



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	H.3926
Author:	Willis
Requestor:	House Education and Public Works
Date:	April 14, 2015
Subject:	Sales tax exemptions
RFA Analyst(s):	Martin

Estimate of Fiscal Impact

	FY 2015-16	FY 2016-17
State Expenditure		
General Fund	N/A	N/A
Other and Federal	N/A	N/A
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	(\$6,000)	(\$12,000)
Other and Federal	(\$3,000)	(\$6,000)
Local Expenditure	N/A	N/A
Local Revenue	N/A	N/A

Fiscal Impact Summary

This bill would reduce sales and use tax of an estimated \$18,000 each full fiscal year. Since this act takes effect after December 31, 2015, sales and use tax would be reduced by one-half of a full fiscal year, or an estimated \$9,000 in FY2015-16. Of this amount, General Fund sales and use tax would be reduced by \$6,000, the EIA fund would be reduced by \$1,500, and the Homestead Exemption Fund would be reduced by \$1,500 in FY2015-16.

Explanation of Fiscal Impact

State Expenditure

Since this legislation makes no substantive changes to existing programs or resources, the Department of Motor Vehicles can administer the legislative changes with existing resources.

State Revenue

This bill would amend Section 12-36-2120(8) add a sales and use tax exemption of the sale of legal manuals and educational materials generated by the Department of Motor Vehicles. According to data provided by the South Carolina Department of Motor Vehicles (DMV), the sale of drivers and commercial drivers license manuals have totaled \$877,535 since the inception of the sale of the manuals in FY2011-12. The DMV receives about \$300,000 per full fiscal year. Multiplying \$300,000 by a sales and use tax rate of six percent yields a reduction of sales and use tax of an estimated \$18,000 each fiscal year. Of this amount, General Fund sales and use tax would be reduced by \$12,000, the EIA fund would be reduced by \$3,000, and the Homestead Exemption Fund would be reduced by \$3,000 each full fiscal year. Since this act takes effect after December 31, 2015, sales and use tax would be reduced by one-half of a full fiscal year, or

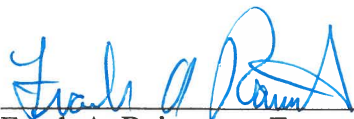
an estimated \$9,000 in FY2015-16. Of this amount, General Fund sales and use tax would be reduced by \$6,000, the EIA fund would be reduced by \$1,500, and the Homestead Exemption Fund would be reduced by \$1,500 in FY2015-16.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director