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REPORT OF THE SALES AND INCOME TAX SUBCOMMITTEE

(Crawford, Simrill, Stavrinakis, Erickson & Daning - Staff Contact: Emma Hall)

HOUSE BILL 3948

H. 3948 -- Reps. Stavrinakis and Murphy: A BILL TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 4-37-60 SO AS TO PROVIDE THAT A COUNTY THAT HAS IMPOSED A TAX PURSUANT TO CHAPTER 37, TITLE 4, ALSO MAY IMPOSE ANOTHER SALES AND USE TAX.

Received by Ways and Means: February 23, 2021

Summary of Bill:

This bill provides that a county already imposing a sales and use tax within its jurisdiction may impose another sales and use tax. Each tax is not to exceed one percent.

Estimated Revenue Impact:

No fiscal impact. This bill is not expected to impact expenditures for the Department of Revenue, and the bill is also not expected to impact local expenditures.

Other Notes/Comments:

Subcommittee favorable with amendment. The adopted amendment adds a second code section originally left out of the bill that could prevent counties from adding the second sales and use tax. The section added is Section 4-37-40, Limitation of Sales Tax Rate. This amendment does not change the original intent of the bill.

HOUSE
AMENDMENT

THIS AMENDMENT
ADOPTED

ALLEN/HUTH
MARCH 16, 2021

CLERK OF THE HOUSE

REP. STAVRINAKIS PROPOSES THE FOLLOWING
AMENDMENT No. TO H. 3948
(COUNCIL\SA\3948C001.BH.SA21):

REFERENCE IS TO THE BILL AS INTRODUCED.

**AMEND THE BILL, AS AND IF AMENDED, BY
STRIKING SECTION 1 AND INSERTING:**

**/ SECTION 1. CHAPTER 37, TITLE 4 OF THE
1976 CODE IS AMENDED BY ADDING:**

**“SECTION 4-37-60. NOTWITHSTANDING
SECTION 4-10-310, 4-37-40, OR ANY OTHER
PROVISION OF LAW, A COUNTY WHICH HAS
IMPOSED BY ORDINANCE A SALES AND USE TAX IN
AN AMOUNT NOT TO EXCEED ONE PERCENT**

WITHIN ITS JURISDICTION PURSUANT TO THIS CHAPTER MAY UTILIZE THE PROVISIONS OF ARTICLE 3, CHAPTER 10, TITLE 4 TO IMPOSE AN ADDITIONAL SALES AND USE TAX IN AN AMOUNT NOT TO EXCEED ONE PERCENT WITHIN ITS JURISDICTION.” /

**RENUMBER SECTIONS TO CONFORM.
AMEND TITLE TO CONFORM.**



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	H. 3948	Introduced on February 23, 2021
Author:	Matthews	
Subject:	Local Sales & Use Tax	
Requestor:	House Ways and Means	
RFA Analyst(s):	Gallagher	
Impact Date:	March 17, 2021	

Fiscal Impact Summary

This bill permits counties to impose a capital project sales tax in addition to a previously imposed transportation tax. Under Section 4-10-310, currently a county may not impose a capital projects sales tax if it already imposes a transportation tax. Local option sales taxes are collected by the Department of Revenue (DOR). Revenue and Fiscal Affairs (RFA) anticipates that DOR will be able to collect any additional funds arising from this legislation with existing staff and resources, as the department collects local sales tax revenues on behalf of counties as part of the department's regular duties. Therefore, this bill is not expected to impact expenditures for the agency.

We do not expect the bill to impact local expenditures. However, since this bill is permissive, the number of counties that will elect to adopt a capital project sales tax in addition to a previously imposed transportation sales tax is unknown. Therefore, the resulting local revenue increase from imposing the tax is undetermined.

Explanation of Fiscal Impact

Introduced on February 23, 2021

State Expenditure

This bill amends Chapter 37, Title 4 to allow counties to impose a capital project sales tax in addition to a previously imposed transportation sales tax. Local option sales taxes are collected by DOR. RFA anticipates that DOR will be able to collect any additional funds arising from this legislation with existing staff and resources, as the department collects local sales tax revenues on behalf of counties as part of the department's regular duties. Therefore, this bill is not expected to impact expenditures for the agency.

State Revenue

N/A

Local Expenditure

This bill amends Chapter 37, Title 4 to allow counties to impose a capital project sales tax of 1 percent in addition to a previously imposed transportation sales tax. Since this bill is permissive, the number of counties that will elect to adopt a capital project sales tax under these

circumstances is unknown. However, we anticipate that local governments will implement the new tax with existing staff and resources, and therefore, we do not expect the bill to impact local expenditures.

Local Revenue

Following an approved referendum, counties are permitted to impose a sales tax up to 1 percent to defray the debt service on bonds issued for transportation projects in the counties that impose the tax. Under Section 4-10-310, currently a county may not impose a capital projects sales tax if it already imposes a transportation tax. This bill permits counties to impose the capital projects sales tax in addition to a previously imposed transportation tax. The capital project sales tax is a 1 percent tax to fund specific capital projects such as roads, bridges, public facilities, and water and sewer projects. Currently, 6 counties are imposing a transportation sales tax: Beaufort, Berkeley, Charleston, Dorchester, Jasper, and Richland county.

This bill will generate additional revenue if a county approves an additional 1 percent capital project sales tax in addition to their transportation tax. However, since this bill is permissive, the number of counties that will elect to adopt a capital project sales tax under these circumstances is unknown, and the resulting revenue impact is undetermined.



Frank A. Rainwater, Executive Director

South Carolina General Assembly
124th Session, 2021-2022

H. 3948

STATUS INFORMATION

General Bill

Sponsors: Reps. Stavrinakis and Murphy

Document Path: I:\council\bill\sjn\3367dg21.docx

Introduced in the House on February 23, 2021

Currently residing in the House Committee on **Ways and Means**

Summary: Local Sales & Use Tax

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
2/23/2021	House	Introduced and read first time (<u>House Journal-page 10</u>)
2/23/2021	House	Referred to Committee on Ways and Means (<u>House Journal-page 10</u>)

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VERSIONS OF THIS BILL

2/23/2021

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A BILL

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 4-37-60 SO AS TO PROVIDE THAT A COUNTY THAT HAS IMPOSED A TAX PURSUANT TO CHAPTER 37, TITLE 4, ALSO MAY IMPOSE ANOTHER SALES AND USE TAX.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Chapter 37, Title 4 of the 1976 Code is amended by adding:

“Section 4-37-60. Notwithstanding Section 4-10-310, or any other provision of law, a county which has imposed by ordinance a sales and use tax in an amount not to exceed one percent within its jurisdiction pursuant to this chapter may utilize the provisions of Article 3, Chapter 10, Title 4 to impose an additional sales and use tax in an amount not to exceed one percent within its jurisdiction.”

SECTION 2. This act takes effect upon approval by the Governor.

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