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. 0439 Signed by Governor on May 15, 2026
Subject:	Manufacturing Property Tax Exemption
Requestor:	Senate
RFA Analyst(s):	Miller
Impact Date:	September 2, 2026

Fiscal Impact Summary

This bill increases the reimbursement cap for the manufacturing property tax exemption, pursuant to §12-37-220(B)(52), from $170,000,000 to $300,000,000. This section exempts 42.8571 percent of the value of manufacturing property from property taxes. Currently, this exemption is reimbursed by the State to local governments from the Trust Fund for Tax Relief up to $170,000,000. In any year in which reimbursements are projected by Revenue and Fiscal Affairs (RFA) to exceed the cap, the exemption amount must be proportionally reduced so as not to exceed the reimbursement cap. However, Proviso 117.202 of the FY 2025-26 Appropriations Act allows up to $300,000,000 to be used for the manufacturing property tax exemption reimbursements and specifies that the balance of the Trust Fund for Tax Relief may be expended to make the reimbursement in full if necessary.

The Department of Revenue (DOR) anticipates being able to administer this change within the normal course of agency business. Therefore, this bill will have no expenditure impact for implementation.

Pursuant to §11-11-150, the Board of Economic Advisors (BEA) must deduct sufficient amounts from state income tax revenue to pay the reimbursements from the Trust Fund for Tax Relief. Based on the current projections, the total manufacturing property tax exemption reimbursement for FY 2026-27 is expected to be $180,431,611, or $10,431,611 above the current statutory cap. By increasing the statutory cap from $170,000,000 to $300,000,000, this bill will require the BEA to increase the amount deducted from state income tax revenues and credited to the Trust Fund for Tax Relief.

Explanation of Fiscal Impact

Signed by Governor on May 15, 2026
State Expenditure
This bill increases the reimbursement cap for the manufacturing property tax exemption, pursuant to §12-34-220(B)(52), from $170,000,000 to $300,000,000. This section exempts 42.8571 percent of the value of manufacturing property from property taxes and is reimbursed by the State to local governments from the Trust Fund for Tax Relief.

DOR anticipates being able to administer this change within the normal course of agency business. Therefore, this bill will have no expenditure impact for implementation.

State Revenue

This bill increases the reimbursement cap for the manufacturing property tax exemption, pursuant to §12-34-220(B)(52), from $170,000,000 to $300,000,000. Based on the current BEA projection, the manufacturing property tax exemption reimbursement will exceed the current limit of $170,000,0000 by $10,431,611 in FY 2026-27 as shown below.

Projected Manufacturing Property Tax Exemption Reimbursement

Fiscal Year	Exemption Amount	Growth Rate
FY 2024-25	$151,878,461	
FY 2025-26(e)	$164,028,737	8.0%
FY 2026-27(e)	$180,431,611	10.0%

Pursuant to §11-11-150, the BEA must deduct sufficient amounts from state income tax revenue to pay the reimbursements from the Trust Fund for Tax Relief. By increasing the statutory cap from $170,000,000 to $300,000,000, this bill will require the BEA to increase the amount deducted from state income tax revenues and credited to the Trust Fund for Tax Relief.

Local Expenditure

N/A

Local Revenue

This bill increases the reimbursement cap for the manufacturing property tax exemption, pursuant to §12-34-220(B)(52), from $170,000,000 to $300,000,000. The exemption is for 42.8571 percent of manufacturing property value. In any year in which reimbursements are projected by RFA to exceed the cap, the exemption amount must be proportionally reduced so as not to exceed the reimbursement cap. Proviso 117.202 of the FY 2025-26 Appropriations Act allows up to $300,000,000 to be used for the manufacturing property tax exemption reimbursements and specifies that the balance of the Trust Fund for Tax Relief may be expended to make the reimbursement in full if necessary. This bill will have no impact on local revenue as the bill will potentially change the method for funding the excess reimbursements but will not impact the amount local governments receive.

Frank A. Rainwater

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