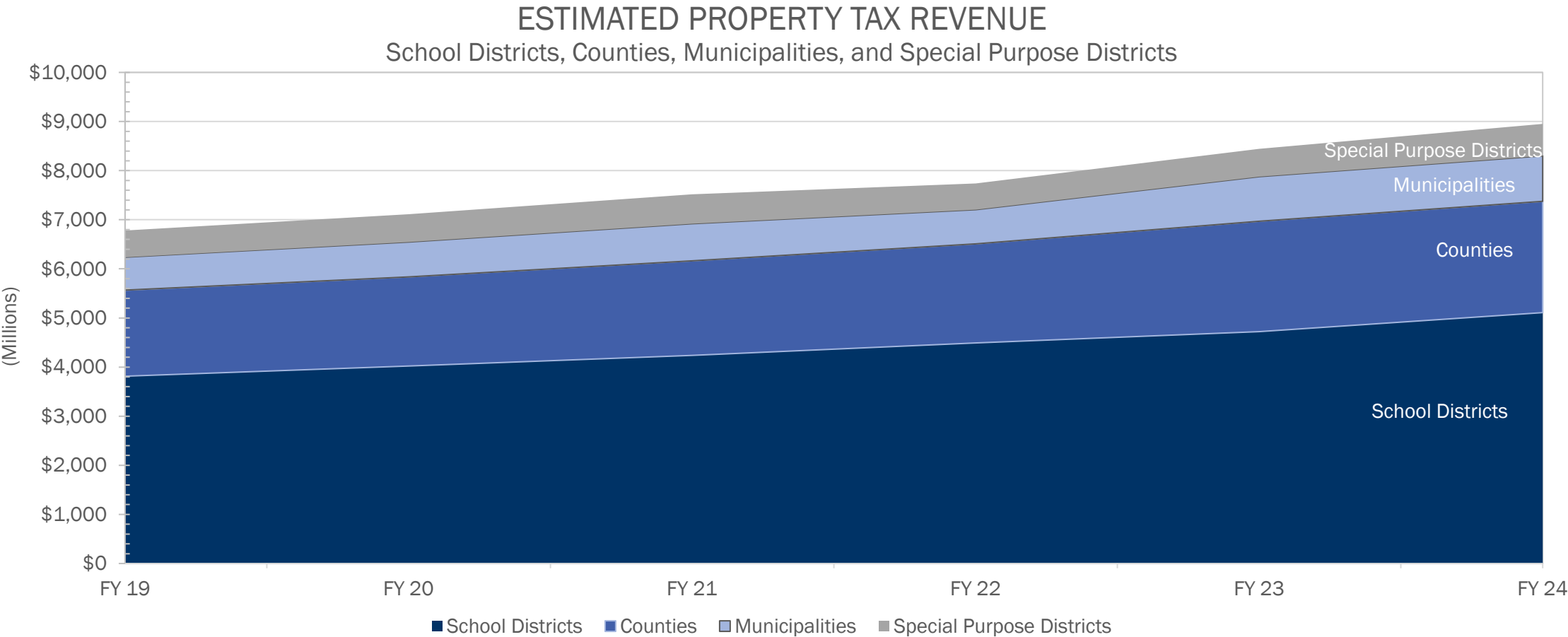
SCHOOL DISTRICT REVENUE FROM LOCAL SOURCES BY TYPE - FY 2023-24



Note: Revenue does not include bonds and leases
Source: SC Department of Education, FY 2023-24 Statement of Revenues; SC Revenue and Fiscal Affairs, 2024 Local Government Finance Report - RFA/lpw/8/26/2026

Property Tax Revenue – FY 2018-19 to FY 2023-24

In FY 24, school districts collected 57% of property tax revenue statewide, counties 25%, municipalities 11%, and special purpose districts 7%



Source: SC Department of Education, Statement of Revenues; SC Department of Revenue, Tax Collections by County; SC Revenue and Fiscal Affairs Office, Local Government Finance Report (municipal data) RFA/mkm/9/3/2026

Property Tax Calculation

- Property tax = appraised value x assessment ratio x millage rate
- Appraised value – value of the property for property tax purposes
- Assessment ratio – determined by property classification as established in the state constitution
- Millage rate – the property tax rate set by each taxing entity

Assessment Ratios

Assessment ratios are set by the SC State Constitution

Assessment Ratio	Property Classification
4%	Owner-occupied real property
	Agricultural (private) real property
6%	Commercial/rental real property
	Agricultural (corporate) real property
	Personal property vehicles
10.50%	Business personal property
	Other personal property
	Utility property
	Manufacturing property*
Not applicable	Fee-in-lieu

*42.8571% of the valuation of manufacturing property is exempt from all millage, resulting in an effective assessment ratio of 6%

Millage Rates

Each mill is $1/1000^{\text{th}}$ of the assessed value

- Each local governing entity may set its own millage rate within the limitations set forth in statute
- Rollback millage
 - Agricultural property reclassification
 - 5-year reassessment
- Annual millage rate increase limitation
 - Applies to all local governing entities for general operating purposes unless an exception applies
 - Calculated annually by RFA based on population and inflation with certain exceptions
 - Some municipalities do not currently have an operating millage and cannot start imposing one
- Statewide millage rate – the Dept. of Revenue applies the average state millage to airlines, private carlines, and motor carriers

Millage Rate Increase Limitation (§ 6-1-320) - FY 2026-27

While the inflation component is the same for all entities, the population component is unique to each local government

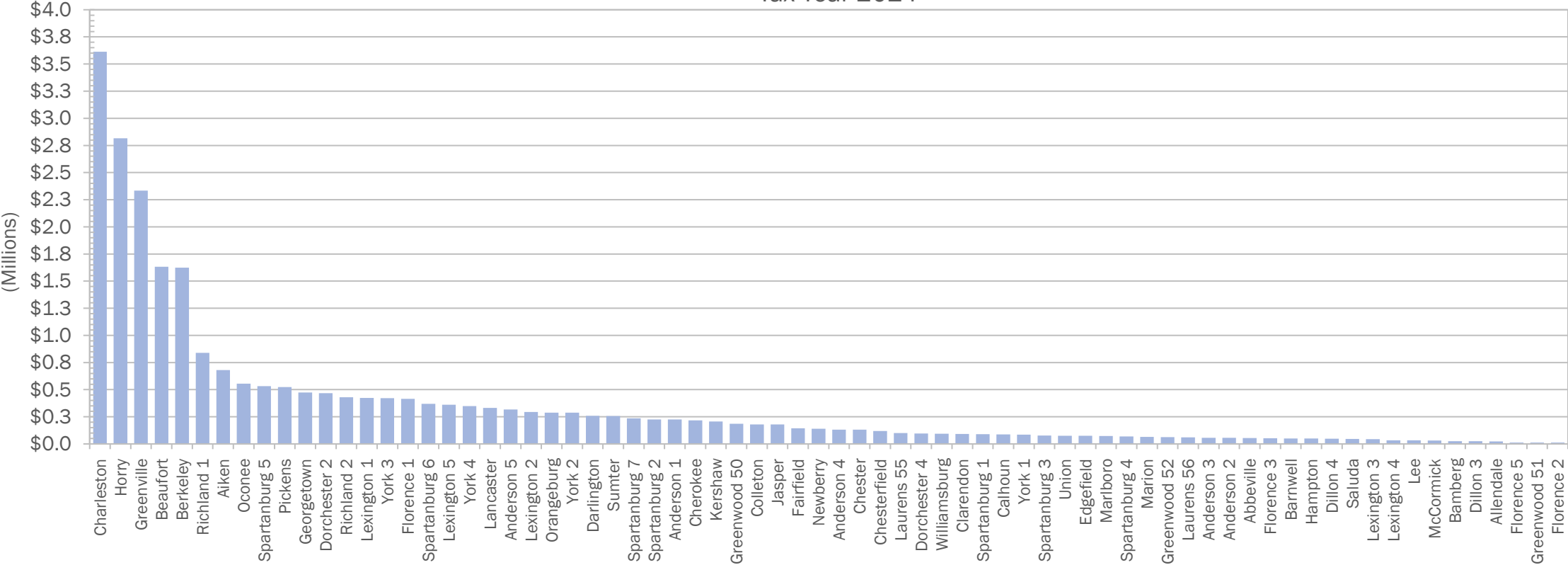
	Inflation (All Entities)	Population Change (Range)	Total Millage Cap
Counties	2.63%	0% to 6.04%	2.63% to 8.67%
School Districts	2.63%	0% to 6.79%	2.63% to 9.42%
Municipalities	2.63%	0% to 16.83%	2.63% to 19.46%

Source: Revenue and Fiscal Affairs RFA/mkm/09/02/2026

Value of One Mill for School Operating – Tax Year 2024

One mill generates between \$11,694 and \$3,600,000

ESTIMATED VALUE OF ONE MILL - SCHOOL OPERATING PROPERTY TAXES
Tax Year 2024



Note: Includes Fee-in-lieu
Source: Department of Revenue 2026 Index of Taxpaying Ability; calculations by Revenue and Fiscal Affairs 378-RFA/mkm/8/19/2026

Index of Taxpaying Ability

Used in State Aid to Classrooms Education Funding Formula

- The Index of Taxpaying Ability (ITA) is a school district's percentage of the total statewide assessed value
- The ITA ranges from 0.00057 (0.057%) to 0.13197 (13.197%)
- The ITA measures the district's ability to pay for the purpose of determining the local share of the State Aid to Classrooms formula
- The Dept. of Revenue includes an imputed value in the Index for 4% residential property based on the property tax reimbursements for school operating taxes instead of the actual assessed value

Constitutional Amendment and Act 388 (2006) Provisions

- Constitutional Amendment
 - Limited growth in real property fair market value to 15% for each 5-year county reassessment cycle unless there is an assessable transfer of interest (ATI) or improvement
- Act 388 of 2026
 - Exempted any remaining fair market value of owner-occupied property from school operating millage
 - Implemented a 1% sales tax (HEX Fund) to reimburse school districts for the newly created exemption
 - Implemented the annual millage rate increase limitation for general operating millage for all local governments

Act 388 - Observations

- Voters (homeowners) no longer pay school operating millage on their homes
- Businesses make up the bulk of the property tax base and HEX sales tax base
- State assumed a larger share of school funding
- Data are not available to determine the impact of Act 388 on property tax revenue

Property Tax Examples by Property Type

Property	Value	Assessment Ratio	Estimated Statewide Millage Rate	Estimated Tax Liability
Owner-occupied	\$100,000	4%	177.9*	\$711
Commercial/ rental	\$100,000	6%	353.4	\$2,120
Vehicle	\$100,000	6%	353.4	\$2,120
Business Personal Property	\$100,000	10.5%	353.4	\$3,710
Manufacturing	\$57,143*	10.5%	353.4	\$2,120

*Owner-occupied is exempt from all school operating millage; 42.8571% of manufacturing property is exempt from all millage, resulting in an effective assessment ratio of 6%

Note: Does not include local option sales tax credit

Source: Revenue and Fiscal Affairs mkm/RFA//08/28/2026

Property Tax Base by Classification – Tax Year 2024

Owner-occupied property is not subject to school operating millage

	Non-School Operating	School Operating
Owner-occupied	35.8%	0.0%
Commercial/rental	36.1%	56.2%
Vehicles	9.2%	14.3%
Manufacturing	3.2%	4.9%
Utility	6.1%	9.5%
Business Personal	2.4%	3.7%
Fee-in-Lieu	5.2%	8.1%
All Other	2.1%	3.3%
Total Assessed Value	100.0%	100.0%

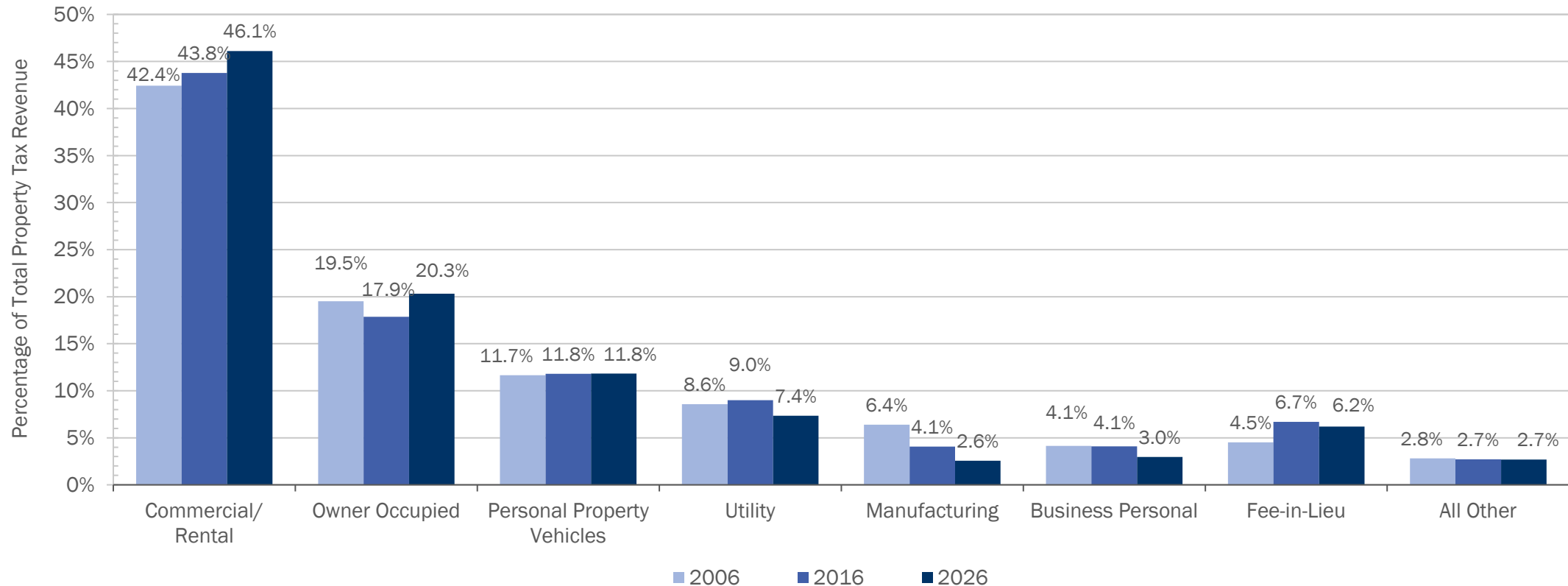
Note: All Other includes other personal property, motor carrier, agricultural real property (corporate and private)

Source: Department of Revenue 2026 Index of Taxpaying Ability RFA/mkm/8/19/2026

Estimated Property Tax Revenue by Classification – History

The percentage of property tax revenue from commercial/rental has increased while owner-occupied has varied

ESTIMATED PERCENTAGE OF TOTAL PROPERTY TAX REVENUE
by Assessment Classification

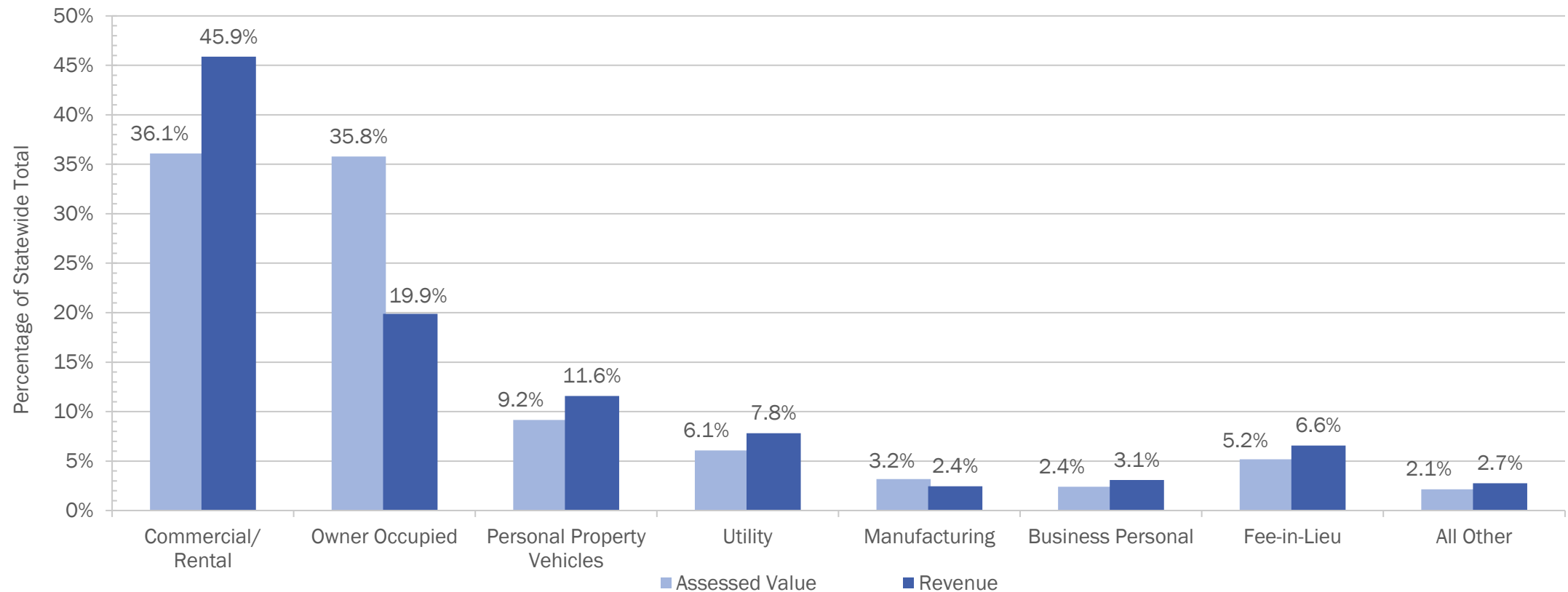


Note: All Other includes other personal property, motor carrier, agricultural real property (corporate and private)
Source: DOR Index of Taxpaying Ability; calculations by Revenue and Fiscal Affairs 229-RFA/mkm/8/28/2026

Assessed Value Compared to Estimated Revenue by Category

While owner-occupied is 35.8% of assessed value, it is only 19.9% of total revenue

ESTIMATED PERCENTAGE OF ASSESSED VALUE VERSUS TAX REVENUE
by Assessment Classification – Tax Year 2024

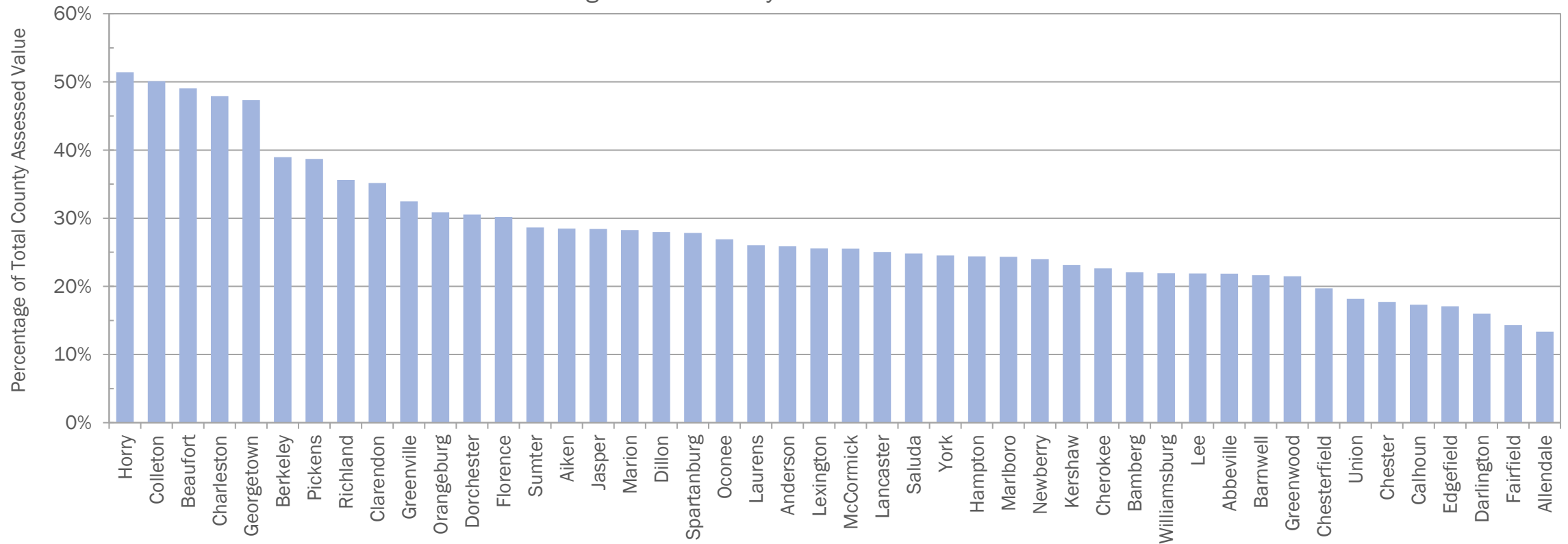


Note: All Other includes other personal property, motor carrier, agricultural real property (corporate and private)
Source: Department of Revenue Index of Taxpaying Ability and Revenue and Fiscal Affairs RFA/mkm/9/2/2026

Commercial Property Values by County

Commercial real property is the largest component of the tax base statewide at 36.1% of total property value, but the percentage varies by county

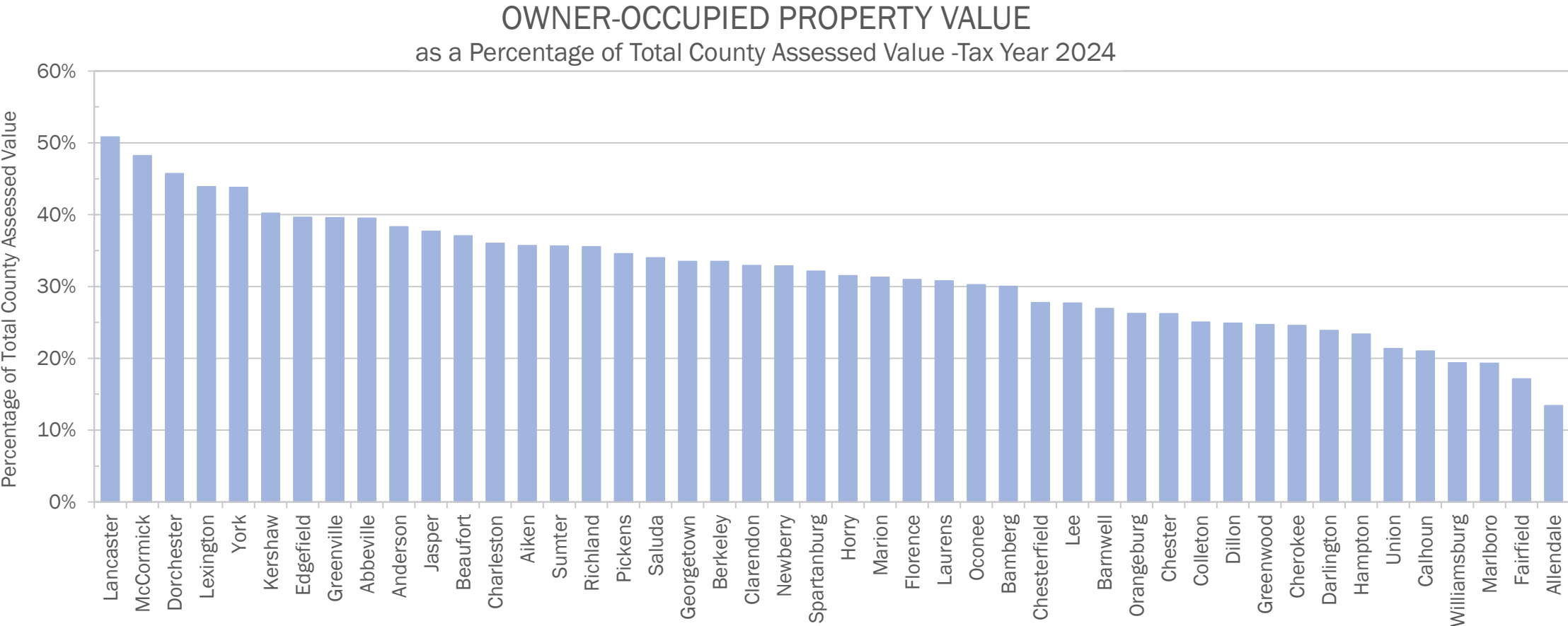
COMMERICAL & RENTAL PROPERTY VALUE
as a Percentage of Total County Assessed Value – Tax Year 2024



Source: Department of Revenue 2026 Index of Taxpaying Ability RFA/mkm/02/20/2026

Owner-occupied Property Values by County

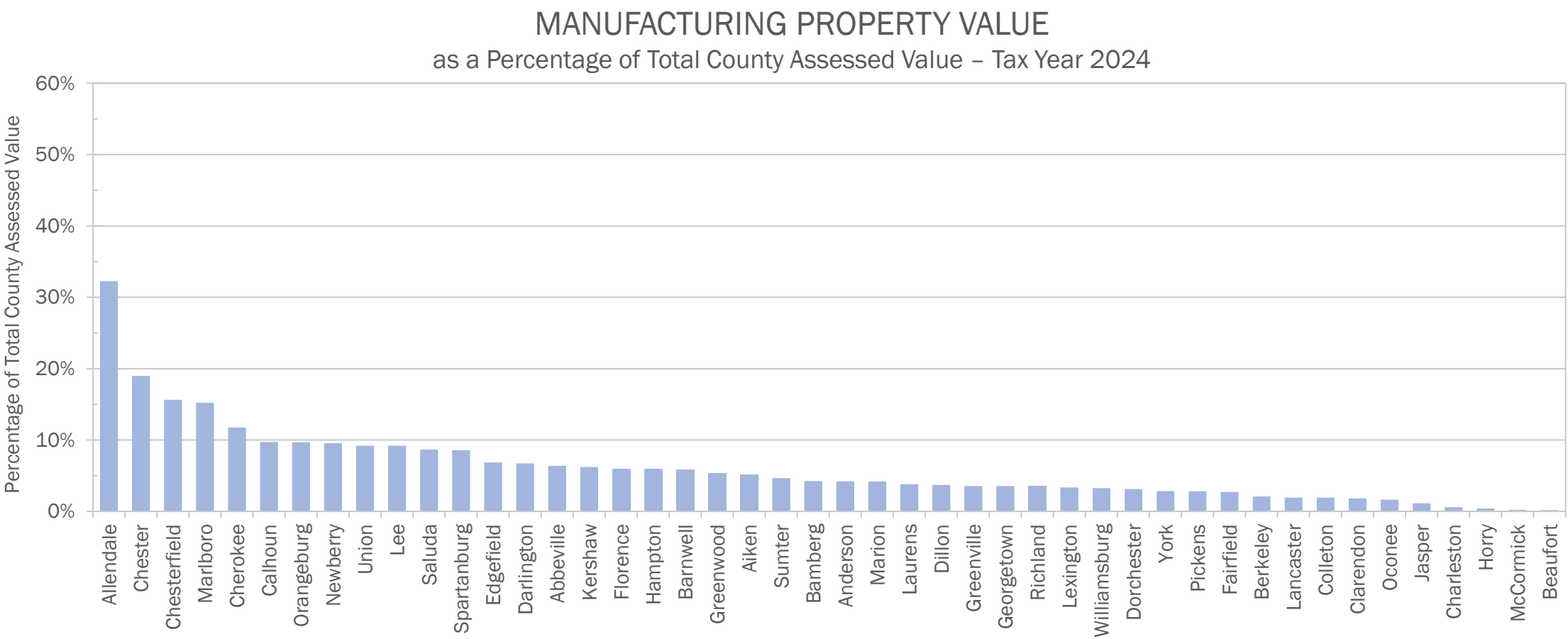
Residential property is the second largest category at 35.8% of total value, but again, percentages range by county



Source: Department of Revenue 2026 Index of Taxpaying Ability RFA/mkm/02/20/2026

Manufacturing Property Values by County

Statewide, manufacturing property is 3.2% of total property value; again, there is a wide range among counties

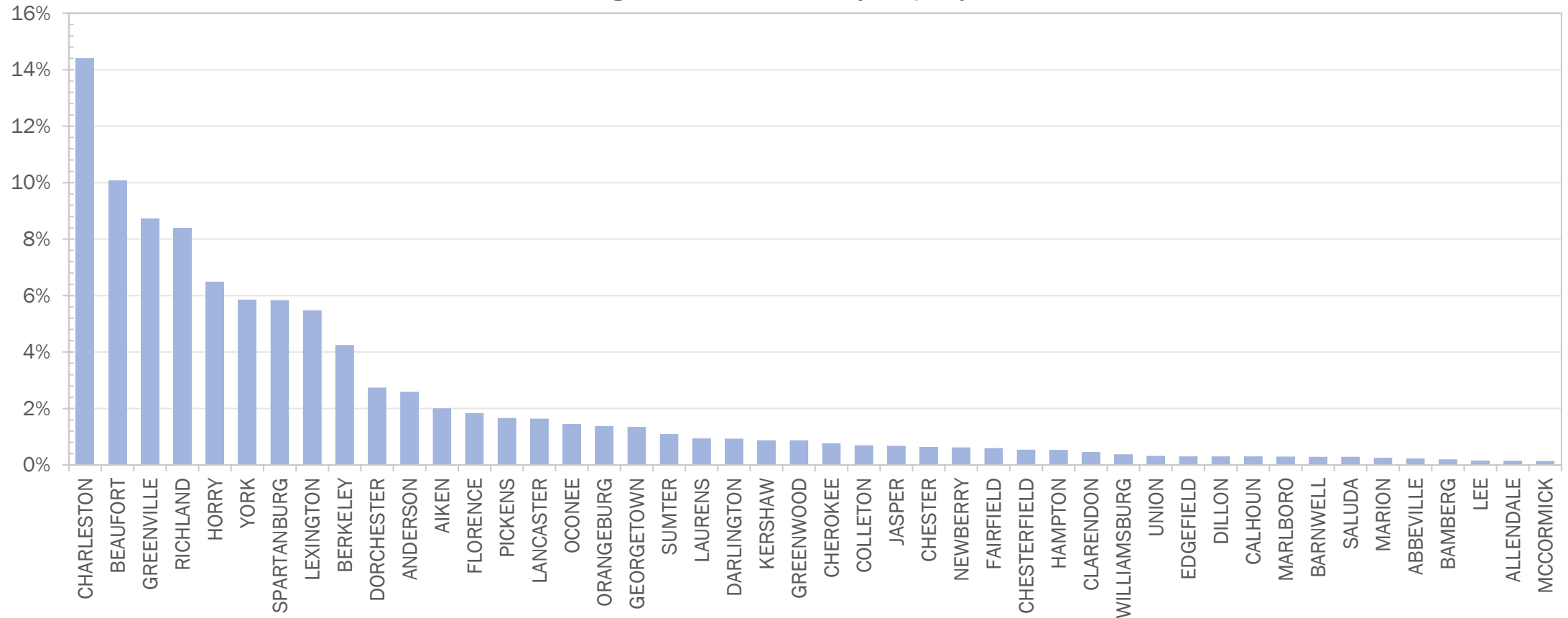


Source: Department of Revenue 2026 Index of Taxpaying Ability RFA/mkm/02/20/2026

County Percentage of Statewide Property Tax Revenue

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

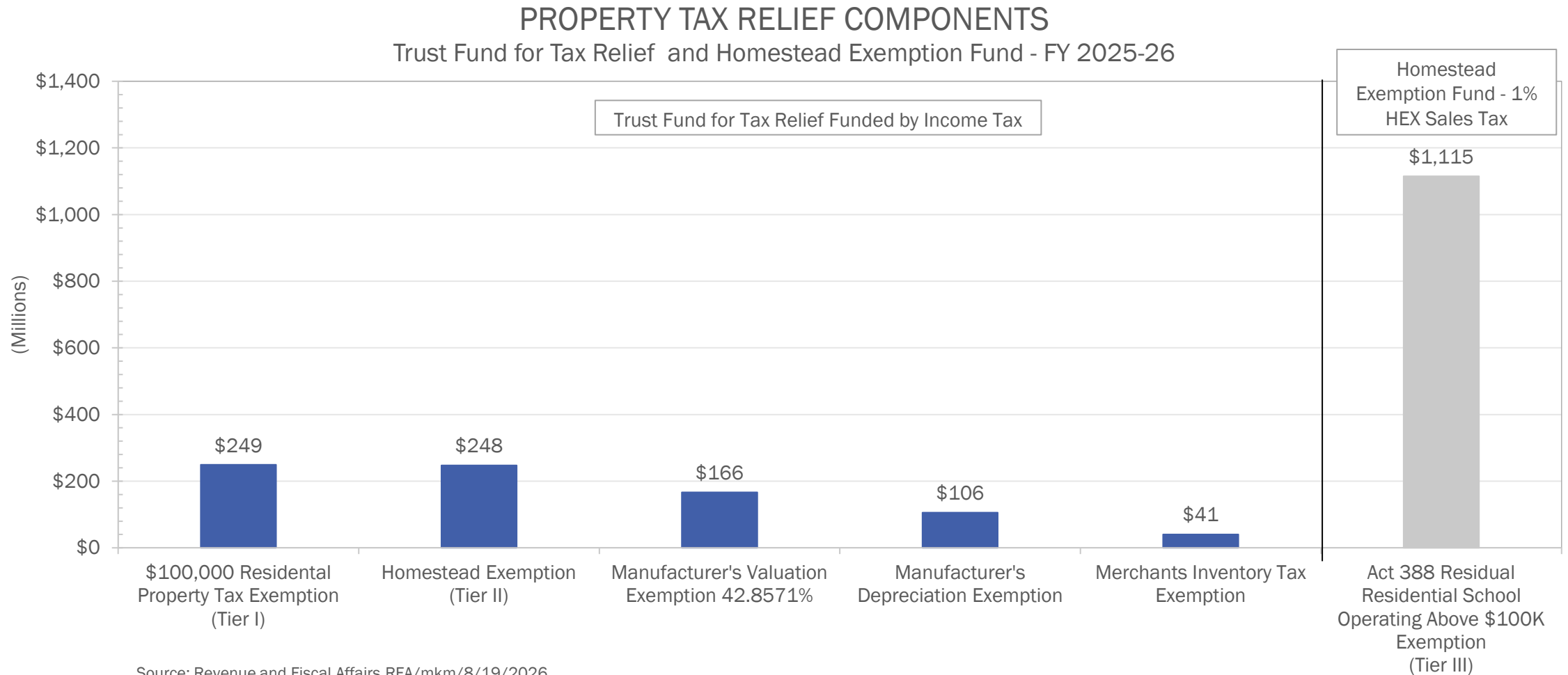
COUNTY PROPERTY TAX REVENUE - TAX YEAR 2024
as a Percentage of Statewide County Property Tax Revenue



Source: S.C. Department of Revenue; Tax Collections by County Report - 377 RFA-mkm/8/19/2026

Property Tax Relief (State Reimbursements)

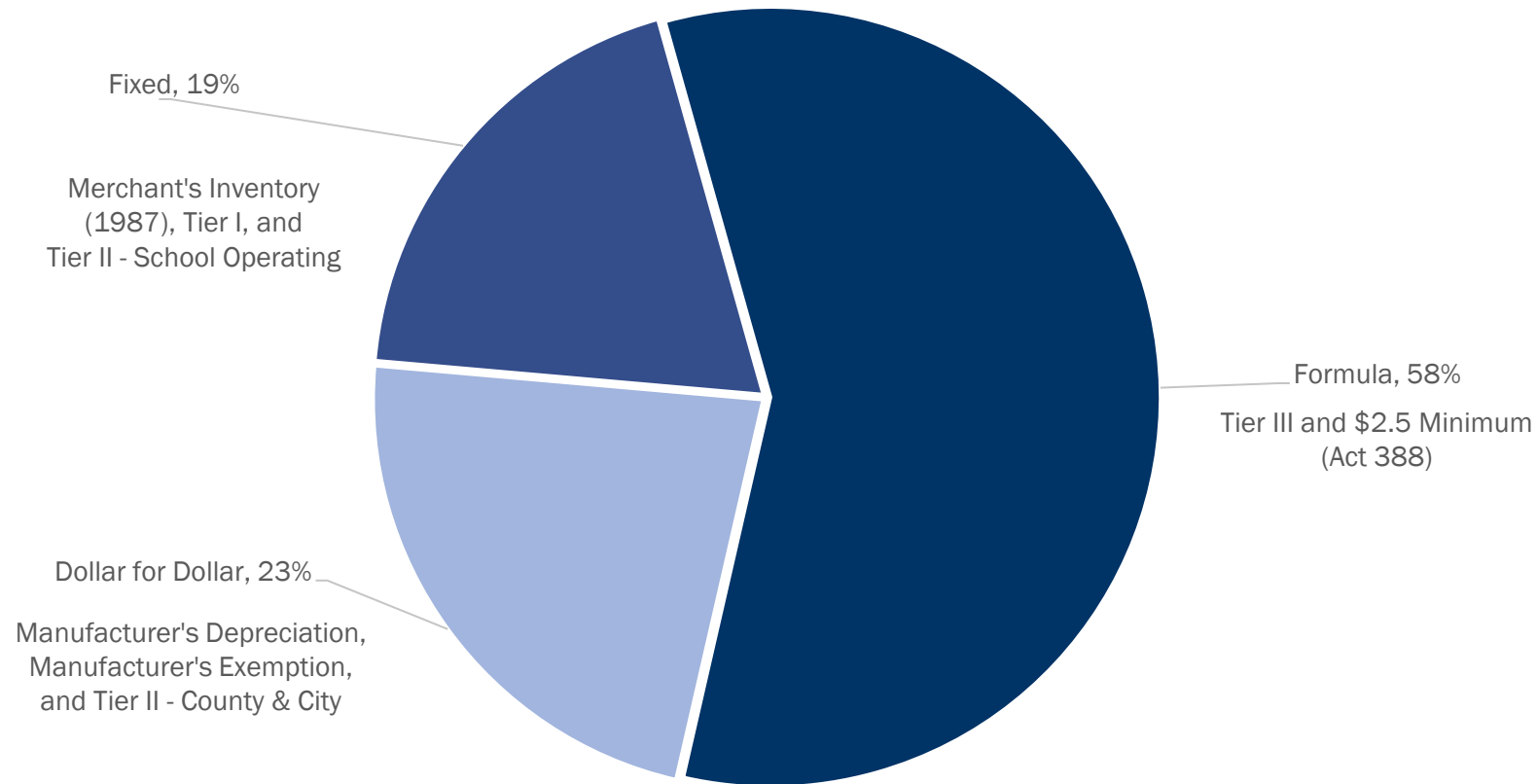
The state reimburses locals for property tax exemptions



Property Tax Reimbursements

Dollar-for-dollar, capped, or formula-based reimbursements

TRUST FUND & HOMESTEAD EXEMPTION REIMBURSEMENTS - FY 2025-26

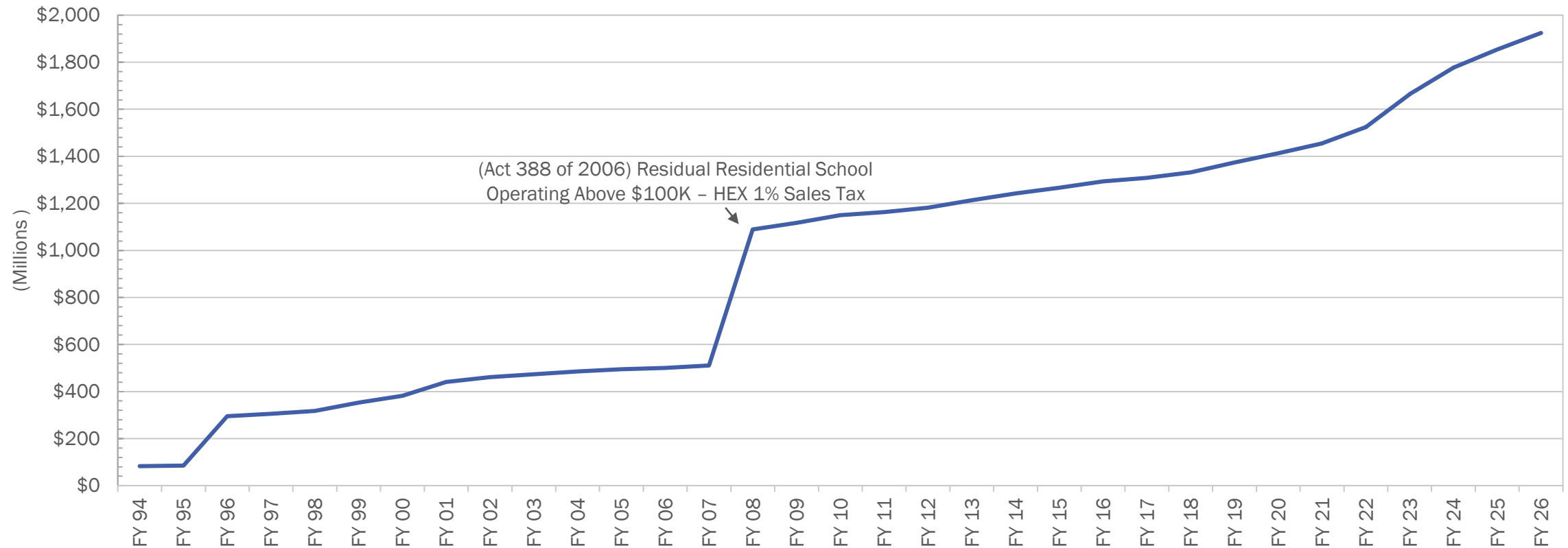


Source: Revenue and Fiscal Affairs 229-RFA/mkm/09/01/2026

Property Tax Relief History

The State reimbursed a total of **\$1.92 billion** in property tax relief in FY 2025-26

PROPERTY TAX RELIEF REIMBURSEMENTS
Trust Fund for Tax Relief and Homestead Exemption Fund



The Trust Fund tax exemption reimbursements include: \$100K residential school operating exemption, Homestead Exemption (age 65+) Manufacturer's Depreciation Reimbursements, Merchant's Inventory Tax Exemption, and Manufacturer's Percentage Exemption of Assessed Value

Summary – “There is no such thing as a free lunch”

- Economic Tax Base
 - While SC as a whole is growing, growth among the counties and regions varies widely
 - There is a wide range in the relative size of the economic and tax base among the counties and regions of the state
- Taxes
 - Changes to tax policy can have an overlapping and/or disproportionate impact on different taxpayers
- Not an easy task for 170 legislators to balance the tax and spending perspectives of 5,570,274 individuals

Questions?

Thank You!

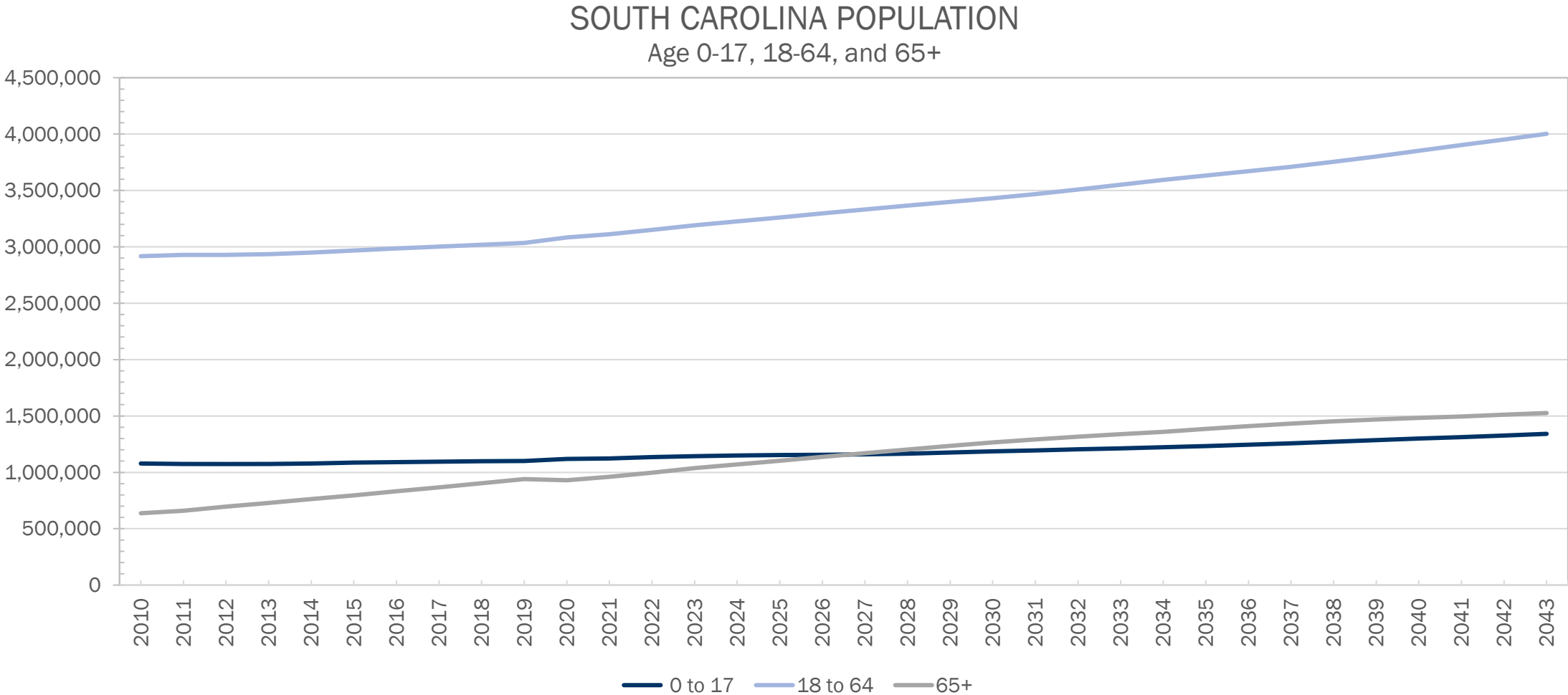


Appendix



SC Population by Age Group

Population in the 65 and over age range is projected to surpass the 0-17 age range by 2027; the changing population will change the mix of the demand for services



Source: U.S. Census Bureau Population Estimates and RFA Population



Rolling Fiscal Year – Total Individual Income Tax

ROLLING FISCAL YEAR - TOTAL INDIVIDUAL INCOME TAX
Actuals, Estimates, and Target Range, FY 2015-16 to FY 2025-26



Source: SC Revenue and Fiscal Affairs; SC Board of Economic Advisors May 19, 2026 Forecast

Rolling Fiscal Year – Corporate Income Tax

ROLLING FISCAL YEAR - CORPORATE INCOME TAX
Actual, Estimate, and Target Range, FY 2015-16 to FY 2025-26

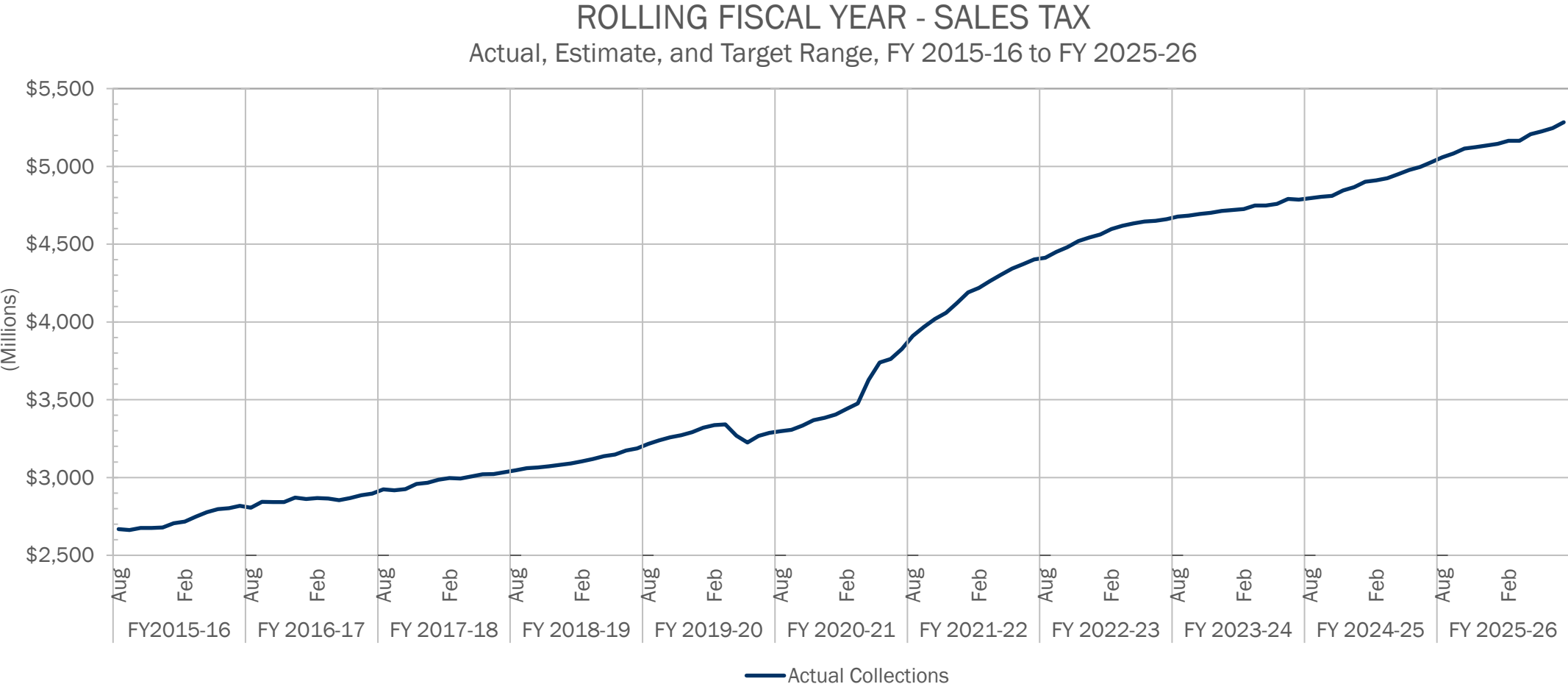


Source: SC Revenue and Fiscal Affairs; SC Board of Economic Advisors May 19, 2026

Corporate Income Tax – C - Corps

- The Corporate Income Tax rate on C Corporations is 5% on South Carolina taxable income.
- The starting point in determining South Carolina taxable income is your federal taxable income with certain South Carolina modifications subject to allocation and apportionment.
- Multi-state corporations must directly allocate certain nonbusiness related items of income and gains and losses and apply an apportionment ratio to all income remaining after allocation.
- Corporations involved in manufacturing, selling or otherwise dealing with tangible personal property (except for repair) use or an apportionment ratio based on sales alone.
- Most other corporations including financial businesses, service businesses, doctors, architects, installation and repair businesses and contractors use a gross receipts apportionment ratio.
- Railroads, telephone companies, pipeline companies, airlines, and shipping lines, use special apportionment methods.
- <https://dor.sc.gov/business-income-taxes/corporate/c-corporation>

Rolling Fiscal Year – Sales Tax



Source: SC Revenue and Fiscal Affairs; SC Board of Economic Advisors May 19, 2026 Forecast

Local Sales Tax Revenue – FY 2025-26

Type of Local Tax	Number of Entities	Revenue
Local Option Sales Tax (§4-10-10)	32 Counties	\$618.0 Million
Local Capital Projects Tax (§4-10-300)	23 Counties	\$344.6 Million
Local Education Capital Improvement Tax (§4-10-410)	10 Counties	\$492.4 Million
Local School District Tax (§4-10-300)	3 Counties	\$81.7 Million
Local Transportation Tax (§4-37-30)	6 Counties	\$552.8 Million
Local Tourism Development Tax	1 Municipality	\$44.3 Million

Source: SC Department of Revenue. RFA/lpw/8/24/2026