



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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Bill Number: H. 3562 Updated for additional agency response  
 Author: Herbkersman  
 Requestor: House Ways and Means  
 Date: April 30, 2015  
 Subject: Local Option School Operating Millage Property Tax Credit Act  
 RFA Analyst(s): Jolliff, Dunbar, and Shealy

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**Estimate of Fiscal Impact**

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

**Fiscal Impact Summary**

The Department of Revenue indicates that the bill is not expected to impact General Fund, Federal Fund, or Other Fund expenditures.

Based upon a calculation by the Department of Revenue from tax year 2013 data, Beaufort, Horry, and McCormick counties meet the qualifications to impose the local option sales tax. Any increase in local revenue as a result of the imposition of the sales tax would be offset by a reduction in local property tax revenue. If these three counties imposed the optional tax, the expected increase in local sales tax revenue would be \$25,971,295 for Beaufort, \$61,274,078 for Horry, and \$219,107 for McCormick in FY 2015-16.

**Explanation of Fiscal Impact**

**State Expenditure**

The Department of Revenue indicates that the bill is not expected to impact expenditures of the General Fund, Federal Funds, or Other Funds.

**State Revenue**

N/A

**Local Expenditure**

N/A

### **Local Revenue**

This bill would enact the Local Option School Operating Millage Property Tax Credit Act to allow a qualifying county to impose a one percent sales tax to provide a credit against school operating property taxes subject to a referendum. In order to qualify, at least sixty percent of the real property parcels in a county must be assessed subject to Section 12-43-220(e), the six percent assessment ratio. The revenue generated by the sales tax must be distributed to the school districts within a county based upon the district's portion of the total prior year's one hundred thirty-five day average daily membership within the county. The revenues generated must be used to provide a credit against the property tax liability for school operations on property taxable in the district. Additionally, the county auditor must reduce the maximum allowable millage rate for school operations calculated under Section 6-1-320 by an amount corresponding to the projected increase in revenue for the sales tax in the upcoming fiscal year.

Based upon a calculation by the Department of Revenue from tax year 2013 data, Beaufort, Horry, and McCormick counties meet the qualifications to impose the local option sales tax. Any increase in local revenue as a result of the imposition of the sales tax would be offset by a reduction in local property tax revenue. If these three counties imposed the optional tax, the expected increase in local sales tax revenue would be \$25,971,295 for Beaufort, \$61,274,078 for Horry, and \$219,107 for McCormick in FY 2015-16.



Frank A. Rainwater, Executive Director