

# Statement of Estimated Local Revenue Impact

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**Date:** January 22, 2014  
**Bill Number:** S. 940  
**Authors:** Young, Massey and Setzler

**Committee Requesting Impact:** Senate Finance Committee

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## Bill Summary

TO AMEND SECTION 4-10-470, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE EDUCATION CAPITAL IMPROVEMENTS SALES AND USE TAX, SO AS TO ALLOW A COUNTY THAT DOES NOT COLLECT A CERTAIN AMOUNT IN ACCOMMODATIONS TAX TO IMPOSE THE SALES TAX SO LONG AS NO PORTION OF THE COUNTY AREA IS SUBJECT TO MORE THAN TWO PERCENT TOTAL SALES TAX.

## REVENUE IMPACT <sup>1/</sup>

This bill would affect the eligibility requirements concerning the Education Capital Improvements Sales and Use Tax. Amending Section 4-10-470 would allow those counties which are currently not imposing a sales tax rate greater than 2 percent to become eligible to impose the tax so long as imposing the sales tax, pursuant to Section 4-10-420, does not increase the total sales tax rate above 2 percent. This bill would allow an estimated 25 of the 44 counties currently not eligible to impose the tax to become eligible.

## Explanation

Pursuant to section 4-10-470 of the Code of Laws of South Carolina, in order to impose the Education Capital Improvements Sales and Use Tax, a county is required to have collected at least \$7 million in state accommodations taxes in a full fiscal year. Currently, Charleston and Horry County are the only eligible counties; both counties impose the Education Capital Improvements Sales and Use Tax. Based on the SC Department of Revenue's (DOR) 'Local Tax Designation' publication, 25 counties as of May 2013 impose a sales tax rate of 1 percent or below. These counties would meet the requirements to impose the Education Capital Improvements Sales and Use tax.



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<sup>1/</sup> 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.