

State of South Carolina
Department of Revenue



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June 3, 2019

The Honorable Wm. Weston J. Newton
Chairman, Legislative Oversight Committee
Post Office Box 11867
Columbia, SC 29211

RE: Follow-up from the House Legislative Oversight Committee's Study – approved
November 2, 2018

Dear Chairman Newton:

Thank you for your letter dated May 22, 2019 regarding the Department of Revenue's follow-up to the House Legislative Oversight Committee Study which was approved November 2, 2018. The Department has reviewed your requests and submits the following updates for your review:

- 1. Collection of Local Sales Taxes through MyDORWAY** – Investigate the costs and benefits of giving local governments the option of collecting local taxes through the MyDORWAY system and update the Committee on its findings within six months of the publication of the full Committee report.

SCDOR Findings:

At the current time, SCDOR's new tax processing system, DORWAY, is unable to administer local taxes that are now collected by local governments. DORWAY is a customized system designed and implemented over a four year period by FAST Enterprises to administer 72 taxes and fees at a cost of approximately \$40 million. To incorporate local taxes into our current tax processing system, a significant renovation, including additional infrastructure and hardware, would be required. Adding this extended capability involves the design of an additional, customized solution that specifically addresses the needs of the local government's tax types, forms and processing needs. After consultation with FAST Enterprises, the estimated cost is \$15 to \$20 million.

2. **Retail License Requirements** - Evaluate the provisions in S.C. Code Ann. §12-36-510, relating to retail license requirements, and report any recommendations for revision to the Committee.

SCDOR Recommendations:

The Department proposes the following options related to retail licensing requirements under S.C. Code Ann. §12-36-510:

Option 1: Establish SCDOR Education Program to help festival organizers and vendors to be better informed of statutory requirements. No legislative change required.

Option 2: Vendors are not required to have retail licenses for “main street” festivals. Need legislative change.

Option 3: Only allow vendors with retail licenses (or valid exemptions) to participate in “main street” festivals. It would be the responsibility of the festival organizer to require that all participating vendors obtain a retail license, unless exempted, before they could participate in festival. Need legislative change.

Option 4: Treat “main street” festivals like a “Special Event” with no admission requirement. Need legislative change.

Please let us know if any additional information is needed.

Yours very truly,



W. Hartley Powell
Director

Cc: Mr. Meredith Cleland, SCDOR