



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. 4810 Introduced on January 10, 2024
Author: Bannister
Subject: Sales Tax Exemption
Requestor: House Ways and Means
RFA Analyst(s): Daigle
Impact Date: January 17, 2024

Fiscal Impact Summary

This bill codifies Proviso 109.12 of the FY 2023-24 Appropriations Act, which exempts from sales tax clothing required by current good manufacturing practices to prevent health hazards for persons who work in direct contact with food, food contact services, and food packaging materials at perishable prepared food manufacturing facilities, which are defined by the North American Industry Classification System (NAICS) 311991.

This bill will have no expenditure impact as this bill codifies an existing proviso, most recently included in the FY 2023-24 Appropriations Act. Guidance and processes are already in place to administer the exemption.

This bill will have no impact on state sales tax revenue. The exempt sales outlined by this bill are already exempt under Proviso 109.12 of the FY 2023-24 Appropriations Act. Although the Governor vetoed the proviso and the veto has not yet been addressed, the General Assembly has overridden the veto of this proviso in recent years, and therefore, the exemption is already considered in the General Fund revenue estimates by the Board of Economic Advisors (BEA). Further, the bill will not impact local sales tax revenue as these sales are already exempt from local sales taxes.

Explanation of Fiscal Impact

Introduced on January 10, 2024

State Expenditure

This bill exempts from sales tax, clothing required by current good manufacturing practices pursuant to 21 C.F.R. Section 111.10 which covers the requirements that apply for preventing microbial contamination from sick or infected personnel and for hygienic practices. The bill specifies that the exemption is applicable for clothing to prevent health hazards for persons who work in direct contact with food, food contact services, and food packaging materials at perishable prepared food manufacturing facilities, which are defined by NAICS code 311991.

Currently, clothing required by current good manufacturing practices to prevent health hazards for persons who work in direct contact with food, food contact services, and food packaging materials at perishable prepared food manufacturing facilities which are defined by the NAICS

code 311991 are exempt from sales tax pursuant to Proviso 109.12 of the FY 2023-24 Appropriations Act. Proviso 109.12 was vetoed by the governor on June 20, 2023, and has not been addressed; however, previous vetoes have been overridden, most recently on June 28, 2022. Therefore, the most recent General Fund revenue estimates developed by the Board of Economic Advisors (BEA) reflect the exemption of clothing required by current good manufacturing practices to prevent health hazards for persons who work at prepared food manufacturing facilities, defined as NAICS code 311991.

This bill codifies existing Proviso 109.12, therefore, the Department of Revenue and Fiscal Affairs (RFA) anticipates no state expenditure impact.

State Revenue

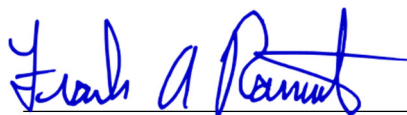
This bill will have no state revenue impact. The exempt sales outlined by this bill are already exempt under Proviso 109.12 of the FY 2023-24 Appropriations Act, and therefore, are already considered in the BEA General Fund revenue estimate. Although the proviso was vetoed by the Governor and has not been addressed, the proviso has been included in the budget in recent years, and the vetoes have previously been overridden. As such, the sale tax revenue impact is already included in the revenue estimates.

Local Expenditure

N/A

Local Revenue

This bill will not impact local sales tax revenue as the exempt sales outlined by this bill are already exempt under Proviso 109.12.



Frank A. Rainwater, Executive Director