~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

February 5, 2014

**S. 940**

Introduced by Senators Young, Massey, Setzler and Peeler

S. Printed 2/5/14--S.

Read the first time January 15, 2014.

**THE COMMITTEE ON FINANCE**

To whom was referred a Bill (S. 940) to amend Section 4‑10‑470, Code of Laws of South Carolina, 1976, relating to the Education Capital Improvements Sales and Use Tax, so as to allow a county, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, by striking all after the enacting words and inserting:

/ SECTION 1. Section 4‑10‑470 of the 1976 Code, as added by Act 316 of 2008, is amended to read:

“Section 4‑10‑470. (A) The Education Capital Improvements Sales and Use Tax authorized by this article may only be imposed in counties which have collected at least seven million dollars in state accommodations taxes as imposed pursuant to Section 12‑36‑920(A) in the most recent fiscal year for which full collection figures are available. Once a county meets this threshold it thereafter remains eligible to impose this tax.

(B)(1) The Education Capital Improvements Sales and Use Tax authorized by this article also may be imposed in counties which do not meet the collection requirements of subsection (A) so long as, at any time, no portion of the county area is subject to more than three percent total sales tax.

(2) Notwithstanding any other provision of law, if, within a county there is imposed the Education Capital Improvements Sales and Use Tax pursuant to this subsection, then no other sales tax may be imposed if the subsequent imposition causes the total sales tax to exceed three percent in any portion of the county area. This limitation applies so long as this subsection is utilized to impose the Education Capital Improvements Sales and Use tax.

(3) For purposes of this subsection, a sales tax is a tax levied pursuant to this chapter, pursuant to Chapter 37, Title 4, or pursuant to any local law enacted by the General Assembly.”

SECTION 2. Section 4‑10‑460 of the 1976 Code, as added by Act 316 of 2008, is amended to read:

“Section 4‑10‑460. The tax authorized in this article may be renewed and imposed within a county in the same manner as proceedings for the initial imposition of the tax. A referendum on the question of reimposition of a tax must not be held ~~more~~ earlier than within the calendar year which is two years before the ~~date upon~~ calendar year in which the tax then in effect is scheduled to terminate, but any reimposition is effective immediately upon the termination of the tax previously imposed.”

SECTION 3. This act takes effect upon approval by the Governor. /

Renumber sections to conform.

Amend title to conform.

HUGH K. LEATHERMAN, SR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**REVENUE IMPACT 1/**

This bill would affect the eligibility requirements concerning the Education Capital Improvements Sales and Use Tax. Amending Section 4-10-470 would allow those counties which are currently not imposing a sales tax rate greater than 3 percent to become eligible to impose the tax so long as imposing the sales tax, pursuant to Section 4-10-420, does not increase the total sales tax rate above 3 percent. Charleston and Horry County are the only eligible counties currently. The impact this bill would have on local revenue varies depending upon which and how many counties impose the tax. If all 44 remaining counties were to impose the tax, local revenue would increase by approximately $540 million in FY 2015-16.

**Explanation of Amendment (01/23/14) – By the Sales & Income Taxation Subcommittee**

This amendment changes the sales tax rate from 2 percent to 3 percent.

**Explanation of Bill filed January 15, 2014**

This bill would amend Section 4-10-470, Code of Laws of South Carolina, 1976, relating to the Education Capital Improvements Sales and Use Tax, so as to allow a county that does not collect a certain amount in accommodations tax to impose the sales tax so long as no portion of the county area is subject to more than two percent total sales tax.

Pursuant to section 4-10-470 of the Code of Laws of South Carolina, in order to impose the Education Capital Improvements Sales and Use Tax, a county is required to have collected at least $7 million in state accommodations taxes in a full fiscal year. Currently, Charleston and Horry County are the only eligible counties; both counties impose the Education Capital Improvements Sales and Use Tax. Based on the SC Department of Revenue’s (DOR) ‘Local Tax Designation’ publication, 25 counties as of May 2013 impose a sales tax rate of 1 percent or below. These counties would meet the requirements to impose the Education Capital Improvements Sales and Use Tax.

*Approved By:*

Frank A. Rainwater

Board of Economic Advisors

1/ This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

**A** **BILL**

TO AMEND SECTION 4‑10‑470, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE EDUCATION CAPITAL IMPROVEMENTS SALES AND USE TAX, SO AS TO ALLOW A COUNTY THAT DOES NOT COLLECT A CERTAIN AMOUNT IN ACCOMMODATIONS TAX TO IMPOSE THE SALES TAX SO LONG AS NO PORTION OF THE COUNTY AREA IS SUBJECT TO MORE THAN TWO PERCENT TOTAL SALES TAX.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 4‑10‑470 of the 1976 Code, as added by Act 316 of 2008, is amended to read:

“Section 4‑10‑470. (A) The Education Capital Improvements Sales and Use Tax authorized by this article may only be imposed in counties which have collected at least seven million dollars in state accommodations taxes as imposed pursuant to Section 12‑36‑920(A) in the most recent fiscal year for which full collection figures are available. Once a county meets this threshold it thereafter remains eligible to impose this tax.

(B)(1) The Education Capital Improvements Sales and Use Tax authorized by this article also may be imposed in counties which do not meet the collection requirements of subsection (A) so long as, at any time, no portion of the county area is subject to more than two percent total sales tax.

(2) Notwithstanding any other provision of law, if, within a county there is imposed the Education Capital Improvements Sales and Use Tax pursuant to this subsection, then no other sales tax may be imposed if the subsequent imposition causes the total sales tax to exceed two percent in any portion of the county area. This limitation applies so long as this subsection is utilized to impose the Education Capital Improvements Sales and Use tax.

(3) For purposes of this subsection, a sales tax is a tax levied pursuant to this chapter, pursuant to Chapter 37, Title 4, or pursuant to any local law enacted by the General Assembly.”

SECTION 2. This act takes effect upon approval by the Governor.

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