

State News

Governor wants to end corporate income tax



South Carolina Gov. Mark Sanford, shown here talking with the press during the recent governor's conference in Miami, called Tuesday for a repeal of the state's corporate income tax.

By **JIM DAVENPORT**
Associated Press

COLUMBIA — South Carolina Gov. Mark Sanford said Tuesday he wants the state's corporate income tax eliminated and would pay for that by eliminating some of the breaks companies get for moving to the state or expanding their operations here.

"We have a shotgun blast aimed at helping businesses," Sanford said in a telephone interview after unveiling his tax plans at a Greer business. Under his proposal, the state's 5 percent corporate income tax would be eliminated during the next decade as those tax breaks are phased out. Some of the state's incentives are outdated and far too targeted, Sanford said, noting a break written expressly to attract Cabela's Inc., big box sporting goods retailer, while smaller competitors get nothing.

"Cabela's a perfect example

of an economic incentive for one particular retailer, but it then creates a second class citizen of every retailer that's been in hunting, fishing or ATV or boat business here in South Carolina for a very long time," Sanford said.

The state nets less than \$300 million yearly in corporate income taxes. But it dishes out loads of tax breaks for big business, too. Sanford wants 14 of them eliminated, including job retraining and development credits, a textile mill revitalization break and incentives to develop hydrogen power. Because the state has long-term agreements with businesses, it will take a decade to phase out the breaks.

Sanford's tax pitch comes as he previews elements of his 2010 fiscal budget amid little appetite for tax reductions in the midst of a slowing economy that has state leaders mired in round upon round of budget cuts. A budget that started the year at more than \$7 billion is fast approaching \$6

billion as colleges and health care programs bear the brunt of reductions.

"What we've proposed is tax neutral," Sanford said.

Meanwhile, Sanford added a new twist to his ongoing call for lowering the state's top income tax rate of 7 percent.

Sanford wants give taxpayers an option of paying that rate and using the state's income tax deductions or paying a flat 3.65 percent with no deductions. He said that would spur economic growth.

He would pay for that by raising the state's 7 cent cigarette tax to 37 cents a pack, imposing a \$3 per ton landfill dumping fee and eliminating the state's sales tax holidays.

Sanford said about 4.8 million tons of South Carolina-generate waste and 1.7 million tons of out-of-state waste went to Palmetto State landfills last year he's hearing increasing complaints from residents about large dumps.