



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
**(803)734-3780 • RFA.SC.GOV/IMPACTS**

*This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.*

---

**Bill Number:** S. 0612    Introduced on February 25, 2021  
**Author:** Davis  
**Subject:** Banks, Consolidation and Mergers  
**Requestor:** Senate Banking and Insurance  
**RFA Analyst(s):** Tipton and Miller  
**Impact Date:** January 31, 2022

---

### **Fiscal Impact Summary**

This bill allows State chartered banks or trust companies to merge, consolidate with, or acquire South Carolina-headquartered state or federally chartered credit unions.

This bill will have no expenditure impact, as it does not materially alter the oversight responsibilities of the Board of Financial Institutions (BOFI).

This bill may increase or decrease General Fund bank tax revenue, dependent upon the number and size of any mergers, consolidations, and acquisitions between State chartered banks and credit unions as bank net income is subject to a 4 percent tax, whereas credit unions are not subject to income tax. However, data are not available to estimate the potential change.

For information purposes, the Board of Economic Advisors' (BEA) November forecast projects General Fund bank tax revenue for FY 2022-23 will total \$42,180,000. This estimate is approximately 0.39 percent of the forecasted General Fund revenue for FY 2022-23.

### **Explanation of Fiscal Impact**

#### **Introduced on February 25, 2021**

##### **State Expenditure**

This bill allows State chartered banks or trust companies to merge, consolidate with, or acquire South Carolina-headquartered state or federally chartered credit unions. The bill amends several code sections in Title 34 to reflect and comply with this change.

BOFI indicates that this bill will not materially alter the oversight responsibilities of the agency, and therefore, will have no expenditure impact.

##### **State Revenue**

This bill allows State chartered banks or trust companies to merge, consolidate with, or acquire South Carolina-headquartered State or federally chartered credit unions. Currently, State chartered banks may not acquire credit union property nor may credit unions acquire State chartered bank

property. However, federally chartered banks may currently merge, consolidate with, or acquire credit unions.

Credit unions are not subject to income tax, whereas, every bank engaged in business in the state is subject to a 4 percent income tax. The allowance of mergers, consolidations, and acquisitions between State chartered banks and credit unions may result in a shift of income from one institution to the other. Whether the shift results in higher income in a banking institution is dependent upon the transaction. If a bank receives income producing assets through a merger, consolidation, or acquisition of a credit union, this may result in an increase in General Fund bank tax. However, if the credit union receives income producing assets through a merger, consolidation or acquisition of a State chartered bank, the may result in a decrease in the General Fund bank tax. Therefore, this bill may increase or decrease General Fund bank tax revenue, dependent upon the number and size of any mergers, consolidations, and acquisitions between State chartered banks and credit unions. However, data are unavailable to estimate the potential change.

For information purposes, the Board of Economic Advisors' (BEA) November forecast projects General Fund bank tax revenue for FY 2022-23 will total \$42,180,000. This amount includes the net income tax from the thirty-two State chartered banks, according to BOFI's website, as well as any other banks engaged in business within the state. This estimate is approximately 0.39 percent of the forecasted General Fund revenue for FY 2022-23.

**Local Expenditure**

N/A

**Local Revenue**

N/A



Frank A. Rainwater, Executive Director