



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 Introduced on March 11, 2025
Subject: Manufacturing Property Tax Exemption
Requestor: Senate Finance
RFA Analyst(s): Miller
Impact Date: March 17, 2025

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. The manufacturing property tax exemption exempts 42.8571 percent of the property tax value of manufacturing property. 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.

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.

This bill will increase the reimbursement from the Trust Fund for Tax Relief by \$30,138,841 in FY 2025-26. It will also decrease General Fund revenue from individual and corporate income tax available for appropriation by a corresponding \$30,138,841 to fund the increase in the reimbursement from the Trust Fund for Tax Relief. The amount will increase annually and is currently projected to reach the new maximum in FY 2028-29.

Estimated Increased Manufacturing Property Tax Reimbursement

	Projected Reimbursement	Increase above \$170,000,000
FY 2025-26(e)	\$200,138,841	\$30,138,841
FY 2026-27(e)	\$236,734,963	\$66,734,963
FY 2027-28(e)	\$280,022,820	\$110,022,820
FY 2028-29 (e)	\$331,226,021	\$130,000,000

Explanation of Fiscal Impact

Introduced on March 11, 2025

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. The manufacturing property

tax exemption exempts 42.8571 percent of the property tax value of manufacturing property. 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 RFA to exceed the cap, the exemption amount must be proportionally reduced so as not to exceed the reimbursement cap.

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.

As discussed in the local revenue section of this impact, this bill will increase the reimbursement from the Trust Fund for Tax Relief by \$30,138,841 in FY 2025-26. It will also decrease General Fund revenue from individual and corporate income tax available for appropriation by a corresponding \$30,138,841 to fund the increase in the reimbursement from the Trust Fund for Tax Relief. The amount will increase annually and is currently projected to reach the new maximum in FY 2028-29.

Estimated Increased Manufacturing Property Tax Reimbursement

FY 2025-26(e)	\$30,138,841
FY 2026-27(e)	\$66,734,963
FY 2027-28(e)	\$110,022,820
FY 2028-29(e)	\$130,000,000

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. Based on the growth rate of 18.29 percent for the manufacturing property tax exemption from FY 2022-23 to FY 2024-25, RFA projected the reimbursement would meet the \$170,000,000 cap beginning in FY 2025-26.

BEA's Current Projected Manufacturing Property Tax Reimbursement

FY 2023-24	\$143,043,898
FY 2024-25(e)	\$169,200,000
FY 2025-26 (e)	\$170,000,000

The following table displays the projections for the manufacturing property tax reimbursement using the same growth rate of 18.29 percent.

Estimated Increased Manufacturing Property Tax Reimbursement

	Projected Reimbursement	Increase above \$170,000,000
FY 2025-26(e)	\$200,138,841	\$30,138,841
FY 2026-27(e)	\$236,734,963	\$66,734,963
FY 2027-28(e)	\$280,022,820	\$110,022,820
FY 2028-29 (e)	\$300,000,000	\$130,000,000

Based on these estimates, this bill will increase the reimbursement from the Trust Fund for Tax Relief by \$30,138,841 in FY 2025-26. The amount will increase annually and is currently projected to reach the new maximum in FY 2028-29. After FY 2028-29, the exemption will be proportionally reduced so as not to exceed the reimbursement cap.



Frank A. Rainwater, Executive Director