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Statement of estimated local revenue impact-S. 940

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Statement of Estimated Local Revenue Impact

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

Committee Requesting Impact: Senate Finance Committee

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 ^{1/}

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.



Frank A. Rainwater
Chief Economist

Analyst: Williams

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