Statement of Estimated State Revenue Impact

Date: March 4, 2014

Bill Number: S.1033

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Committee Requesting Impact: Senate Finance

Bill Summary
TO AMEND CHAPTER 2, TITLE 12 OF THE 1976 CODE RELATING TO TAXATION, BY ADDING
SECTION 12-2-110, TO PROVIDE AN OUT-OF-STATE BUSINESS THAT CONDUCTS
OPERATIONS WITHIN THIS STATE FOR THE PURPOSES OF PERFORMING WORK OR
SERVICES RELATED TO A DECLARED STATE DISASTER OR EMERGENCY DURING A
DISASTER PERIOD MUST NOT BE CONSIDERED TO HAVE ESTABLISHED A LEVEL OF
PRESENCE THAT WOULD REQUIRE THAT BUSINESS TO REGISTER, FILE, AND REMIT STATE
OR LOCAL TAXES OR THAT WOULD REQUIRE THAT BUSINESS OR ITS OUT-OF-STATE
EMPLOYEES TO BE SUBJECT TO ANY STATE LICENSING OR REGISTRATION
REQUIREMENTS OR ANY COMBINATION OF THESE ACTIONS.

REVENUE IMPACT
This bill codifies existing legislative directives contained in Appropriation Act proviso 106.10.
Therefore, we expect this bill would have no revenue impact.

Explanation
This bill exempts out-of-state businesses that perform work services related to a declared
state disaster or emergency from filing or remitting state or local taxes. An out-of-state
business is defined as providing disaster or emergency related services when its presence is
requested by a registered business in South Carolina or a state or local government. The
out-of-state business, additionally, must have no presence or conduct no business in South
Carolina except when requested in a disaster or emergency.

The out-of-state business meeting these requirements is exempt from all local business
licensing or registration requirements or state and local taxes or fees including but not limited
to unemployment insurance, state or local occupational licensing fees, sales or use tax, and
property tax on equipment used or consumed during the disaster period. Out-of-state
businesses preforming emergency or disaster related work are not considered to have
established residency or a presence that would require the business to file income or
withholding taxes. The disaster period is defined as beginning within 10 days of the first
declaration and extends for sixty days after the end of the declared disaster or emergency.
Out-of-state businesses and employees are not exempt from transactions fees or taxes such
as motor fuel user fees, accommodations taxes, car rental fees, or sales and use tax.

This bill codifies existing legislative directives contained in Appropriation Act proviso 106.10.
Therefore, we expect this bill would have no revenue impact.

Frank A. Rainwater
Chief Economist

Analyst: Shuford

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This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA.