



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0587 Introduced on February 28, 2019
Author: Young
Subject: Job Development Credits
Requestor: Senate Finance
RFA Analyst(s): Shuford
Impact Date: March 26, 2019

Estimate of Fiscal Impact

This bill expands the permitted uses of job development credits, but does not expand the amount of available credits. As such, we expect that the total amount of expenditures from the credits will not change. Therefore, this bill will not have an expenditure or revenue impact on General Fund income tax withholdings.

Explanation of Fiscal Impact

Introduced on February 28, 2019

State Expenditure

This bill allows a qualifying business to use job development credits for security clearance costs to include:

- Processing application requests for clearances for employees in South Carolina
- Maintaining, upgrading, or installing computer systems required to obtain federal security clearances
- Training employees to administer the application process
- Acquiring, constructing, or equipping a sensitive compartmented information facility constructed in accordance to guidance established by the Office of the Director of National Intelligence.

The job development credit is a refund of General Fund employee withholdings, ranging from 2 percent to 5 percent of gross wages of the new employees. These rebates are approved through a revitalization agreement at the discretion of the South Carolina Coordinating Council for Economic Development (CCED) for taxpayers who are primarily engaged in manufacturing, processing, tourism, warehousing, banking, distribution, research and development, certain service related facilities, corporate office, extraordinary retail, agribusiness operations or technology intensive facilities. The job development credit is limited by the county designation in which the project is located. The credit ranges from 100 percent of the allowable amount in Tier IV counties and falls to 55 percent of the allowable amount in Tier I counties. The difference between the maximum credit and the amount determined by the county designation is remitted to the Rural Infrastructure Fund (RIF) as defined in §12-10-85. The CCED administers the RIF and provides reimbursements to businesses for the cost of locating or expanding in South Carolina. Job development fees amounted to \$104,100,000 in FY2017-18.

Once a business reaches the agreed upon new employment and investment levels, job development credits are available for up to 15 years. In general, a revitalization agreement authorizes the qualified credit expenditures by the companies to fund acquisition and improvements of real estate, improvements to public and private utility systems, pollution control equipment, and training costs. While this bill expands the permitted uses of job development credits, it does not expand the amount of available credits. As such, we expect that the total amount of expenditures from the credits will not change. Therefore, this bill will not have an expenditure or revenue impact on General Fund income tax withholdings.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director