



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: April 14, 2026 - Updated for Revised Analysis and Fiscal Impact

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.

This bill will potentially change the method for funding the amount of the manufacturing property tax exemption reimbursement above \$170,000,000 beginning in FY 2026-27. 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. Without this bill and if Proviso 117.202 remains in effect for FY 2026-27, the additional \$10,431,611 in reimbursements above the \$170,000,000 cap would be funded from the Trust Fund balance. 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 by \$10,431,611 in FY 2026-27. In order to continue to fund the increase in the reimbursements using the balance in the Trust Fund, additional legislative direction would be necessary. For information, the current projected FY 2025-26 year-end balance in the Trust Fund for Tax Relief that would be available to fund the additional \$10,431,611 in reimbursements is \$114,658,825.

Explanation of Fiscal Impact

**Updated for Revised Analysis and Fiscal Impact on April 14, 2026
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. 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, which will potentially change the mechanism for funding the amount of the reimbursement above \$170,000,000.

Based on the current BEA projection, the manufacturing property tax exemption reimbursement will exceed the current limit of \$170,000,000 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%

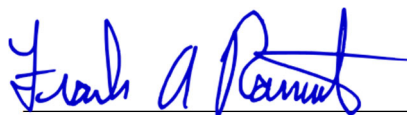
Pursuant to §11-11-150, the BEA deducted \$170,000,000 from the state income tax revenue to pay the reimbursements for the manufacturing property tax exemption from the Trust Fund for Tax Relief up to the current statutory cap. However, Proviso 117.202 of the FY 2025-26 Appropriations Act allows up to \$300,000,000 to be used for the reimbursements despite the cap and specifies that the balance in the Trust Fund for Tax Relief may be used to fund the excess amount. Without this bill, the additional \$10,431,611 would be funded from the Trust Fund balance in FY 2026-27 if Proviso 117.202 remains in effect. 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 by \$10,431,611 in FY 2026-27. In order to continue to fund the increase in the reimbursements using the balance in the Trust Fund, additional legislative direction would be necessary. For information, the current projected FY 2025-26 year-end balance for the Trust Fund for Tax Relief that would be available to fund the \$10,431,611 in reimbursements is \$114,658,825.

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. As noted in the State Revenue Section above, 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. Assuming that this proviso remains in effect for FY 2026-27, 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, Executive Director