



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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Bill Number: H.3045  
 Author: Felder  
 Requestor: House Ways and Means  
 Date: May 6, 2015  
 Subject: Job tax credit  
 RFA Analyst(s): Martin

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**Estimate of Fiscal Impact**

	<b>FY 2015-16</b>	<b>FY 2016-17</b>
<b>State Expenditure</b>		
General Fund	N/A	N/A
Other and Federal	N/A	N/A
Full-Time Equivalent Position(s)	0.00	0.00
<b>State Revenue</b>		
General Fund	\$0	(\$2,750,000)
Other and Federal	N/A	N/A
<b>Local Expenditure</b>	N/A	N/A
<b>Local Revenue</b>	N/A	N/A

**Fiscal Impact Summary**

This bill would reduce General Fund income tax, bank tax, or insurance premium tax revenue by an estimated \$2,750,000 in FY2016-17, and each fiscal year through FY2020-21.

**Explanation of Fiscal Impact**

**State Expenditure**

Since this legislation makes no substantive changes to existing programs or resources, the Coordinating Council for Economic Development and the Department of Revenue can administer the legislative change with existing resources.

**State Revenue**

This bill would amend Section 12-6-3360(M)(13) to add to the list of qualifying service-related facilities eligible for a nonrefundable job tax credit for each new full-time job created in subsector 523120 listed under the North American Industrial Classification System (NAICS). This industry comprises establishments primarily engaged in acting as agents (i.e., brokers) between buyers and sellers in buying or selling securities. This bill would allow a securities brokerage establishment that adds a net increase of at least 1,000 new full-time jobs at a single corporate campus with an average cash compensation of more than one and one-half times the lower of state per capita income or per capita income in the county where the jobs are located a job tax credit pursuant to Section 12-6-3360. Without this legislation, a securities brokerage company would be ineligible for the job tax credit as it seeks approval for applying a job tax credit from the Coordinating Council for Economic Development for each new full-time employee hired.

Since the end of the last national recession, employment growth in the securities brokers market has been modest in South Carolina. This may be attributable to the growth and acceptance of on-line securities websites on the internet that allow investors to conduct their own trading activity without the assistance or advice of a broker. Based on the latest data from the U.S. Department of Labor, Bureau of Labor statistics there are 1,516 individuals employed as securities brokers making an average annual salary of \$134,461 per year. This average annual salary would meet the requirement of being more than one and one-half times the per capita income in every county in the State. Since this industry is accounted for in the Board of Economic Advisor's General Fund revenue estimate, any change to this industry's employment base would affect the current revenue estimates.

The Department of Commerce recently announced the desire of a securities brokerage firm that would like to relocate from out-of-state to South Carolina. This company plans to consolidate three individual locations into one corporate campus becoming one corporate headquarters in Fort Mill, South Carolina. The announcement mentions the relocation of at least 1,000 employees to a newly constructed corporate campus site with an initial capital investment of \$200,000,000 with plans for future expansion. Also, according to the Department of Revenue's annual ranking of county designations for a job tax credit, York County is a Tier II county with a \$2,750 job tax credit per each new full-time eligible job. The job tax credit may be claimed for five years beginning in year two after the creation of the job for each new full-time job created if the maximum level of new jobs is maintained. Any unused job tax credits may be carried forward for a period of fifteen years from the taxable year in which the credit is earned by the taxpayer. Therefore, multiplying 1,000 new full-time jobs by a nonrefundable job tax credit of \$2,750 per eligible job yields a reduction in General Fund income tax, bank tax, or insurance premium tax revenue of an estimated \$2,750,000 in FY2016-17, and each fiscal year through FY2020-21.


This act takes effect upon approval by the Governor and applies to tax years beginning after 2014.

**Local Expenditure**

N/A

**Local Revenue**

N/A

  
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Frank A. Rainwater, Executive Director