

REPORT OF THE SALES AND INCOME TAX SUBCOMMITTEE

(Huggins, Simrill, G.M. Smith, Hosey & Limehouse - Staff Contact: Katie Owen)

HOUSE BILL 3568

H. 3568 -- Reps. G.R. Smith, Duckworth, Burns, Goldfinch, Clemmons, Yow, Kirby, Spires, Norrell, Cobb-Hunter, Daning, Parks, Mitchell, Robinson-Simpson, Bamberg, Limehouse, Sottile, Cole, Corley, Felder, Finlay, Funderburk, Gagnon, Hamilton, Hardee, Hardwick, Henderson, McCoy, McKnight, Nanney, Sandifer, Tallon, Wells and Willis: A BILL TO AMEND SECTION 12-36-2120, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO EXEMPTIONS FROM THE STATE SALES TAX, SO AS TO EXEMPT CONSTRUCTION MATERIALS USED BY AN ENTITY ORGANIZED UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE AS A NONPROFIT ORGANIZATION TO BUILD, REHABILITATE, OR REPAIR A HOME FOR THE BENEFIT OF AN INDIVIDUAL OR FAMILY IN NEED.

Summary of Bill:

This bill provides a sales tax exemption on construction materials used by a non-profit for construction or repairs of a home for a needy family or individual.

Introduced: 02/11/2015

Received by Ways and Means: 02/11/2015

Estimated Fiscal Impact:

This bill would reduce sales and use tax revenue by an estimated \$135K in FY 15-16. Of this total, GF revenue would be reduced by \$90K, the EIA would be reduced by \$22,500, and Homestead Exemption Fund would be reduced by \$22,500 in FY 15-16. In FY 16 - 17, and each fiscal year thereafter, sales and use tax revenue would be reduced by an estimated \$270K annually. Of this total, GF revenue would be reduced by \$180K, the EIA would be reduced by \$45K and the Homestead Exemption Fund would be reduced by \$45K annually.

Subcommittee Recommendation:

Favorable

Full Committee Recommendation:

Pending

Other Notes/Comments:

[CLICK HERE](#) to Edit Notes/Comments



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
 (803)734-0640 • RFA.SC.GOV/IMPACTS

Bill Number: H.3568
 Author: G.R. Smith
 Requestor: House Ways and Means
 Date: April 12, 2015
 Subject: Sales tax exemptions
 RFA Analyst(s): Martin

Estimate of Fiscal Impact

	FY 2015-16	FY 2016-17
State Expenditure		
General Fund	N/A	N/A
Other and Federal	N/A	N/A
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	(\$90,000)	(\$180,000)
Other and Federal	(\$45,000)	(\$90,000)
Local Expenditure	N/A	N/A
Local Revenue	N/A	N/A

Fiscal Impact Summary

This bill would reduce sales and use tax revenue by an estimated \$135,000 in FY2015-16. Of this total, General Fund revenue would be reduced by \$90,000, the E.I.A. would be reduced by \$22,500, and the Homestead Exemption Fund would be reduced by \$22,500 in FY2015-16. In FY2016-17, and each fiscal year thereafter, sales and use tax revenue would be reduced by an estimated \$270,000 annually. Of this total, General Fund revenue would be reduced by \$180,000, the E.I.A. would be reduced by \$45,000, and the Homestead Exemption Fund would be reduced by \$45,000 annually.

Explanation of Fiscal Impact

State Expenditure

Since this legislation makes no substantive changes to existing programs or resources, the Department of Revenue can administer the legislative changes with existing resources.

State Revenue

This bill would amend Section 12-36-2120 allow a sales and use tax exemption for building materials purchased by a nonprofit tax exempt entity to build, rehabilitate, or repair a home for the benefit of an individual or family in need. This would include organizations such as Habitat for Humanity. This organization is organized and operated to build and sell single family houses to selected buyers to promote home ownership and build a sense of community. This is done through the assistance of thirty-four affiliates located throughout the state. The Board of Economic Advisors has been advised by Habitat for Humanity that their goal for 2016 is to

complete 150 new single family homes statewide. At an estimated cost of materials of \$30,000 per home and applying a six percent sales tax rate, sales and use tax revenue would be reduced by an estimated \$270,000 annually. Since the effective date of this bill is January 1, 2016, sales and use tax revenue would be reduced by one-half of a full fiscal year, or an estimated \$135,000 in FY2015-16. Of this total, General Fund revenue would be reduced by \$90,000, the E.I.A. would be reduced by \$22,500, and the Homestead Exemption Fund would be reduced by \$22,500 in FY2015-16. In FY2016-17, sales and use tax revenue would be reduced by an estimated \$270,000 annually. Of this total, General Fund revenue would be reduced by \$180,000, the E.I.A. would be reduced by \$45,000, and the Homestead Exemption Fund would be reduced by \$45,000 in FY2016-17, and each fiscal year thereafter.

Local Expenditure

N/A

Local Revenue

N/A


Frank A. Rainwater, Executive Director

South Carolina General Assembly
121st Session, 2015-2016

H. 3568

STATUS INFORMATION

General Bill

Sponsors: Reps. G.R. Smith, Duckworth, Burns, Goldfinch, Clemmons, Yow, Kirby, Spires, Norrell, Cobb-Hunter, Daning, Parks, Mitchell, Robinson-Simpson, Bamberg, Limehouse, Sottile, Cole, Corley, Felder, Finlay, Funderburk, Gagnon, Hamilton, Hardee, Hardwick, Henderson, McCoy, McKnight, Nanney, Sandifer, Tallon, Wells, Willis and Dillard
Document Path: I:\council\bill\sdka\3061sa15.docx

Introduced in the House on February 11, 2015
Currently residing in the House Committee on **Ways and Means**

Summary: Sales tax exemptions

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
2/11/2015	House	Introduced and read first time (<u>House Journal-page 10</u>)
2/11/2015	House	Referred to Committee on Ways and Means (<u>House Journal-page 10</u>)
4/15/2015	House	Member(s) request name added as sponsor: Dillard

View the latest [legislative information](#) at the website

VERSIONS OF THIS BILL

2/11/2015

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33

A BILL

TO AMEND SECTION 12-36-2120, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO EXEMPTIONS FROM THE STATE SALES TAX, SO AS TO EXEMPT CONSTRUCTION MATERIALS USED BY AN ENTITY ORGANIZED UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE AS A NONPROFIT ORGANIZATION TO BUILD, REHABILITATE, OR REPAIR A HOME FOR THE BENEFIT OF AN INDIVIDUAL OR FAMILY IN NEED.

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

SECTION 1. Section 12-36-2120 of the 1976 Code is amended by adding an appropriately numbered item at the end to read:

“() construction materials used by an entity organized under Section 501(c)(3) of the Internal Revenue Code as a nonprofit corporation to build, rehabilitate, or repair a home for the benefit of an individual or family in need.”

SECTION 2. This act takes effect January 1, 2016.

---XX---