

SC TRAC
SALES AND USE TAX
EXEMPTION
RECOMMENDATIONS

9/2/2010

Proposal Modifications

SC TRAC

- SC Code 12-3-10(C)(2)(a)
- SC Code 12-3-10(C)(2)(b)
- 42%
- SC Code 12-6-2620 and 30 and 59-21-1010
- 38%
- \$2.19 Billion vs. \$2.7 Billion

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Current Proposal

Base Increase
\$11.48B

Lower the Rate?
4.96%

Modified Proposal

\$10.17B

~~5.06%~~ - 5.00%

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Current Proposal – Residential Electricity/Natural Gas

Gross Proceeds Exemption 50%

Effective Sales Tax Rate 2.48%

*Notes

Georgia's ST rate 4.00%

North Carolina's ST rate 3.00%

23 / 22

Modified Proposal – Residential Electricity/Natural Gas

75%

1.25%*

*SC 70% less

*SC 58% less

79(92) cents/month

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Current Proposal – Water

Gross Proceeds Exemption	50%
Effective Sales Tax Rate	2.48%

*Notes

Avg. ST rate of states

Taxing 4.98%

12

Modified Proposal - Water

75%

1.25%*

*SC 75% less

19 cents/month

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Current Proposal – Rx

Gross Proceeds Exemption	50%
Effective Sales Tax Rate	2.48%
Medicaid Exempt?	Yes
Medicare Exempt?	Yes
Maximum Annual Cap?	No

Modified Proposal - Rx

75%

1.25%

Yes

Yes

Yes*

*\$100/person maximum ST liability

- Fully Refundable Income Tax Credit
- Regardless of Tax Liability

SC TRAC – Rx Information

Modified Proposal – The Numbers

- \$70 / month
- @ 1.25%, 88 cents/month (\$1.56/month)
- Medicaid/care exempt
- Proxy – State Health Plan
 - ▣ 373,000
 - ▣ \$100 cap = \$8,000/yr.
 - ▣ $227 / 373,000 = 0.06\%$ (2,700 / 4,500,000)
 - ▣ \$47,000/year
 - ▣ @1.25%, \$588/year
 - ▣ \$488 fully refundable credit

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Current Proposal – Rx Prosthetics and Insulin, Med. Supp., & Dental Prosthetics

Gross Proceeds Exemption 50%

Effective Sales Tax Rate 2.48%

Medicaid Exempt? Yes*

Medicare Exempt? Yes*

*Rx Prosthetics, Insulin and Dental

Modified Proposal – Rx Prosthetics and Insulin, Med. Supp., & Dental Prosthetics

75%

1.25%

Yes*

Yes*

*Rx Prosthetics, Insulin and Dental

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Current Proposal – Certain Drug Sales to Providers/Facilities

Cancer, Lymphoma, Leukemia (and Related diseases), Rheumatoid Arthritis, RSV, Viscosupp., and Part A Nursing Home:

Gross Proceeds Exemption 50%

Effective Sales Tax Rate 2.48%

Medicare/caid exempt? N/A

Modified Proposal – Certain Drug Sales to Providers/Facilities

SAME

100%

0.00%

N/A

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Current Proposal – Certain Drug Sales to Providers/Facilities

ALL NON Cancer, Lymphoma,
Leukemia (and Related diseases),
Rheumatoid Arthritis, RSV,
Viscosupp., and
Part A Nursing Home:

Gross Proceeds Exemption 50%

Effective Sales Tax Rate 2.48%

Medicare/caid exempt? N/A

Modified Proposal – Certain Drug Sales to Providers/Facilities

SAME

0.00%

~~6.00%~~ -5.00%

N/A

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Current Proposal – Groceries

Gross Proceeds Exemption	50%
Effective Sales Tax Rate	2.48%
*Notes	
Food Stamps Exempt?	Yes
Avg. ST rate of states Taxing	3.79%
	2.60%

Modified Proposal - Groceries

41%
2.95%*
Yes
3.79%
2.60%

*Services

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- Excludes Services
- Rate Lower (and “necessities”)!?
- Not BEA
- Revenue Neutral