



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. 3948	Introduced on February 23, 2021
Author:	Matthews	
Subject:	Local Sales & Use Tax	
Requestor:	House Ways and Means	
RFA Analyst(s):	Gallagher	
Impact Date:	March 17, 2021	

Fiscal Impact Summary

This bill permits counties to impose a capital project sales tax in addition to a previously imposed transportation tax. Under Section 4-10-310, currently a county may not impose a capital projects sales tax if it already imposes a transportation tax. Local option sales taxes are collected by the Department of Revenue (DOR). Revenue and Fiscal Affairs (RFA) anticipates that DOR will be able to collect any additional funds arising from this legislation with existing staff and resources, as the department collects local sales tax revenues on behalf of counties as part of the department's regular duties. Therefore, this bill is not expected to impact expenditures for the agency.

We do not expect the bill to impact local expenditures. However, since this bill is permissive, the number of counties that will elect to adopt a capital project sales tax in addition to a previously imposed transportation sales tax is unknown. Therefore, the resulting local revenue increase from imposing the tax is undetermined.

Explanation of Fiscal Impact

Introduced on February 23, 2021

State Expenditure

This bill amends Chapter 37, Title 4 to allow counties to impose a capital project sales tax in addition to a previously imposed transportation sales tax. Local option sales taxes are collected by DOR. RFA anticipates that DOR will be able to collect any additional funds arising from this legislation with existing staff and resources, as the department collects local sales tax revenues on behalf of counties as part of the department's regular duties. Therefore, this bill is not expected to impact expenditures for the agency.

State Revenue

N/A

Local Expenditure

This bill amends Chapter 37, Title 4 to allow counties to impose a capital project sales tax of 1 percent in addition to a previously imposed transportation sales tax. Since this bill is permissive, the number of counties that will elect to adopt a capital project sales tax under these

circumstances is unknown. However, we anticipate that local governments will implement the new tax with existing staff and resources, and therefore, we do not expect the bill to impact local expenditures.

Local Revenue

Following an approved referendum, counties are permitted to impose a sales tax up to 1 percent to defray the debt service on bonds issued for transportation projects in the counties that impose the tax. Under Section 4-10-310, currently a county may not impose a capital projects sales tax if it already imposes a transportation tax. This bill permits counties to impose the capital projects sales tax in addition to a previously imposed transportation tax. The capital project sales tax is a 1 percent tax to fund specific capital projects such as roads, bridges, public facilities, and water and sewer projects. Currently, 6 counties are imposing a transportation sales tax: Beaufort, Berkeley, Charleston, Dorchester, Jasper, and Richland county.

This bill will generate additional revenue if a county approves an additional 1 percent capital project sales tax in addition to their transportation tax. However, since this bill is permissive, the number of counties that will elect to adopt a capital project sales tax under these circumstances is unknown, and the resulting revenue impact is undetermined.



Frank A. Rainwater, Executive Director