

Statement of Estimated State Revenue Impact

Date: January 24, 2013

Bill Number: H.B. 3264

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Committee Requesting Impact: House Ways & Means Committee

Bill Summary

A bill to amend Section 12-6-530, of the Code of Laws of South Carolina, 1976, relating to the corporate income tax, so as to eliminate the corporate income tax over a four year period.

REVENUE IMPACT ¹¹

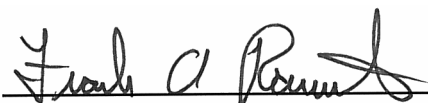
This bill is expected to reduce General Fund corporation tax revenue by an estimated \$6,905,987 in FY2012-13, an estimated \$63,645,836 in FY2013-14, an estimated \$46,591,427 in FY2014-15, an estimated \$55,650,000 in FY2015-16, and an estimated \$49,806,750 in FY2016-17.

Explanation

This bill would amend §12-6-530 to reduce the corporation income tax rate from the current five percent tax rate by 1.25 percentage points beginning January 1, 2013 until the corporation income tax rate is eliminated. Currently, pursuant to §12-6-530, the rate of taxation on corporate income is five percent. Based upon the November 8, 2012 estimates of General Fund corporation income tax by the Board of Economic Advisors, lowering the corporation income tax rate by 1.25 percentage points to 3.75 percent would reduce General Fund corporation income tax revenue by an estimated \$70,551,823. Although it is difficult to predict when legislation would pass during the legislative session, we expect some taxpayers to begin adjusting their payment schedule before the end of the fiscal year end. The estimated reduction in revenue by fiscal year is as follows:

FY 2012-13	\$6,905,987
FY 2013-14	\$63,645,836
FY 2014-15	\$46,591,427
FY 2015-16	\$55,650,000
FY 2016-17	\$49,806,750

This act takes effect upon the signature of the Governor.



Frank A. Rainwater
Chief Economist

Analyst: Martin

¹¹ 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.