



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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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: H. 3880 Introduced on February 7, 2023
Author: M.M. Smith
Subject: Admissions Tax
Requestor: House Ways and Means
RFA Analyst(s): Jolliff
Impact Date: April 25, 2023

Fiscal Impact Summary

This bill provides that admissions tax may not be collected on annual or monthly dues paid to a golf club. The bill is effective upon approval by the Governor, and this analysis assumes it will take effect in FY 2023-24.

This bill is not expected to impact expenditures for the Department of Revenue (DOR) as we anticipate the agency will implement this exemption with existing staff and resources.

The bill is expected to reduce General Fund admissions tax revenue and the amount of revenue transferred to the South Carolina Film Commission. The Film Commission receives 26 percent of the prior year’s General Fund admissions tax revenue. Because the transfer to the Film Commission is based on the prior year’s collections, the impact on the transfer amount does not occur until FY 2024-25. The table below shows the impact for the next three fiscal years. For the purposes of this analysis, we have assumed that the admissions revenues from golf course dues that will be exempted under the bill are not associated with a major tourism or recreation facility subject to the transfers in Sections 12-21-6530, 6540. If admissions from these golf courses are currently subject to these transfers, the distribution of the impact would be affected.

Estimated Impact of Exempting Golf Club Dues from Admissions Tax

Fiscal Year	General Fund Admissions Tax Reduction	SC Film Commission Revenue Reduction	Total Impact
FY 2023-24	(\$3,000,000)	\$0	(\$3,000,000)
FY 2024-25	(\$2,220,000)	(\$780,000)	(\$3,000,000)
FY 2025-26	(\$2,422,800)	(\$577,200)	(\$3,000,000)

Explanation of Fiscal Impact

Introduced on February 7, 2023

State Expenditure

This bill provides that admissions tax may not be collected on annual or monthly dues paid to a golf club. This bill is not expected to impact expenditures for DOR as we anticipate the agency will implement this exemption with existing resources.

State Revenue

This bill provides that admissions tax may not be collected on annual or monthly dues paid to a golf club. Currently, a 5 percent tax is levied on admission to places of amusement, including golf courses. DOR stated in Revenue Ruling #91-18 that membership dues for golf courses are subject to admissions taxes. This bill would exempt these dues from the 5 percent tax. The following table provides total admissions collected for the most recent years from golf courses.

Total Admissions Tax Collections from Golf Courses

Fiscal Year	Collections
FY 2016-17	\$10,738,933
FY 2017-18	\$11,152,041
FY 2018-19	\$11,409,132
FY 2019-20	\$11,064,115
FY 2020-21	\$14,480,409
FY 2021-22	\$17,801,428

Source: S.C. Department of Revenue

Golf courses remit admissions taxes from memberships, events, and fees charged to the public to play on the course. The admissions tax returns do not distinguish between these different types of revenue. Therefore, we have based our analysis on estimates of overall golf membership revenue.

In the United States, golf memberships are estimated to generate \$3 billion in revenue annually.¹ South Carolina's population is 1.6 percent of the nation. However, the state has 349 golf courses, or 2.2 percent of total golf courses in the country.² Using these figures, we would estimate that approximately 2 percent of nationwide revenue from golf club dues, or \$60,000,000, is generated annually in South Carolina. Applying the 5 percent admissions tax rate to this figure, an estimated \$3,000,000 in admissions tax comes from golf dues, or about 13.4 percent of the amount collected from golf courses in FY 2021-22.

Section 12-62-60 states that 26 percent of the General Fund portion of admissions collections for the previous fiscal year must be allocated to the South Carolina Film Commission. Further, Section 12-21-6530 states that, for a designated major tourism or recreation facility or for a facility located within a designated major tourism or recreation area, one-fourth of the license tax paid on admissions to this establishment must be paid quarterly by DOR to the county or municipality where the facility is located for use in infrastructure improvements. Additionally, Section 12-21-6540 states that an additional one-fourth of admissions collections from these designated establishments must be deposited quarterly into a fund to be used for grants to counties or municipalities for infrastructure improvement.

¹*The Most Surprising Country Club Membership Statistics and Trends in 2023*, <https://blog.gitnux.com/country-club-membership-statistics/> (Accessed April 24, 2023)

²*Most Golf Courses by State 2023* <https://worldpopulationreview.com/state-rankings/most-golf-courses-by-state> (Accessed April 24, 2023)

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Local Expenditure

N/A

Local Revenue

N/A

Frank A. Rainwater, Executive Director