



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. 3551 | Introduced on January 14, 2025 |
| Subject: | Poll Worker Pay | |
| Requestor: | House Ways and Means | |
| RFA Analyst(s): | Manic | |
| Impact Date: | May 13, 2025 | |

Fiscal Impact Summary

This bill excludes compensation earned by election managers and clerks from the calculation of gross income to the extent this compensation is exempt from the Federal Insurance Contribution Act (FICA) tax, which would exempt this pay from state income taxes. Also, the bill makes changes to the definition of earnable compensation to exclude the amounts paid to election managers and clerks to the extent the amounts are not subject to the FICA tax pursuant to Internal Revenue Code for the purpose of calculating state retirement benefits.

The bill will not have an expenditure impact on the State Election Commission (SEC) as it does not change the amounts it is authorized to pay election managers and clerks. Also, the bill will not have an expenditure impact on the Department of Revenue (DOR) as the agency indicates it will be able to manage the income tax change with existing staff and resources. Further, the bill will not have an expenditure impact on the Public Employee Benefit Authority (PEBA) as the agency indicates the FICA exclusion threshold is too low to have an impact on the retirement system.

The bill is expected to reduce General Fund individual income tax revenue by an average of \$190,000 annually starting in FY 2025-26 due to exempting poll worker pay from income subject to tax. This amount may vary depending on the type of elections in a tax year and actual pay received from counties.

Explanation of Fiscal Impact

Introduced on January 14, 2025

State Expenditure

This bill excludes compensation earned by election managers and clerks from the calculation of gross income to the extent this compensation is exempt from the FICA tax, which would exempt this pay from state income taxes. Also, the bill makes changes to the definition of earnable compensation to exclude the amounts paid to election managers and clerks to the extent the amounts are not subject to the FICA tax pursuant to Internal Revenue Code, which would exclude this income from the calculation of state retirement benefits. According to the U.S. Social Security Administration, the FICA tax exclusion threshold for election officials and election workers is \$2,300 as of January 1, 2024.

The bill will not have an expenditure impact on SEC as it does not change the amounts it is authorized to pay election managers and clerks. Also, the bill will not have an expenditure impact on DOR as the agency indicates it will be able to manage the income tax change with existing staff and resources. Further, the bill will not have an expenditure impact on PEBA as the agency indicates the FICA exclusion threshold is too low to have an impact on the retirement system.

State Revenue

This bill excludes compensation earned by election managers and clerks from the calculation of gross income to the extent this compensation is exempt from the FICA tax, which would exempt this pay from state income taxes. According to the U.S. Social Security Administration, the FICA tax exclusion threshold for election officials and election workers is \$2,300 as of January 1, 2024. According to information published by the Internal Revenue Service (IRS), election workers earning less than the threshold are fully exempt from the FICA tax, whereas those earning at or above the threshold are assessed FICA tax starting with the first dollar of earnings.

According to SEC, in the 2024 elections, there were a total of approximately 1,500 poll workers during early voting and approximately 15,000 election day workers, for a total of 16,500 poll workers across 2,350 polling centers. On average there is one clerk for each polling location, with the remaining workers being managers. As such, out of the total 16,500 poll workers in 2024, approximately 2,350 were clerks and the remaining 14,150 were managers. Based on this information, we assume that on average the workforce of clerks represents approximately 14.2 percent of the total poll worker pool during any given election period.

Additionally, SEC notes that there are three general types of elections in the state: 1) presidential elections (every four years); 2) even-year statewide elections; and 3) odd-year elections. The number of poll workers is the highest during presidential elections and can reach approximately 17,000 workers, whereas the number of poll workers during even-year statewide elections is closer to approximately 12,000 and during odd years it is closer to 10,000 workers. Applying the 14.2 percent share to the total poll worker counts across the three types of elections, we estimate that on average the workforce of clerks may reach 2,420 workers during presidential elections, 1,710 workers during even-year statewide elections, and 1,420 workers during odd-year elections.

Since the bill limits the exemption to the extent of the FICA tax exclusion threshold, which is currently set at \$2,300, we contacted all 46 counties to request data on how many poll workers were paid above this threshold. Only Richland County provided data on poll worker pay for the latest elections. Based on the data provided by Richland County, we have estimated that approximately 6 percent of all poll workers are paid above the FICA tax exclusion threshold of \$2,300 and the remaining 94 percent are paid below the threshold. Based on the IRS guidance, approximately 94 percent of poll workers in SC would be eligible for the FICA tax exclusion and would thus qualify for the exemption proposed by the bill. As such, applying the 94 percent share to the workforce numbers estimated above, we get that the total number of clerks qualifying for the exemption during presidential elections is approximately 2,276 workers, during even-year statewide elections it is 1,608 workers, and during odd-year elections it is 1,335

workers. Based on this estimate, the remaining total number of qualifying managers is expected to reach 13,710 workers during presidential elections, 9,676 workers during even-year statewide elections, and 8,068 workers during odd-year elections. Further, using the 2024 poll worker numbers during early and regular voting (1,500 early voting workers out of a total of 16,500 poll workers), we estimate that the share of early voting workers is equal to approximately 9.1 percent of the total, and we assume this share remains unchanged across the three types of elections.

Proviso 102.2 of the FY 2024-25 Appropriations Act allows a per diem rate of \$75 for a day of work for election managers and clerks as well as \$60 for training and paperwork. The proviso also requires that managers cannot be paid for more than two days and clerks for not more than three days. Further, SEC indicates that clerks employed at early voting centers are paid \$135 for a day of work, whereas those employed at regular voting centers during the election day period are paid \$75 for a day of work. Clerks also get a total payment of \$160 for training during either early or regular voting, which includes \$60 for a regular training session for all poll workers as well as an additional \$100 for specialized training. Counties manage the payroll of poll workers and submit requests to SEC for reimbursements pursuant to the proviso limits mentioned above. Additionally, SEC indicates that some counties choose to provide supplements to the daily rate and training payments earned by election workers. Based on data compiled by the agency from the latest elections, 22 counties (or approximately 47.8 percent) chose to provide a supplement that ranged between \$20 and \$160 to the daily pay rate, with an average value of approximately \$50 per day. Also, six counties (or approximately 13 percent) chose to provide a training supplement that ranged between \$10 and \$60, with an average value of approximately \$40 per training. Based on these shares and supplement amounts, we estimate that the average county supplement to the total pay of clerks is equal to approximately \$77, and the supplement to the total pay of managers is equal to approximately \$53.

In the absence of information on actual work schedules, based on the information from Proviso 102.2 as well as the details from SEC, we assume that clerks work a total of up to 3 days and managers a total of up to 2 days during either early or regular voting periods. As such, during early voting clerks are paid a total of approximately \$642 (\$135 per day for three days, \$160 for training, and \$77 total county supplement for three days) and during the regular voting period clerks are paid \$462 (\$75 per day for up to three days, \$160 for training, and \$77 total county supplement for three days). Managers get paid approximately \$263 (\$75 per day for up to two days, \$60 for training, and \$53 total county supplement for two days) during either early or regular voting.

As explained above, we also assume that approximately 9.1 percent of the workers are paid the early voting pay rates, and the remaining 90.9 percent the regular voting pay rates. Applying the total earnings for each type of worker across early and regular voting periods to the total number of poll workers in each category we estimate that the total earnings for poll workers equal approximately \$4,695,000 during presidential election cycles, approximately \$3,314,000 during even-year statewide elections, and approximately \$2,761,000 during odd year elections. A summary of these calculations is presented in the table below.

| Estimated Qualifying Poll Worker Earnings | | | | |
|--|---------------------|-------------------------|---------------------------|--------------------|
| Poll Worker Type | Worker Count | Early Voting Pay | Regular Voting Pay | Total |
| Presidential Election | | | | |
| Clerk | 2,276 | \$642 | \$462 | \$1,089,000 |
| Manager | 13,710 | \$263 | \$263 | \$3,606,000 |
| Total | 15,986 | | | \$4,695,000 |
| Even-Year Statewide Election | | | | |
| Clerk | 1,608 | \$642 | \$462 | \$769,000 |
| Manager | 9,676 | \$263 | \$263 | \$2,545,000 |
| Total | 11,284 | | | \$3,314,000 |
| Odd-Year Election | | | | |
| Clerk | 1,335 | \$642 | \$462 | \$639,000 |
| Manager | 8,068 | \$263 | \$263 | \$2,122,000 |
| Total | 9,403 | | | \$2,761,000 |

Based on the above information, the average earnings across all three types of election cycles equals approximately \$3,590,000 during any given tax year. Further, we assume that the average individual income tax rate applicable for poll worker pay is approximately 5.3 percent. As such, the annual tax liability on the income earned by poll workers equals approximately \$190,000.

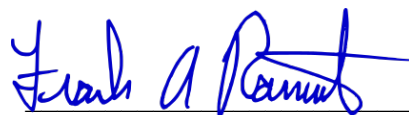
In summary, the bill is expected to reduce General Fund individual income tax revenue by an average of \$190,000 annually starting in FY 2025-26. This amount may vary depending on the type of elections in a tax year and actual pay received from counties.

Local Expenditure

N/A

Local Revenue

N/A



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