Statement of Estimated State Revenue Impact

Date: March 8, 2011

Bill Number: H.B. 3747

Author: Cooper

Committee Requesting Impact: House Ways and Means

Bill Summary
To amend Section 12-36-2120, as amended, Code of Laws of South Carolina, 1976, relating to sales tax exemptions, so as to exempt biologics administered by a physician in a physician's office.

REVENUE IMPACT
This bill would reduce state sales tax revenue by $6,928,267 in FY2011-12. Of this total, $4,618,845 will be a reduction in General Fund sales and use tax revenue, $1,154,711 will be a reduction in EIA funds, and $1,154,711 will be a reduction in homestead exemption funds for homeowner tax relief.

Explanation
This bill would amend Section 12-36-2120 by adding a sales tax exemption for biologics administered by a physician in physician's office. This bill defines biologics as products that are used in the prevention, treatment, or cure of a disease or condition of human beings and that are produced using living organisms, materials derived from living organisms, or cellular, subcellular, or molecular components of living organisms. Based upon global biologic sales of $75 million in 2007 as reported by IMS Health, a nationally recognized consulting firm regarding pharmaceutical sales data, and applying a five-year historical growth rate, it is estimated that sales of biologics to physicians' office in South Carolina will be $115,471,110 in FY2011-12. Applying the six percent sales tax rate, we estimate that this bill would reduce state sales tax revenue by $6,928,267 in FY2011-12. Of this total, $4,618,845 will be a reduction in General Fund sales and use tax revenue, $1,154,711 will be a reduction in EIA funds, and $1,154,711 will be a reduction in homestead exemption funds for homeowner tax relief.

William C. Gillespie, Ph.D.
Chief Economist

Analyst: Ball

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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 or Section 6-1-85(8) for an estimate of the shift in local property tax incidence by the Office of Economic Research.