



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: S. 0577 Introduced on February 28, 2023
Author: Alexander
Subject: Income Tax Withholding
Requestor: Senate Finance
RFA Analyst(s): Jolliff
Impact Date: April 17, 2023

Fiscal Impact Summary

This bill updates numerous code sections regarding withholding of income taxes for distribution of prizes, out-of-state gains, and other transactions to reflect the reduction in the top marginal individual income tax rate as enacted in Act 228 of 2022.

The bill will not impact expenditures for the Department of Revenue (DOR) to administer these changes.

The bill will not impact state revenues as the changes conform the code sections to the new top marginal individual income tax rate and state tax liability.

Explanation of Fiscal Impact

Introduced on February 28, 2023

State Expenditure

This bill updates numerous code sections regarding withholding of income taxes to reflect the reduction in the top marginal individual income tax rate as enacted in Act 228 of 2022. These changes conform withholdings to the current income tax rates for individuals. The bill will not impact expenditures for DOR to administer these changes.

State Revenue

This bill updates numerous code sections regarding withholding of income taxes for distribution of prizes, out-of-state gains, and other transactions to reflect the reduction in the top marginal individual income tax rate as enacted in Act 228 of 2022. The act lowered the top marginal tax rate from 7 percent to 6.5 percent in tax year 2022. The rate will be lowered to 6 percent over time if revenue growth is sufficient to trigger each 0.1 percent reduction in the rate. The bill updates the tax rate referenced in these code sections from 7 percent to the top marginal tax rate to conform to the change in the tax rate for individuals and will not impact state revenues.

Local Expenditure and Local Revenue

N/A

Frank A. Rainwater, Executive Director