

South Carolina Board of Economic Advisors Statement of Estimated State Revenue Impact

Date: January 24, 2010

Bill Number: S.B. 1092

Authors: Leventis and Ford

Committee Requesting Impact: Senate Finance Committee

Bill Summary

A bill to repeal Section 12-36-2120(5) of the 1976 Code, relating to sales tax exemptions for feed used for poultry or livestock.

REVENUE IMPACT ^{1/}

This bill would increase sales and use tax revenue by an estimated \$26,454,300 in FY2010-11. Of this amount, General Fund sales and use tax would increase by \$17,636,200, E.I.A. funds would increase by \$4,409,050, and Homestead Exemption Fund revenue would increase by \$4,409,050 in FY2010-11.

Explanation

This bill would repeal Section 12-36-2120(5) relating to the sale of feed used for the production and maintenance of poultry and livestock. According to the South Carolina Department of Revenue, the sale of feed used in the production and maintenance of livestock, as defined Regulation 117-301.1, is exempt from the tax under Code Section 12-36-2120(5). In addition, horse feed, and rabbit feed used in the production and maintenance of rabbits for human consumption and feed used in the production and maintenance of fry, fingerlings and fish are exempt. Based on information and the latest data from the South Carolina Department of Agriculture and the U.S. Department of Agriculture, the sales of feed used in the production of poultry or livestock totaled \$440,905,000 annually in the state. Multiplying this amount by a sales and use tax rate of 6%, and the repeal of Section 12-36-2120(5) would increase sales and use tax revenue by an estimated \$26,454,300 in FY2010-11. This act takes effect July 1, 2010.

/s/ WILLIAM C. GILLESPIE, PH.D.

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^{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.