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To: Godfrey, Rob <RobGodfrey@gov.sc.gov>
CC: Baker, Josh <JoshBaker@gov.sc.gov>
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Subject: Notes on House Tax Actions

There are 7 bills in the package, one of which is kind of an omnibus bill that contains provisions that also appear in the other separate bills. H.4993-4999.

They're all in Ways & Means...three moved through a subcommittee this week. The three that moved (and note that these bulletpoint descriptions are what they used in Harrell's press release):

- Cut the business property tax rate from 10.5% to 6% (H4993)
- Flatten the income tax from six tax brackets to three (0%, 3%, 7%) (H4994)
- Drop the property tax from 6% to 5% on commercial and rental property (H4998)

I haven't seen a full committee meeting posted yet for next week, but presumably, they'll refer those bills out (and potentially others) then. We won't know until later today.

For 4993 - we only proposed to amend the Constitution this year to allow those rates to be set by statute - we didn't propose to change the rates this year. The substance of 4998 isn't anything we addressed in our plan - if you look at the fiscal note, it reduces local property taxes by \$827 million (not a typo) over the next 8 years. H. 4993 cuts local taxes by \$228 million over the next 4 years...so it puts a hole of more than \$1 billion in local budgets, according to BEA.

The core concept of 4994 is largely cribbed from our plan, except we didn't create any losers. They amended that bill in subcommittee to eliminate the 0% bracket and just have 3% and 7%...so it's a tax increase on poor people. The initial draft of this bill also eliminated some sales tax exemptions...the amended bill isn't available online at this point, so I don't know yet whether or not those provisions remain in there. Tough to give you more info on that bill right now then - and there's still not a posted impact statement at BEA's website. News reports have said it costs the General Fund \$51 million/year.

They didn't move the Corp Tax bill (4999). Can talk you through this in greater detail if/when you're interested. Josh - if anything here doesn't look right, stop by and tell us. Thanks.

CLS

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