



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 4765 As signed by the Governor on June 22, 2016
Author: G.R. Smith
Subject: Habitat for Humanity
Requestor: House of Representatives
RFA Analyst(s): Shuford
Impact Date: June 30, 2016

Estimate of Fiscal Impact

	FY 2016-17	FY 2017-18
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	(\$9,175)	(\$10,510)
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill as amended will have no expenditure impact on the General Fund, Federal Funds, or Other Funds. This bill as amended will reduce General Fund individual income tax revenue by \$9,175 in FY 2016-17 and by an additional \$1,335 in FY 2017-18.

Explanation of Fiscal Impact

Explanation of Bill Signed by Governor on June 22, 2016

State Expenditure

The Department of Revenue indicates that this bill will have no expenditure impact on the General Fund, Federal Funds, or Other Funds.

State Revenue

Section 1. This section adds the South Carolina Association of Habitat for Humanity Affiliates to the list of organizations that South Carolina taxpayers may designate for a voluntary contribution on their individual income tax return. These donations will either reduce a taxpayer's income tax refund or increase the amount of tax paid. Since 2006, nine charities have been added to the list of organizations to which taxpayers may donate through their tax returns. Contributions to these nine organizations average \$23,500 in tax year 2013, the latest data available from the Department of Revenue. If this bill is enacted, donations to Habitat for Humanity would begin on the 2016 tax return files by April 17, 2017. Taxpayers could then claim a charitable deduction on their 2017 income tax return, thereby reducing their income tax liabilities in that year. We estimate that charitable donations will increase by \$23,500 in 2017 from the expected contributions to Habitat for Humanity. These contributions multiplied by an

average rate of 5.68% will result in a reduction in General Fund individual income tax revenue of \$1,335 in FY 2017-18. If a taxpayer claims a standard deduction rather than itemizing their deductions, the revenue reduction to the General Fund will be less than the \$1,335 estimate above.

Section 2. This section increases the nonrefundable fifty-dollar income tax credit to seventy-five dollars for each deer carcass processed and donated pursuant to Section 12-6-3750. Meat packers, butchers, or processing plants that contract with nonprofit organizations to process deer for donation to any charitable organization engaged in distributing food to the needy are eligible for the income tax credit. According to information from the South Carolina Department of Revenue, 368 taxpayers have claimed donations totaling \$83,212 against state income taxes since the inception of the tax credit. During the latest tax year, 63 taxpayers claimed donations of \$18,345 of venison. Dividing \$18,345 of venison donations by a tax credit of \$50 per deer carcass yields 367 deer carcasses that had their meat processed and donated to local food charities. Multiplying 367 deer carcasses by a proposed increase in the tax credit of \$25 per carcass yields a reduction in General Fund individual income tax revenue of an estimated \$9,175 in FY c2016-17.

Local Expenditure

N/A

Local Revenue

N/A

Explanation of Amendment by the Ways and Means Committee on April 19, 2016

State Expenditure

The Department of Revenue indicates that this bill will have no expenditure impact on the General Fund, Federal Funds, or Other Funds.

State Revenue

The amendment revises the name of the organization that South Carolina taxpayers may designate for a voluntary contribution in Section 12-6-5060(A) from Habitat for Humanity to the South Carolina Association of Habitat for Humanity Affiliates. The revenue impact of the amended bill is unchanged from the bill as filed.

Local Expenditure and Revenue

N/A

Explanation of Bill Filed on January 27, 2016

State Revenue

This bill amends Section 12-6-5060(A) to add Habitat for Humanity to the list of organizations that South Carolina taxpayers may designate for a voluntary contributions on their individual income tax return. These donations will either reduce a taxpayer's income tax refund or increase the amount of tax paid. Since 2006, nine charities have been added to the list of organizations to which taxpayers may donate through their tax returns. Contributions to these nine organizations averaged \$23,500 in tax year 2013, the latest data available from the Department of Revenue. If this bill is enacted, donations to Habitat for Humanity would begin on the 2016 tax return filed

by April 17, 2017. Taxpayers could then claim a charitable deduction on their 2017 income tax return, thereby reducing their income tax liabilities in that year. We estimate that charitable donations will increase by \$23,500 in 2017 from the expected contributions to Habitat for Humanity. These contributions multiplied by an average tax rate of 5.68% will result in a reduction in General Fund individual income tax revenue of \$1,335 in FY 2017-18. If a taxpayer claims a standard deduction rather than itemizing their deductions, the revenue reduction to the General Fund will be less than the \$1,335 estimate above.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director