SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	H. 4243	Amended by the Senate on May 9, 2019
Author:	Simrill	
Subject:	Jobs Tax Credit	
Requestor:	House of Representatives	
RFA Analyst(s):	R. Martin	
Impact Date:	May 15, 2019	

Fiscal Impact Summary

This bill, as amended, would reduce General Fund individual income tax, corporate income tax, bank tax, and/or insurance premium tax revenue by an estimated $7,600,000 in FY2020-21. The revenue loss would be increased to $18,722,200 in FY2021-22, to $29,619,400 in FY2022-23, to $40,516,600 in FY2023-24, to $51,413,800 in FY2024-25, and to $62,311,000 in FY2025-26 when the job tax credits are fully utilized. The revenue reduction to the General Fund would be reduced to $7,600,000 in FY2026-27 through FY2034-35 due to the timing of the tax credits. This bill, as amended, would not affect Other Fund revenue, Federal Fund revenue, or local revenue.

Explanation of Fiscal Impact

As amended by the Senate on May 9, 2019
State Expenditure
This bill would affect state General Fund expenditures as noted below.

Department of Revenue. The Department of Revenue indicates that there will be no expenditure impact to the General Fund, Other Funds, or Federal Funds from this bill. The Department can administer the legislative changes with existing resources.

Revenue and Fiscal Affairs Office. The Revenue and Fiscal Affairs Office (RFA) has indicated that the requirements of Section 9 would add a significant workload to the office and require additional staffing in order to produce a timely report without affecting its ability to respond to other legislative requests in a timely manner. In the past, the Department of Revenue had two staff to produce a tax expenditure report regarding the taxes it administered and RFA anticipates needing two or more staff to handle a broader range of taxes.

State Revenue
The Enterprise Zone Act was adopted in 1995 to provide economic incentives to attract capital investment in the state's rural and economically distressed counties in the state. A system of awarding tax credits to companies that creates new full-time jobs was developed using a combination of unemployment rates and county per capita incomes. The more economically distressed the county the higher the job tax credit that could be claimed for each new job created. Tax credits range from $1,500 to $8,000 per year for each job created depending on the county designation. Since the passage of the Enterprise Zone Act, a total of 7,394 taxpayers have claimed $802,492,575 in nonrefundable tax credits.

Section 1. The Carolina Panthers are interested in a new indoor practice facility to replace an outdoor practice facility currently located near Bank of America Stadium in downtown Charlotte, NC. The Panthers are considering moving their football operations to South Carolina. The team is interested in moving the team's headquarters and training facilities to either York or Lancaster County based on media reports. The move would involve 150 or more employees, coaches, players, team executives, offices, parking, and the team's other departments.

This bill would make several changes to existing statutory law as follows:

- Amends Section 12-6-3360(A) to add professional sports teams as a qualified industry that may be allowed an annual jobs tax credit as provided in this section.

- Amends Section 12-6-3360(M) to amend the definition of a "new job" for a professional sports team to include all jobs located at the professional sports team park regardless of whether an employee previously worked at an existing location in this State before 2019 as an employee of the same professional sports team.

- Amends Section 12-6-3360(M)(4) to amend the definition of "full-time" job for a professional sports team to require a minimum of one hundred eighty days of an employee's time a year of which at least eighty percent of such days must be spent at a professional sports team park located in South Carolina.

- Adds Section 12-6-3360(M)(17) to define a professional sports team as a professional sports team or club included in a professional league, such as the National Football League, National Association for Stock Car Racing, or the National Basketball Association, primarily engaged in participating in live sporting events before a paying audience with an annual payroll for federal tax purposes of not less than $190,000,000 and not less than 150 employees.

- Adds Section 12-6-3360(M)(18) to define a professional sports team park as a sports facility designed for use primarily as a professional park or stadium. Such a facility may include, with limitation, practice fields and features such as parking areas and facilities, office facilities for team use or other users of the facility as authorized by the professional sports team, and other ancillary facilities necessary for the sports facility. Such a facility also includes the landscaped grounds surrounding the park, stadium, and ancillary facilities.

- Adds Section 12-6-3360(M)(19) to define members of a professional sports team as active players, players on the disabled list, and any other persons required to travel and who do travel with and perform services on behalf of the professional sports team on a regular basis. This includes coaches, managers, and trainers.

A qualifying business is permitted a tax credit against income (corporate and individual) tax, bank tax, or insurance premium tax for creating new, full-time jobs in the state. Generally, a business may hire at least ten employees at a single location to qualify for the credit. Tax credits range from $1,500 to $8,000 per year for each job created depending on the county designation. The county designations are determined by the average ranking of the county's unemployment rate and per capita income for the latest thirty-six month period as of November 1st of each year. Tax credits may be claimed beginning in tax Years 2 through 6 after job creation in Year 1 for a total of five years. Tax credits may be carried forward for fifteen years and are limited to fifty percent of tax liability of the company.

Since the possible relocation of the Carolina Panthers' practice facilities is still in the early stages of development and several potential sites are under consideration, this analysis assumes that the professional sports team will relocate its facilities to York County, SC. Pursuant to Section 12-6-3360(B), York County has a combination of the lowest unemployment rate and the highest per capita income based on the latest data available and is classified as a Tier I county. A Tier I county may receive an initial job tax credit of $1,500 for each new full-time job created in the county. Multiplying no less than 150 employees of a professional sports team by a jobs tax credit of $1,500 per each new full-time job yields a reduction in General Fund individual income tax, corporate income tax, bank tax, and/or insurance premium tax revenue by $225,000 annually. Since it will take some time to construct the facility, it is not expected to be completed and placed in service until 2020. Since the job tax credit may not be applied until the second year after the professional sports team has achieved a minimum of 150 new full-time jobs, General Fund individual income tax, corporate income tax, bank tax, and/or insurance premium tax revenue would be reduced by an estimated $225,000 in FY2021-22, and each fiscal year thereafter through FY2025-26.

The professional sports team would also be eligible to claim a job development credit (JDC) against a qualified investment after creating a minimum number of new full-time jobs in South Carolina. The professional sports team must also provide a benefits package that includes health care to all full-time employees, enter into a revitalization agreement with the Coordinating Council for Economic Development with the Department of Commerce, and the Council must determine that the total benefits of the proposed project exceed the total costs to the public. The company must agree to create at least ten new, full time jobs at the project within five years of the effective date of a revitalization agreement. The company remits qualified employee withholding taxes due to the State. Each quarter the company may claim a credit for the amount of allowable job development benefits based upon the hourly gross wage rate of the qualified employee pursuant to Section 12-10-80(B). The withholding overpayment is refunded to the company.

The Department of Commerce anticipates utilizing the job development credit as part of the incentive package for the Carolina Panthers. Under provisions in this bill and applying the standard formula for calculating the JDC, the maximum credits are estimated by multiplying the minimum qualifying payroll of $190,000,000 by the eighty percent of time the employee must be in South Carolina and by the five percent bracket which would result in a maximum credit of $7,600,000. (In discussions with the executive offices of the National Football League, allocation of income by place of earnings is a complicated formula.) The maximum credit allocated to a business may then be limited by a percentage based on the economic tier in which the county is ranked. In this estimate, York County is a Tier 1 county and the statute would limit the credit to a qualifying business to fifty-five percent of the maximum credit and remaining forty-five percent would be redirected to the state Rural Infrastructure Fund under Section 12-10-85. Of the maximum credit, this provision would allocate $4,180,000 to the Carolina Panthers and $3,420,000 to the Rural Infrastructure Fund. The statute further allows, however, an option for the Department of Commerce to grant a waiver of the fifty-five percent limit and allow a business to claim up to ninety-five percent of the maximum credit. Under this option, $7,220,000 of the maximum credit could be allocated to Carolina Panthers and $380,000 to the Rural Infrastructure Bank.

Based on this analysis, we expect General Fund Revenue for FY 2020-21 to be reduced by $7,600,000 due to the qualifying JDC. This estimate, however, could be impacted by the exact terms and conditions negotiated in the Revitalization Agreement.

This section of the fiscal impact statement includes the analysis of the amended language.

Section 5. This section amends the bill by adding the language contained in S.1 to amend Section 1-3-210 to clarify the procedure for an interim appointment made by the Governor when an office that is normally filled by an appointment of the Governor with the advice and consent of the Senate becomes vacant during the interim period between regular legislative sessions. Since the clarifications reflect current interim appointment practices and do not alter the roles and responsibilities of the Governor and the Senate, this section will have no impact to the state General Fund revenue, Other Funds revenue, or Federal Funds revenue in FY2019-20, or any fiscal year thereafter.

Section 6. This section amends the bill by adding Section 1-3-211 to add a procedure for an interim appointment made by the Governor when a head of an agency that is normally filled by an appointment of the Governor with the advice and consent of the Senate becomes vacant during the interim period between regular legislative sessions. Since the procedure does not alter the roles and responsibilities of the Governor and the Senate, this section will have no impact to the state General Fund revenue, Other Funds revenue, or Federal Funds revenue in FY2019-20, or any fiscal year thereafter.

Section 7. This section adds an appropriately numbered subsection to Section 12-6-3660 to require the Department of Revenue to report the net number of new full-time jobs created in this State, the average cash compensation of the new full-time jobs, and the aggregated residency status of the employee or employees filling the new full-time jobs created by the professional sports team. The Department of Revenue shall provide the report to the Chairman of the Senate Finance Committee, the Chairman of the House Ways and Means Committee, and Governor beginning on May first of the year immediately following the year in which the first new full-time job is created by the professional sports team. The report is to be issued annually by the department on May first. The Department of Revenue must comply with the provisions of Section 12-54-240(B)(1) to prevent the disclosure of individual taxpayer information in reporting statistics in this report. This section will have no impact to the state General Fund revenue, Other Funds revenue, or Federal Funds revenue in FY2019-20, or any fiscal year thereafter.

Section 10. Currently, pursuant to Section 12-6-3360, a qualifying business is permitted a tax credit against income (corporate and individual) tax, bank tax, or insurance premium tax for creating new, full-time jobs in the state. A business must be engaged in manufacturing, processing, tourism, warehousing, banking, distribution, or research and development, or must be a qualifying service-related facility, a corporate office facility, extraordinary retail establishment, or a technology intensive facility. Businesses engaged in construction, public utilities and state and local government are not eligible for a job tax credit. A unique feature of a Tier IV county is that specific retail facilities or service-related jobs are eligible for a jobs tax credit. Also, for tax years beginning after 2007, an industry located in an underdeveloped county not traversed by an interstate highway may also qualify for the credit. Generally, a business may hire at least 10 employees at a single location to qualify for the credit. Tax credits range from $1,500 to $8,000 per year for each job created depending on the county designation. The county designations are determined by the average ranking of the county's unemployment rate and per capita income for the latest 36-month period as of November 1st of each year. Tax credits may be claimed beginning in tax Years 2 through 6 after job creation in Year 1 for a total of five years. Tax credits may be carried forward for 15 years and are limited to 50 percent of tax liability of the company.

This section would amend Section 12-6-3660 to increase the job tax credit amount in a Tier III county from $4,250 per new full-time job to $20,250 for each new full-time job, and would increase the job tax credit amount in a Tier IV county from $8,000 per new full-time job to $25,000 for each new full-time job. Based on the latest three years of data from the South Carolina Department of Commerce, Coordinating Council for Economic Development, the average number of new full-time jobs created that were eligible to claim a job tax credit is 10,581 jobs, as shown in the table below. The average number of proposed jobs is distributed between Tiers I through Tier IV counties based on where the proposed capital investment project is located. These companies would be eligible to claim an estimated $33,691,250 in nonrefundable tax credits in future tax years.

Analysis of Changing the Job Tax Credit Amount in Tier III and Tier IV Counties

County Classification	Average Number Of Proposed Jobs	Job Tax Credit Amount	Job Tax Tax Credit	New Job Tax Credit Amount	Average Job Tax Credit	Increase in Job Tax Credits
Tier I	3,986	$1,500	$5,979,000	$1,500	$5,979,000	$0
Tier II	3,266	$2,750	$8,981,500	$2,750	$8,981,500	$0
Tier III	2,107	$4,250	$8,954,750	$20,250	$42,666,750	$33,712,000
Tier IV	1,222	$8,000	$9,776,000	$25,000	$30,550,000	$20,774,000
Total	10,581		$33,691,250		$88,177,250	$54,486,000

Note: All calculations made by the Board of Economic Advisors.

Source: Source: S.C. Coordinating Council for Economic Development

If the job tax credit amount is increased to $20,250 in a Tier III county and to $25,000 in a Tier IV county, and the same level of capital investment occurs, companies would be eligible to claim an estimated $88,177,250 in nonrefundable tax credits in future tax years which would be an increase in credits of $54,486,000. The job tax credit may not be applied until the second year after the company obtains the minimum number of new full-time jobs, which means the initial impact upon General Fund revenues may not be recorded until FY2021-22. The impact on

General Fund revenue in the upcoming years is still under review as the use of these credits depend upon a company's tax liability and further research with the Department of Revenue will be conducted before the Board of Economic Advisors issues its forecast for FY2021-22. At this time, however, we anticipate an average use of twenty percent of these credits will be utilized each tax year resulting in an annual revenue loss of $10,897,200 beginning in FY2021-22, and occurring each tax year until the tax credits are fully utilized by an estimated $54,486,000 in FY2025-26. This section would not affect Other Fund revenue, Federal Fund revenue, or local revenue.

Section 11. This section would add Section 12-6-3660(O) to require that the provisions of Section 12-6-3660 only apply to a professional sports team with an annual payroll of not less than $190,000,000 and creating not less than 150 new full-time jobs by July 1, 2022 in order to claim any tax incentives pursuant to this section. This subsection does not, however, apply to a professional sports team that entered into a revitalization agreement with the South Carolina Coordinating Council for Economic Development before July 1, 2022. Since this section is prospective, this section will have no impact to the state General Fund revenue, Other Funds revenue, or Federal Funds revenue in FY2019-20, or any fiscal year thereafter.

This section also states that as long as the job and payroll provisions of Section 12-6-3660(M)(17) and (O) continue to be met by the professional sports team, the provisions of Section 4-9-30 (county license fees and taxes), Section 5-7-30 (business license taxes), and Section 5-3-20 (municipalities right to annex real property) will apply. If the required minimum job and payroll provisions of the professional sports team drop below the levels stipulated in the revitalization agreement, the professional sports team will be required to remit county license fees and taxes, business license taxes, and may have their real property subject to annexation by a municipality.

Section 12. This section would add Section 12-10-120 to state that no job development fees may be awarded to a qualified taxpayer until the minimum job requirement set forth in Section 12-6-3660(M)(17) has been fully met. The Coordinating Council for Economic Development may not award any partial credit if the same minimum job requirement is not fully met. The provisions of this section only apply to a professional sports team pursuant to Section 12-6-3660. This section will have no impact to the state General Fund revenue, Other Funds revenue, or Federal Funds revenue in FY2019-20, or any fiscal year thereafter.

Section 13. This section includes a severability clause.

Section 14. This act takes effect upon approval of the Governor.

Local Expenditure
N/A

Local Revenue
Section 2. This section would amend Section 4-9-30(12) to state that no county license fees or taxes may be levied on a professional sports team as defined in Section 12-6-3360(M)(17). Since no professional sports team as defined in Section 12-6-3360(M)(17) is currently remitting any

county license fees or taxes, there would be no loss of county license fees, taxes, or revenue as a result of this change in FY2019-20.

Section 3. This section would amend Section 5-7-30 to state that a business engaged in operating a professional sports team as defined in Section 12-6-3360(M)(17) is not subject to the business license tax. Since no professional sports team as defined in Section 12-6-3360(M)(17) is currently remitting any business license tax revenue, there would be no loss of local business license tax revenue as a result of this change in FY2019-20.

Section 4. This section would add Section 5-3-20 to ensure that no municipality many annex any real property owned by a professional sports team as defined in Section 12-6-3360(M)(17) without prior written consent of the professional sports team. This section is not expected to affect state General Fund revenue, Other Funds revenue, Federal Fund revenue, or local revenue in FY2019-20.

Updated for Revised Analysis and Fiscal Impact on March 21, 2019
Introduced on March 13, 2019
State Expenditure
The Department of Revenue indicates that there will be no expenditure impact to the General Fund, Other Funds, or Federal Funds from this bill. The Department can administer the legislative changes with existing resources.

State Revenue
The Enterprise Zone Act was adopted in 1995 to provide economic incentives to attract capital investment in the state's rural and economically distressed counties in the state. A system of awarding tax credits to companies that creates new full-time jobs was developed using a combination of unemployment rates and county per capita incomes. The more economically distressed the county the higher the job tax credit that could be claimed for each new job created. Tax credits range from $1,500 to $8,000 per year for each job created depending on the county designation. Since the passage of the Enterprise Zone Act, a total of 7,394 taxpayers have claimed $802,492,575 in nonrefundable tax credits.

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This bill would make several changes to existing statutory law as follows:

- Amends Section 12-6-3360(A) to add professional sports teams as a qualified industry that may be allowed an annual jobs tax credit as provided in this section.

- Amends Section 12-6-3360(M) to amend the definition of a "new job" for a professional sports team to include all jobs located at the professional sports team park regardless of whether an employee previously worked at an existing location in this State before 2019 as an employee of the same professional sports team.

- Amends Section 12-6-3360(M)(4) to amend the definition of “full-time” job for a professional sports team to require a minimum of one hundred eighty days of an employee’s time a year of which at least eighty percent of such days must be spent at a professional sports team park located in South Carolina.

- Adds Section 12-6-3360(M)(17) to define a professional sports team as a professional sports team or club included in a professional league, such as the National Football League, National Association for Stock Car Racing, or the National Basketball Association, primarily engaged in participating in live sporting events before a paying audience with an annual payroll for federal tax purposes of not less than $190,000,000 and not less than 150 employees.

- Adds Section 12-6-3360(M)(18) to define a professional sports team park as a sports facility designed for use primarily as a professional park or stadium. Such a facility may include, with limitation, practice fields and features such as parking areas and facilities, office facilities for team use or other users of the facility as authorized by the professional sports team, and other ancillary facilities necessary for the sports facility. Such a facility also includes the landscaped grounds surrounding the park, stadium, and ancillary facilities.

- Adds Section 12-6-3360(M)(19) to define members of a professional sports team as active players, players on the disabled list, and any other persons required to travel and who do travel with and perform services on behalf of the professional sports team on a regular basis. This includes coaches, managers, and trainers.

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Since the possible relocation of the Carolina Panthers’ practice facilities is still in the early stages of development and several potential sites are under consideration, this analysis assumes that the professional sports team will relocate its facilities to York County, SC. Pursuant to Section 12-6-3360(B), York County has a combination of the lowest unemployment rate and the highest per capita income based on the latest data available and is classified as a Tier I county. A Tier I county may receive an initial job tax credit of $1,500 for each new full-time job created in the county. Multiplying no less than 150 employees of a professional sports team by a jobs tax credit of $1,500 per each new full-time job yields a reduction in General Fund individual income tax, corporate income tax, bank tax, and/or insurance premium tax revenue by $225,000 annually. Since it will take some time to construct the facility, it is not expected to be completed and placed in service until 2020. Since the job tax credit may not be applied until the second year after the professional sports team has achieved a minimum of 150 new full-time jobs, General Fund individual income tax, corporate income tax, bank tax, and/or insurance premium tax revenue would be reduced by an estimated $225,000 in FY2021-22, and each fiscal year thereafter through FY2025-26.

The professional sports team would also be eligible to claim a job development credit (JDC) against a qualified investment after creating a minimum number of new full-time jobs in South Carolina. The professional sports team must also provide a benefits package that includes health care to all full-time employees, enter into a revitalization agreement with the Coordinating Council for Economic Development with the Department of Commerce, and the Council must determine that the total benefits of the proposed project exceed the total costs to the public. The company must agree to create at least ten new, full time jobs at the project within five years of the effective date of a revitalization agreement. The company remits qualified employee withholding taxes due to the State. Each quarter the company may claim a credit for the amount of allowable job development benefits based upon the hourly gross wage rate of the qualified employee pursuant to Section 12-10-80(B). The withholding overpayment is refunded to the company.

The Department of Commerce anticipates utilizing the job development credit as part of the incentive package for the Carolina Panthers. Under provisions in this bill and applying the standard formula for calculating the JDC, the maximum credits are estimated by multiplying the minimum qualifying payroll of $190,000,000 by the eighty percent of time the employee must be in South Carolina and by the five percent bracket which would result in a maximum credit of $7,600,000. (In discussions with the executive offices of the National Football League, allocation of income by place of earnings is a complicated formula.) The maximum credit allocated to a business may then be limited by a percentage based on the economic tier in which the county is ranked. In this estimate, York County is a Tier 1 county and the statute would limit the credit to a qualifying business to fifty-five percent of the maximum credit and remaining forty-five percent would be redirected to the state Rural Infrastructure Fund under Section 12-10-85. Of the maximum credit, this provision would allocate $4,180,000 to the Carolina Panthers and $3,420,000 to the Rural Infrastructure Fund. The statute further allows, however, an option for the Department of Commerce to grant a waiver of the fifty-five percent limit and allow a business to claim up to ninety-five percent of the maximum credit. Under this option, $7,220,000 of the maximum credit could be allocated to Carolina Panthers and $380,000 to the Rural Infrastructure Bank.

Based on this analysis, we expect General Fund Revenue for FY 2020-21 to be reduced by $7,600,000 due to the qualifying JDC. This estimate, however, could be impacted by the exact terms and conditions negotiated in the Revitalization Agreement.

This section of the fiscal impact statement has been updated for a revised analysis.

Section 5. This section includes a severability clause.

Section 6. This act takes effect upon approval of the Governor.

Local Expenditure
N/A

Local Revenue
Section 2. This section would amend Section 4-9-30(12) to state that no county license fees or taxes may be levied on a professional sports team as defined in Section 12-6-3360(M)(17). Since no professional sports team as defined in Section 12-6-3360(M)(17) is currently remitting any county license fees or taxes, there would be no loss of county license fees, taxes, or revenue as a result of this change in FY2019-20.

Section 3. This section would amend Section 5-7-30 to state that a business engaged in operating a professional sports team as defined in Section 12-6-3360(M)(17) is not subject to the business license tax. Since no professional sports team as defined in Section 12-6-3360(M)(17) is currently remitting any business license tax revenue, there would be no loss of local business license tax revenue as a result of this change in FY2019-20.

Section 4. This section would add Section 5-3-20 to ensure that no municipality many annex any real property owned by a professional sports team as defined in Section 12-6-3360(M)(17) without prior written consent of the professional sports team. This section is not expected to affect state General Fund revenue, Other Funds revenue, Federal Fund revenue, or local revenue in FY2019-20.

Introduced on March 13, 2019
State Expenditure
The Department of Revenue indicates that there will be no expenditure impact to the General Fund, Other Funds, or Federal Funds from this bill. The Department can administer the legislative changes with existing resources.

State Revenue
The Rural Development Act was adopted in 1996 to provide economic incentives to attract capital investment in the state's rural and economically distressed counties in the state. A system of awarding tax credits to companies that creates new full-time jobs was developed using a combination of unemployment rates and county per capita incomes. The more economically distressed the county the higher the job tax credit that could be claimed for each new job created. Tax credits range from $1,500 to $8,000 per year for each job created depending on the county designation. Since the passage of the Rural Development Act, a total of 7,394 taxpayers have claimed $802,492,575 in nonrefundable tax credits.

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- Amends Section 12-6-3360(M) to amend the definition of a “new job” for a professional sports team to include all jobs located at the professional sports team park regardless of whether an employee previously worked at an existing location in this State before 2019 as an employee of the same professional sports team.

- Amends Section 12-6-3360(M)(4) to amend the definition of “full-time” job for a professional sports team to require a minimum of one hundred eighty days of an employee’s time a year of which at least eighty percent of such days must be spent at a professional sports team park located in South Carolina.

- Adds Section 12-6-3360(M)(17) to define a professional sports team as a professional sports team or club included in a professional league, such as the National Football League, National Association for Stock Car Racing, or the National Basketball Association, primarily engaged in participating in live sporting events before a paying audience with an annual payroll for federal tax purposes of not less than $190,000,000 and not less than 150 employees.

- Adds Section 12-6-3360(M)(18) to define a professional sports team park as a sports facility designed for use primarily as a professional park or stadium. Such a facility may include, with limitation, practice fields and features such as parking areas and facilities, office facilities for team use or other users of the facility as authorized by the professional sports team, and other ancillary facilities necessary for the sports facility. Such a facility also includes the landscaped grounds surrounding the park, stadium, and ancillary facilities.

- Adds Section 12-6-3360(M)(19) to define members of a professional sports team as active players, players on the disabled list, and any other persons required to travel and who do travel with and perform services on behalf of the professional sports team on a regular basis. This includes coaches, managers, and trainers.

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Since the possible relocation of the Carolina Panthers' practice facilities is still in the early stages of development and several potential sites are under consideration, this analysis assumes that the professional sports team will relocate its facilities to York County, SC. Pursuant to Section 12-6-3360(B), York County has a combination of the lowest unemployment rate and the highest per capita income based on the latest data available and is classified as a Tier I county. A Tier I county may receive an initial job tax credit of $1,500 for each new full-time job created in the county. Multiplying no less than 150 employees of a professional sports team by a jobs tax credit of $1,500 per each new full-time job yields a reduction in General Fund individual income tax, corporate income tax, bank tax, and/or insurance premium tax revenue by $225,000 annually. Since it will take some time to construct the facility, it is not expected to be completed and placed in service until 2020. Since the job tax credit may not be applied until the second year after the professional sports team has achieved a minimum of 150 new full-time jobs, General Fund individual income tax, corporate income tax, bank tax, and/or insurance premium tax revenue would be reduced by $225,000 in FY2021-22, and each fiscal year thereafter through FY2025-26.

Section 5. This section includes a severability clause.

Section 6. This act takes effect upon approval of the Governor.

Local Expenditure
N/A

Local Revenue
Section 2. This section would amend Section 4-9-30(12) to state that no county license fees or taxes may be levied on a professional sports team as defined in Section 12-6-3360(M)(17). Since no professional sports team as defined in Section 12-6-3360(M)(17) is currently remitting any county license fees or taxes, there would be no loss of county license fees, taxes, or revenue as a result of this change in FY2019-20.

Section 3. This section would amend Section 5-7-30 to state that a business engaged in operating a professional sports team as defined in Section 12-6-3360(M)(17) is not subject to the business license tax. Since no professional sports team as defined in Section 12-6-3360(M)(17) is currently remitting any business license tax revenue, there would be no loss of local business license tax revenue as a result of this change in FY2019-20.

Section 4. This section would add Section 5-3-20 to ensure that no municipality many annex any real property owned by a professional sports team as defined in Section 12-6-3360(M)(17) without prior written consent of the professional sports team. This section is not expected to affect state General Fund revenue, Other Funds revenue, Federal Fund revenue, or local revenue in FY2019-20.

Frank A. Rainwater, Executive Director