

Statement of Estimated State Revenue Impact

Date: January 30, 2013

Bill Number: H.B. 3181

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Committee Requesting Impact: House Ways & Means Committee

Bill Summary

A bill to amend Section 12-36-2120, as amended, of the Code of Laws of South Carolina, 1976, relating to sales tax exemptions, so as to delete the exemption on certain guns on Second Amendment Weekend.

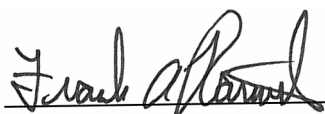
REVENUE IMPACT ^{1/}

This bill would increase sales and use tax revenue by an estimated \$627,580 in FY2013-14. Of this amount, General Fund sales and use tax revenue would be increased by \$418,386, EIA funds would be increased by \$104,597, and the Homestead Exemption Fund would be increased by \$104,597 in FY2013-14.

Explanation

This bill would repeal Section 12-36-2120(76) to disallow a sales and use tax exemption on the gross proceeds of the sales price of handguns, rifles, and shot guns for sales occurring from 12:01 a.m., the Friday after Thanksgiving through twelve midnight, the Saturday after Thanksgiving.

According to the latest data provided by the U.S. Department of Justice, Bureau of Alcohol, Tobacco, Firearms and Explosives, the Internal Revenue Service, and the Federal Bureau of Investigation regarding firearm sales and background checks, we estimate South Carolina residents will purchase an estimated 146,600 firearms annually producing an estimated \$127,259,045 in gross sales. We anticipate that the tax free weekend will cause potential customers to postpone or adjust purchases of firearms for up to thirty days in anticipation of the tax free weekend after Thanksgiving Day. The repeal of the sales and use tax exemption in Section 12-36-2120(76) would increase the amount of sales and use tax revenue collections. Multiplying \$127,259,045 in annual sales by a state sales and use tax rate of six percent, and adjusting this result for both the sales tax free weekend and the thirty day postponement period, yields an increase in sales tax revenue of an estimated \$627,580 in FY2013-14. Of this amount, General Fund sales and use tax revenue would be increased by \$418,386, EIA funds would be increased by \$104,597, and the Homestead Exemption Fund would be increased by \$104,597 in FY2013-14. This act takes effect upon approval by the Governor.



Frank A. Rainwater
Chief Economist

Analyst: Martin

^{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.