SC tax burden considered low

But lawmakers want to do more

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THE STATE

South Carolina had the 10th lowest effective income tax rate of the 41 states with an income tax in 2012, state legislators reviewing the state's tax code were told Tuesday.

South Carolina's high standard deductions and exemptions allow taxpayers to shield a higher portion of their income from state income taxes, reducing their effective tax rate compared with most other

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Taxes

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states, said Gordon Shuford, an economic researcher for the state.

South Carolina's effective tax rate is 2.99 percent, based on 2012 figures, the most recent studied. That effective rate is far lower than the state's 7 percent top income tax rate.

In 2015, Republican Gov. Nikki Haley, called for a 2 percentage point cut to that rate, saying the 7 percent tax bracket hurt efforts to recruit businesses to the state.

State Rep. Bill Taylor, R-Aiken, said Tuesday the perception that South Carolina has high income taxes hurts when marketing the state to outsiders.

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Speaker Pro Tempore Tommy Pope, R-York, agreed, saying when people search for places to live or do business and compare South Carolina's income tax with other states, the 7 percent rate appears high. However, the state's effective tax rate is significantly lower than surrounding states, Pope said.

Still, Pope suggested lowering the top rate to help with the perception issue.

In their presentation to legislators, state budget staffers also noted South Carolina is a comparatively poor state. In 2012, 81.5 percent of S.C. taxpayers reported federal adjusted income of less than $50,000.

Legislators also reviewed the state's 6 percent sales tax rate. Local governments can tack on additional sales taxes for special purposes, including building projects or tourism-related activities. However, the state misses out on about $3 billion a year in revenues because some goods and services are exempt from the sales tax.

In 2012-13, the largest sales tax exemption – $722 million – was on motor fuel, which has its own excise tax. The second largest exemption – $449 million – was on sales of prescription medicines. The third was groceries – $435 million.

Trail

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four state parks — Oconee State Park, the Oconee Station Historic Site, Devil's Fork State Park and Lake Hartwell State Park — the most of any county in South Carolina.

The state parks overall have been moving toward 100 percent self-sufficiency, Achenberg said, and Oconee's parks have moved steadily in that direction, with Devil's Fork State Park more than self-sustaining, producing about 60 percent more revenue that its operating costs.

The county's flagship Oconee State Park, built in the 1930s and looking at some improvements soon to its period-built cabins, is expected to benefit the most from the Palmetto Trail. The park is already 95 percent self-sustaining, according to Achenberg.

It was announced last year that the 350-mile Palmetto Trail is intended to terminate in downtown Walhalla following a 16-mile extension that will run from the present terminus at Oconee Station to take in the Issaqueena Falls area and the Walhalla's Stumphouse Tunnel Park, centered on an uncompleted railroad tunnel started in the 1850s.

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