



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3562
 Author: Herbkersman
 Requestor: House Ways and Means
 Date: April 21, 2015
 Subject: Local Option School Operating Millage Property Tax Credit Act
 RFA Analyst(s): Jolliff, Dunbar, and Shealy

Estimate of Fiscal Impact

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

A determination of which counties will qualify to impose the one percent sales tax is pending, contingent upon a response from the Department of Revenue. 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.

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.

A determination of which counties will qualify to impose the one percent sales tax is pending, contingent upon a response from the Department of Revenue. 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 all counties were to qualify and impose the local sales tax, the maximum increase in sales tax revenue statewide would be \$648,000,000 in FY 2015-16.



Frank A. Rainwater, Executive Director