



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	Amended by the House of Representatives on April 6, 2021
Author:	Stavrinkakis	
Subject:	Local Sales & Use Tax	
Requestor:	Senate Finance	
RFA Analyst(s):	Gallagher	
Impact Date:	April 21, 2022	

Fiscal Impact Summary

This bill permits counties to impose both a capital project sales tax and a transportation sales tax. Currently a county may not impose both a capital projects sales tax and a transportation sales 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 both a capital project sales tax and a transportation sales tax is unknown. Therefore, the resulting local revenue increase from imposing both taxes is undetermined.

Explanation of Fiscal Impact

Amended by the House of Representatives on April 6, 2021

State Expenditure

This bill amends Chapter 10 and Chapter 37 of Title 4 to allow counties to impose a capital project sales tax and a 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 10 and Chapter 37 of Title 4 to allow counties to impose both a capital project sales tax and a transportation sales tax. Neither the capital project sales tax nor the transportation sales tax may exceed 1 percent. 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. Therefore, we do not expect the bill to impact local expenditures.

Local Revenue

This bill permits counties to impose both a capital projects sales tax and a transportation sales tax. Neither tax may exceed 1 percent. The capital project sales tax is utilized to fund specific capital projects such as roads, bridges, public facilities, and water and sewer projects, while the transportation sales tax is established to finance the cost of transportation related projects, such as highways, roads, streets, and bridges. Currently, the following twenty-three counties impose a capital project sales tax:

- Aiken,
- Allendale,
- Bamberg,
- Barnwell,
- Calhoun,
- Chester,
- Colleton,
- Edgefield,
- Florence,
- Greenwood,
- Horry,
- Lancaster,
- Laurens,
- Lee,
- Marion,
- McCormick,
- Newberry,
- Orangeburg,
- Saluda,
- Spartanburg,
- Sumter,
- Williamsburg, and
- York.

The following five counties impose a transportation sales tax:

- Berkeley,
- Charleston,
- Dorchester,
- Jasper, and
- Richland.

This bill will generate additional revenue if a county approves both a capital project sales tax and a transportation sales tax. However, since this bill is permissive, the number of counties that will

elect to adopt both a capital project sales tax and a transportation sales tax is unknown, and the resulting revenue impact is undetermined.

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