



**SOUTH CAROLINA
REVENUE AND FISCAL AFFAIRS OFFICE**

CHAD WALLDORF, Chairman
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FRANK A. RAINWATER
Executive Director

September 25, 2014

The Honorable Nikki Haley, Governor
State of South Carolina
State House, 1st Floor
Columbia, SC 29211

Dear Governor Haley,

This letter is in response to a request made on your behalf by staff for an update to a table on the revenue impact of phasing out the maximum sales tax limitation on automobiles while exempting a portion of a vehicle's value based on a prescribed schedule over a five year period. The attached table has been updated to include a column for the amount of increased revenue the Education Improvement Act Fund would receive under the prescribed phase out schedule.

If we may be of any further assistance, please advise.

Sincerely,

A handwritten signature in blue ink that reads "Frank A. Rainwater".

Frank A. Rainwater
Executive Director

FAR/rwm
Encl.

cc: Christian Soura, Deputy Chief of Staff
Joshua Baker, Budget Director

Estimated Sales and Use Tax Collections From the Sale of Automobiles
By Varying Maximum Caps and Exclusion Amounts
Fiscal Years 2013-14 to 2024-25

Fiscal Year	Max Cap	Amount of Exclusion	Total Revenue	Annual Transfer to DOT		Amount to E.I.A. Fund	Cumulative Transfer to DOT	
				Current Law 1/	Proposed		Current Law 1/	Proposed
FY2013-14 a/	\$300	\$0	\$0	\$59,543,949		\$46,600,000	\$59,543,949	
FY2014-15 e/	\$300	\$0	\$153,500,000	\$61,400,000		\$46,600,000	\$120,943,949	
FY2015-16 e/	\$600	\$1,000	\$233,000,000	\$93,200,000		\$46,600,000	\$214,143,949	\$93,200,000
FY2016-17 e/	\$1,000	\$2,000	\$286,500,000	\$114,600,000		\$57,300,000	\$328,743,949	\$207,800,000
FY2017-18 f/	\$1,500	\$3,000	\$307,600,000	\$123,040,000		\$61,520,000	\$451,783,949	\$330,840,000
FY2018-19 f/	\$2,000	\$4,000	\$275,000,000	\$110,000,000		\$55,000,000	\$561,783,949	\$440,840,000
FY2019-20 f/	\$0	\$5,000	\$272,300,000	\$108,920,000		\$54,460,000	\$670,703,949	\$549,760,000
FY2020-21 f/	\$0	\$5,000	\$272,300,000	\$108,920,000		\$54,460,000	\$779,623,949	\$658,680,000
FY2021-22 f/	\$0	\$5,000	\$272,300,000	\$108,920,000		\$54,460,000	\$888,543,949	\$767,600,000
FY2022-23 f/	\$0	\$5,000	\$272,300,000	\$108,920,000		\$54,460,000	\$997,463,949	\$876,520,000
FY2023-24 f/	\$0	\$5,000	\$272,300,000	\$108,920,000		\$54,460,000	\$1,106,383,949	\$985,440,000
FY2024-25 f/	\$0	\$5,000	\$272,300,000	\$108,920,000		\$54,460,000	\$1,215,303,949	\$1,094,360,000
Total				\$1,215,303,949		\$1,094,360,000		\$547,180,000

Notes: All calculations made by the Board of Economic Advisors

1/ Act 98 of 2013 - one-half of sales tax from automobiles to be transferred to DOT.

a/ actual

e/ estimated

f/ forecast - Based on latest 10-year average of automobile sales

Estimates are subject to change based upon newly released data and forecasts.

Source: Board of Economic Advisors

BEA/RWM/09/25/14