

SOUTH CAROLINA

Midlands Business Tax Burden Analysis

August 2010

Sales Tax Base Rate Comparison - Midlands



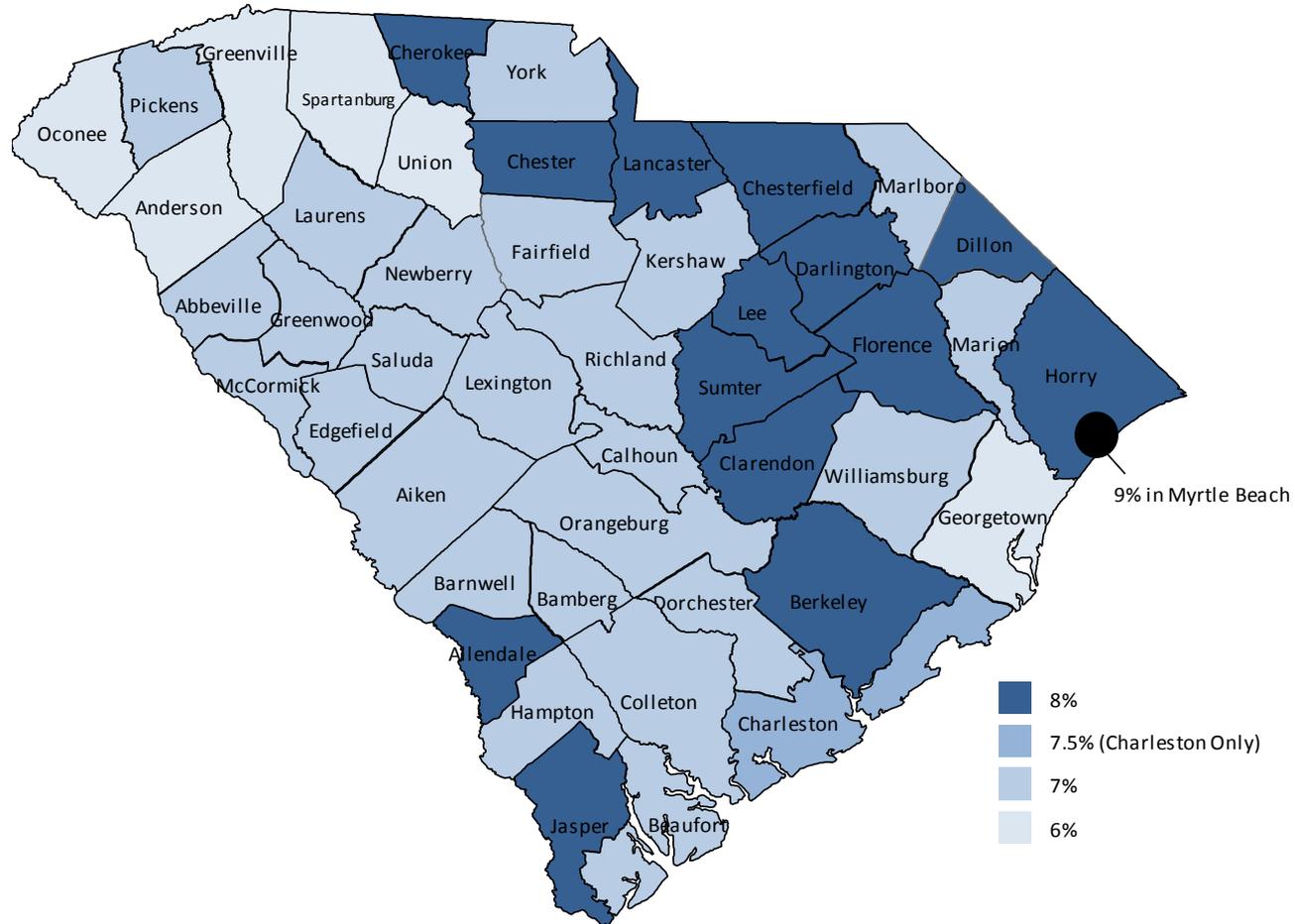
Prepared foods in Columbia and most of Richland County are taxed at 9%.

Prepared foods in Sumter County are taxed at 10%.

With an additional 1% sales tax, Richland County businesses will be disadvantaged compared to businesses in 5 of the 6 neighboring counties.

Source: South Carolina Department of Revenue, 2010

Sales Tax Rate Comparison - Statewide



Source: South Carolina Department of Revenue, 2010

Sales Tax Rate Comparison

City / County	Base Tax	Prepared Foods (Hospitality) Surtax*	Total Tax on Prepared Foods
Richland County	7%	2%	9%
Columbia	7%	2%	9%
Forest Acres	7%	2%	9%
Lexington County	7%	-	7%
West Columbia	7%	-	7%
Lexington	7%	-	7%
Cayce	7%	-	7%
Irmo	7%	-	7%
Calhoun County	7%	-	7%
Sumter County	8%	2%	10%
Kershaw County	7%	-	7%
Fairfield County	7%	-	7%
Charleston	7.5%	1% (2% if Alcohol Served)	8.5% - 9.5%
Greenville	6%	-	6%
Myrtle Beach	9%	1.5%	10.5%
Florence	8%	2%	10%
Spartanburg	6%	2%	8%

If passed, the November referendum would add 1% to the base tax, for a total rate of 8%. Prepared foods in Richland County would be taxed at 10%.

Note: Base sales tax rate in SC is 6%. The local option sales tax in Richland County is 1%.

* The local option hospitality tax in Columbia, Forest Acres, Arcadia Lakes, Blythewood and the unincorporated areas of the county is 2%. Eastover and Irmo, in Richland County, have a 1% hospitality tax.

Source: South Carolina Department of Revenue, Respective County and Municipal Offices

Columbia area businesses already have higher property tax burdens than other SC metro areas.

Property Taxes Due on a Hypothetical Commercial Property (6% Assessment Ratio)

City of Columbia (Central Business District)

For a \$500,000 Property: \$13,005
 For a \$2 Million Property: \$52,022
 For a \$25 Million Property: \$650,275

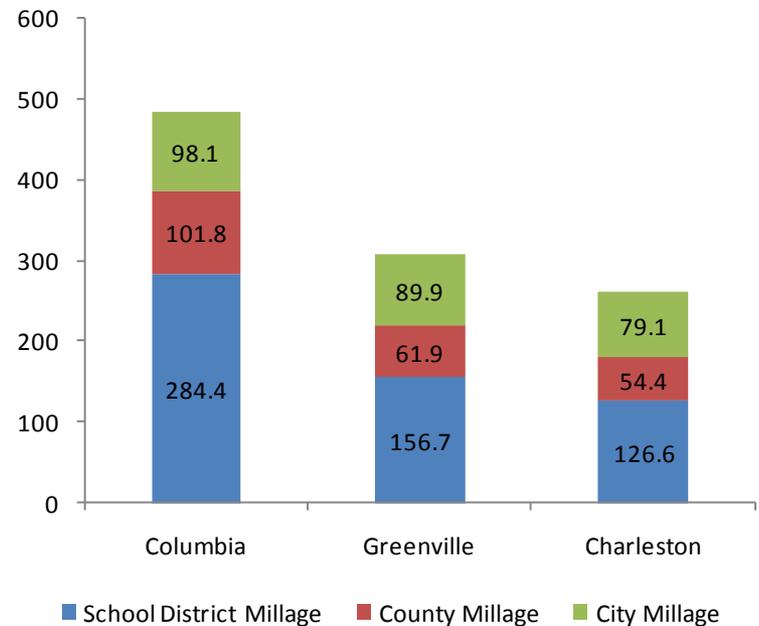
City of Greenville (Central Business District)

For a \$500,000 Property: \$9,255
 For a \$2 Million Property: \$37,020
 For a \$25 Million Property: \$462,750

City of Charleston (Central Business District)

For a \$500,000 Property: \$7,093
 For a \$2 Million Property: \$28,372
 For a \$25 Million Property: \$354,650

Property Tax Millage Rates City Central Business District



Property Tax Rate Comparison \$500,000 Commercial Property

Area	Tax District	Millage Rate			Total Millage	Tax Credit Factor	Taxes Due
		County	School District	City Other*			
Columbia	Richland - 1CC	101.8	284.4	98.1	484.3	0.003047	\$13,006
Forest Acres	Richland - 1FA	101.8	284.4	67.7	453.9	0.002451	\$12,392
Blythewood	Richland - 2TB	101.8	342.3	13.6	457.7	0.001141	\$13,161
Lexington (Town)	Lexington - 1L	81.0	321.1	66.8	468.9	0.001950	\$13,093
Cayce	Lexington - 2C	81.0	178.7	61.6	321.3	0.002105	\$8,587
Irmo	Lexington - 5IFD	81.0	265.0	34.3	380.3	0.001310	\$10,753
West Columbia	Lexington - 2W	81.0	178.7	71.1	330.8	0.002105	\$8,872
Richland Unincorporated*	Avg of 6 Districts	101.8	298.9	17.7	418.4	0.001141	\$11,981
Lexington Unincorporated*	Avg of 10 Districts	81.0	314.5	7.0	402.5	0.002146	\$11,002
Charleston (City)	City of Charleston	54.4	126.6	79.1	260.1	0.001420	\$7,093
Greenville (City)	Greenville - 500	61.9	156.7	89.9	308.5	--	\$9,255
Myrtle Beach	Myrtle Beach	47.3	139.3	64.4	251.0	--	\$7,530
Florence (City)	Florence - 110	81.8	206	54.9	342.7	0.002080	\$9,241
Spartanburg (City)	Spartanburg - 6SS	77.9	216.8	100.1	394.8	--	\$11,844

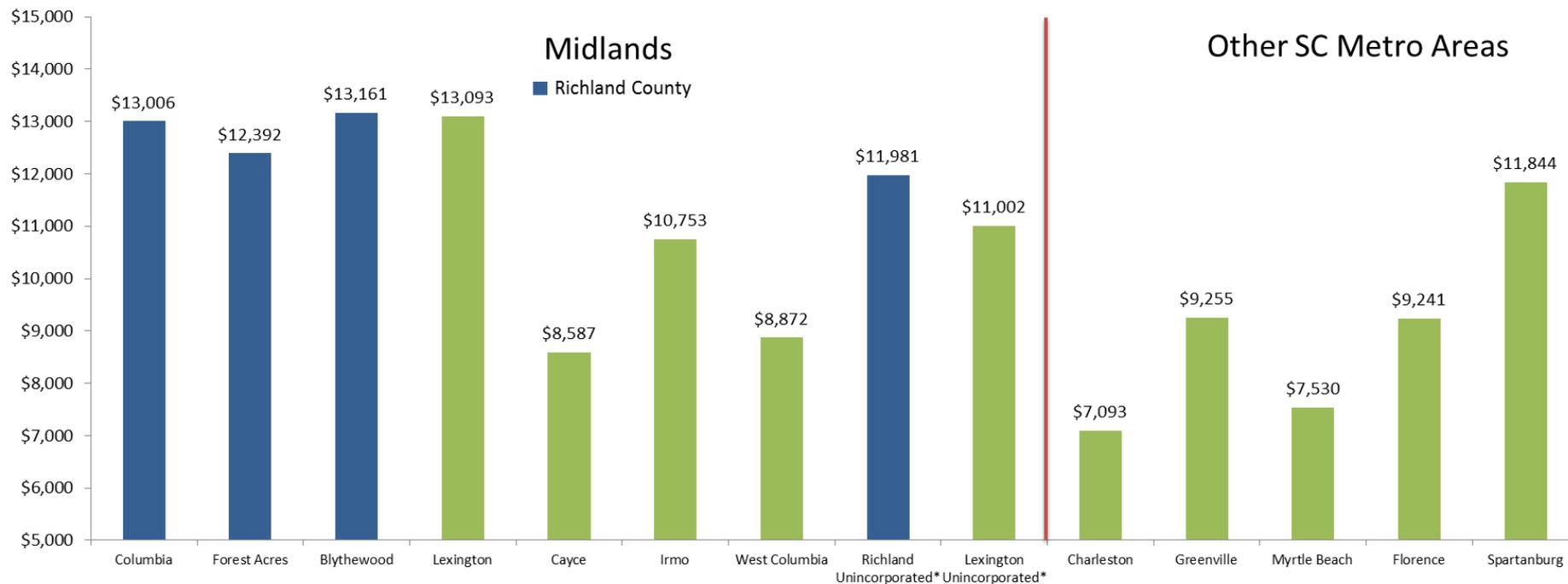
Note: The city/town millage and property taxes are based on the central business tax district rates. The unincorporated county area rates are based on average millage rates of the tax districts in these unincorporated areas.

*For municipalities, the "city/other" column is the municipality millage rate, local recreation commissions, etc. For unincorporated areas, this also includes the fire district, solid waste and other millage. The total millage column includes all property tax millage for the respective tax districts.

Source: Respective County Assessor's Offices

Property Tax Rate Comparison

\$500,000 Commercial Property (6% Assessment Ratio)



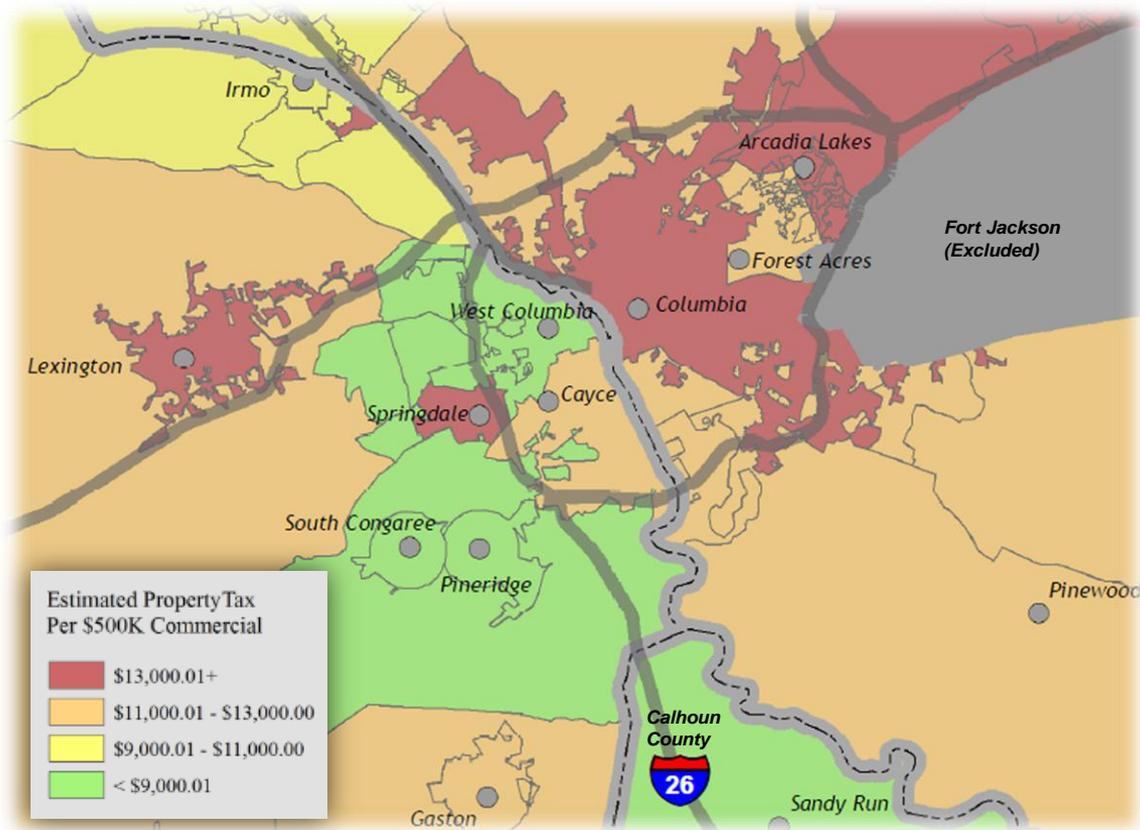
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In South Carolina, owner-occupied residential property is assessed at 4%, commercial and rental residential at 6%, industrial at 10.5%.

Source: Respective County Assessor’s Offices

The Columbia central business district has one of the highest property tax rates in the region.

**Property Taxes Due on a Hypothetical
\$500,000 Commercial Property**



The Columbia central business district has one of the highest property tax rates in the region and state.

Millage Rates and Property Taxes Due on a \$500,000 Commercial Property

RICHLAND COUNTY				
Tax District	District Name	Total Millage Rate	Lost Credit Factor	Property Tax \$500K Commercial
2CC	City of Columbia	542.2	0.003047	\$14,742.50
2FA	City of Forest Acres	511.8	0.002451	\$14,128.50
2AL	Arcadia Lakes	464.4	0.001141	\$13,361.50
2TB	Town of Blythewood	457.7	0.001141	\$13,160.50
1CC	City of Columbia	484.3	0.003047	\$13,005.50
1FA	City of Forest Acres	453.9	0.002451	\$12,391.50
1CY	City of Cayce	427.2	0.001141	\$12,245.50
6CC	City of Columbia	452.6	0.003047	\$12,054.50
1AL	Arcadia Lakes	406.5	0.001141	\$11,624.50
6TI	Town of Irmo	367.7	0.001141	\$10,460.50

LEXINGTON COUNTY				
Tax District	District Name	Total Millage Rate	Lost Credit Factor	Property Tax \$500K Commercial
3B	Town of Batesburg-Leesville	481.453	0.002351	\$13,268.09
1L	Town of Lexington	468.982	0.00195	\$13,094.46
1C	City of Cayce	463.866	0.00195	\$12,940.98
5C	Town of Chapin	391.462	0.00131	\$11,088.86
5IFD	City of Irmo Fire District	380.272	0.00131	\$10,753.16
5IFW	City of Irmo Fire District West	380.272	0.00131	\$10,753.16
2S	Town of Springdale	349.884	0.002105	\$9,444.02
2W	City of West Columbia	330.806	0.002105	\$8,871.68
2L	Town of Lexington	326.422	0.002105	\$8,740.16
2C	City of Cayce	321.306	0.002105	\$8,586.68

CHARLESTON COUNTY				
Tax District	District Name	Total Millage Rate	Lost Credit Factor	Property Tax \$500K Commercial
34-36	City of Charleston	260.1	0.00142	\$7,093.00
41	North Charleston PSD	283.3	0.00071	\$8,144.00
47	Town of Summerville	243.4	0.00101	\$6,797.00
21	Town of Mt. Pleasant	219.6	0.00101	\$6,083.00

GREENVILLE COUNTY				
Tax District	District Name	Total Millage Rate	Lost Credit Factor	Property Tax \$500K Commercial
500	Greenville City	308.5	-	\$9,255.00
799	Mauldin City	270.3	-	\$8,109.00
898	Simpsonville City	282.9	-	\$8,487.00
366	Traveler's Rest City	310.2	-	\$9,306.00

SPARTANBURG COUNTY				
Tax District	District Name	Total Millage Rate	Lost Credit Factor	Property Tax \$500K Commercial
6SS	Spartanburg	394.8	-	\$11,844.00
5TS D	Duncan	370.7	-	\$11,121.00
5TR G	Lyman	392.8	-	\$11,784.00
5TS L	Greer	394.6	-	\$11,838.00

HORRY COUNTY				
Tax District	District Name	Total Millage Rate	Lost Credit Factor	Property Tax \$500K Commercial
	Myrtle Beach	251.0	-	\$7,530.00
	N. Myrtle Beach	218.8	-	\$6,564.00
	Conway	273.2	-	\$8,196.00

FLORENCE COUNTY				
Tax District	District Name	Total Millage Rate	Lost Credit Factor	Property Tax \$500K Commercial
110	City of Florence	342.7	0.00208	\$9,241.00
320	City of Lake City	443.4	0.00343	\$11,587.52

Business License Fee Comparison Taxes Due on \$1M Gross Receipts

	Retail	Wholesale (Durable)	Restaurant	Manufacturing	Professional Services
Columbia	\$1,212	\$655	\$1,237	\$631 to \$1,821 **	\$1,833
West Columbia	\$1,028	\$784	\$1,028	\$724	\$2,745
Lexington	\$1,073	\$1,073	\$1,018	\$1,073	\$1,347
Cayce	\$1,173	\$1,228	\$1,118	\$1,228	\$1,392
Irmo	\$900	\$900	\$900	\$965	\$1,975
Forest Acres	\$1,687	\$1,792	\$1,582	\$1,687	\$2,211
Richland Unincorporated	\$1,120	\$1,020	\$1,020	\$1,223	\$1,632
Lexington Unincorporated	None	None	None	None	None
Charleston	\$1,985	\$1,985	\$1,985	\$2,440	\$3,907
Greenville	\$1,819	\$1,383	\$1,882	\$1,819	\$2,131
Myrtle Beach	\$2,650	\$2,760	\$2,540	\$2,870	\$3,199
Florence	\$1,727	\$1,886	\$1,727	\$800	\$2,625
Spartanburg	\$1,674	\$928	\$1,702	\$797.50*	\$2,772

*Mfg. Cap if Gross Receipts above \$500,000

*Note: Businesses in Richland County inside city limits are charged only the city business licensing fees. If they are located or do business outside of city limits, then they pay Richland County licensing fees. Lexington county does not have business license fees.

** Columbia has many rates that apply to manufacturing, depending on the type of business. The first value shown here is for the “all other” manufacturing category; however, exceptions to this rate are numerous, i.e. a machine shop with \$1 Million in revenue would pay \$1,821 in fees.

Source: Respective City Offices

Business License Fee Comparison Taxes Due on \$10M Gross Receipts

	Retail	Wholesale (Durable)	Restaurant	Manufacturing	Professional Services
Columbia	\$9,312	\$4,705	\$4,681	\$4,681 to \$13,971**	\$13,983
West Columbia	\$7,778	\$5,846	\$7,778	\$5,449	\$14,557
Lexington	\$7,373	\$7,373	\$7,018	\$7,373	\$9,147
Cayce	\$11,005	\$11,488	\$10,523	\$11,488	\$12,555
Irmo	\$6,180	\$6,180	\$6,180	\$6,299	\$13,555
Forest Acres	\$13,207	\$14,032	\$12,382	\$13,207	\$17,331
Richland Unincorporated	\$8,545	\$7,770	\$7,770	\$9,323	\$12,432
Lexington Unincorporated	None	None	None	None	None
Charleston	\$15,147	\$15,147	\$15,147	\$18,640	\$29,894
Greenville	\$17,569	\$6,758	\$17,632	\$6,758	\$12,506
Myrtle Beach	\$23,600	\$24,530	\$22,670	\$25,460	\$28,249
Florence	\$12,692	\$13,819	\$12,692	\$6,200	\$19,072
Spartanburg	\$16,524	\$8,308	\$16,552	\$797.50*	\$27,522

*Mfg. Cap if Gross Receipts above \$500,000

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** **Columbia has many rates that apply to manufacturing, depending on the type of business. The first value shown here is for the “all other” manufacturing category; however, exceptions to this rate are numerous, i.e. a machine shop with \$10 Million in revenue would pay \$13,971 in fees.**

Source: Respective City Offices

Business License Fee Comparison Taxes Due on \$50M Gross Receipts

	Retail	Wholesale (Durable)	Restaurant	Manufacturing	Professional Services
Columbia	\$33,312	\$16,705	\$28,681	\$16,681 to \$49,971**	\$49,983
West Columbia	\$27,778	\$20,846	\$27,778	\$19,449	\$49,557
Lexington	\$32,573	\$32,573	\$31,018	\$32,573	\$40,347
Cayce	\$50,105	\$52,288	\$47,923	\$52,288	\$58,455
Irmo	\$23,780	\$23,780	\$23,780	\$25,099	\$52,155
Forest Acres	\$61,207	\$65,032	\$57,382	\$61,207	\$80,331
Richland Unincorporated	\$30,545	\$27,770	\$27,770	\$33,323	\$44,432
Lexington Unincorporated	None	None	None	None	None
Charleston	\$54,147	\$54,147	\$54,147	\$66,640	\$106,894
Greenville	\$77,569	\$26,758	\$87,632	\$26,758	\$32,506
Myrtle Beach	\$90,000	\$93,530	\$86,470	\$97,060	\$107,649
Florence	\$22,042	\$23,994	\$21,217	\$17,475	\$33,097
Spartanburg	\$82,524	\$41,108	\$82,552	\$797.50*	\$137,522

*Mfg. Cap if Gross Receipts above \$500,000

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** Columbia has many rates that apply to manufacturing, depending on the type of business. The first value shown here is for the “all other” manufacturing category; however, exceptions to this rate are numerous, i.e. a machine shop with \$50 Million in revenue would pay \$49,971 in fees.

Source: Respective City Offices

Business License Fee Revenue in Columbia is relatively high for the Midlands Area.

Richland County is one of eight counties in the state that charge business licensing fees.

Over 200 municipalities in South Carolina, including all major metro areas, charge business license fees.

Note: Businesses only pay county fees if they are not paying municipality licensing fees. The other counties with fees are Beaufort, Charleston, Dorchester, Horry, Jasper, Marion and Sumter.

Source: Respective County and Municipal Offices

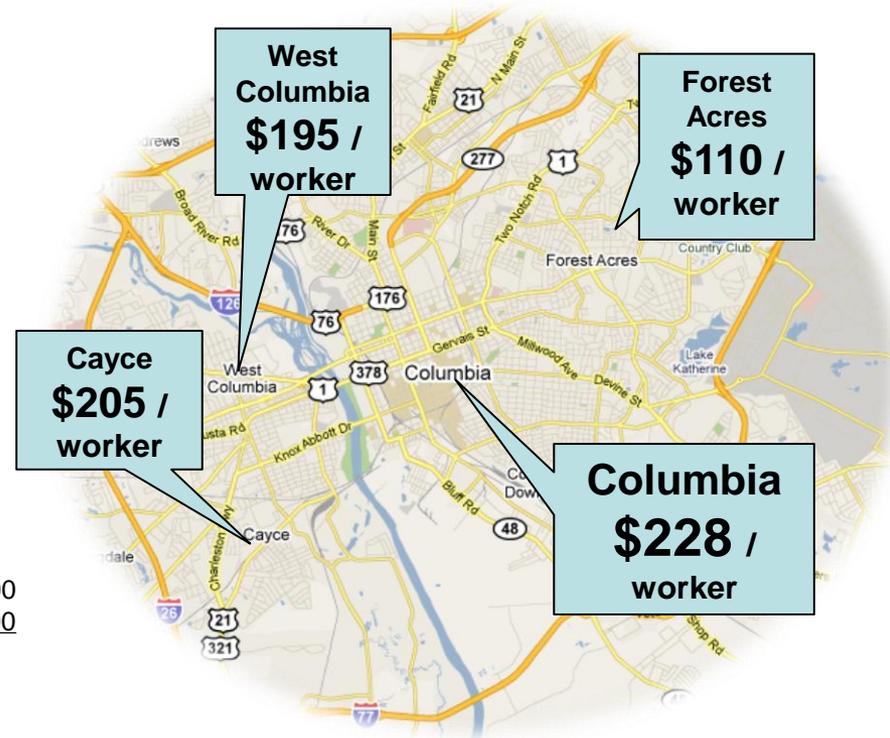
Example Calculation

2008 Business License Fee Revenue for Columbia = \$21,578,000

2008 Total Private Employment in Columbia City Limits = 94,500

Columbia Business License Fee Revenue per Worker = \$228

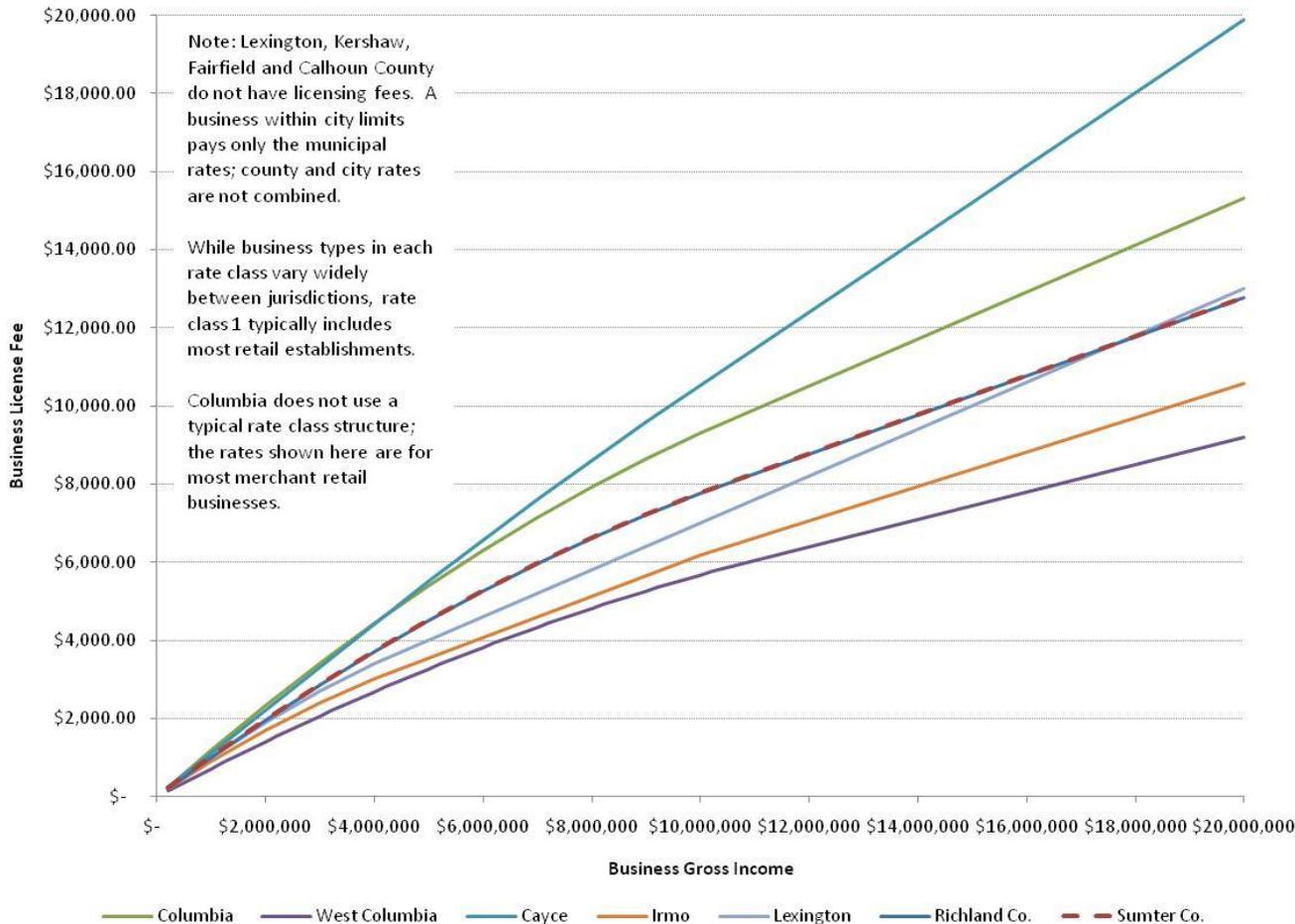
Midlands Area Business License Fee Revenue Per Private-Sector Worker in City



Source: DOC Calculations, US Census Bureau and SC Office of Research and Statistics 2008 Data

Midlands Area Business Licensing Fees

Example Rate Class 1 Company (General Merchant Retail)



Example Schedule: Richland County

BUSINESS CLASS	Income: \$0-\$2,000 (minimum fee)	All Over \$2,000 (rate per \$1,000 or fraction thereof)
1	\$22.00	\$1.00
2	\$22.50	\$1.10
3	\$25.00	\$1.20
4	\$27.50	\$1.30
5	\$30.00	\$1.40
6	\$32.50	\$1.50
7	\$35.00	\$1.60
8	Individual Business Rates	*

Note: Non-Resident rates are typically double resident business rates.

DECLINING RATE - applies for gross income in excess of \$1,000,000

Gross Income Amount (in Millions)	Percent of Rate for Each additional \$1,000
0 to 1	100%
1 to 2	95%
2 to 3	90%
3 to 4	85%
4 to 5	80%
5 to 6	75%
6 to 7	70%
7 to 8	65%
8 to 9	60%
9 to 10	55%
Over 10	50%

Source: Respective County and Municipal Offices

Business Licensing Fees – City of Columbia

The City of Columbia business license fee structure is unique in the midlands and clearly needs modernization.

With over 100 types of business codes and over 60 types of rates, the Columbia rate tables are based on arcane, patchwork ordinances that have grown more complex as the structure has evolved.

There is no conversion of business classifications to modern NAICS Codes that are most often used by US municipalities, thus complicating the process of categorizing businesses for fair taxation.

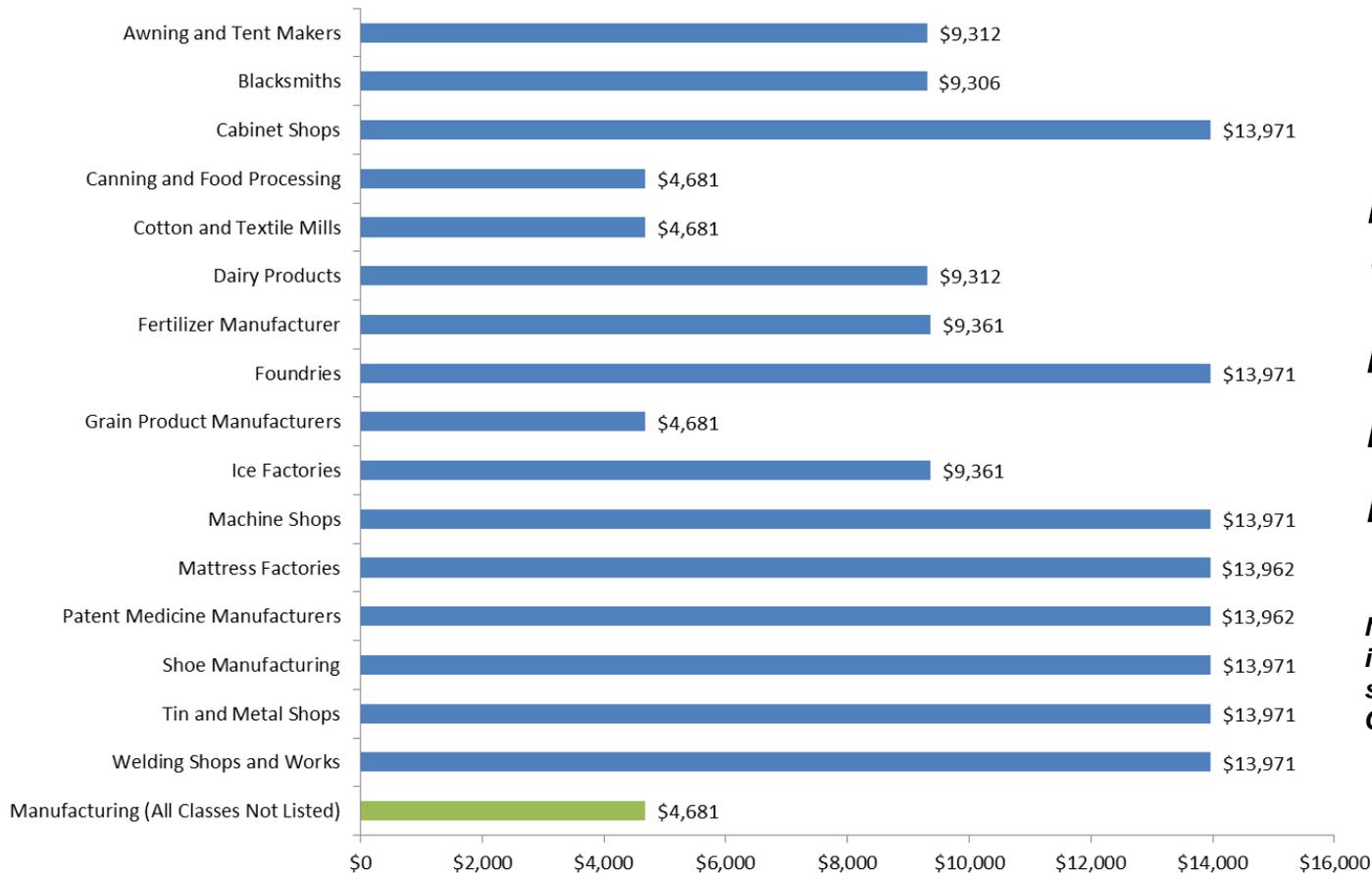
West Columbia, Cayce, Lexington, Florence and Charleston have typical business license fee structures with eight classifications.

Greenville, Spartanburg and Myrtle Beach have atypical fee schedules, but with fewer business classifications than Columbia.

Source: Respective city codes of ordinances.

Business Licensing Fees – City of Columbia

City of Columbia Manufacturing Business License Fee \$10 Million Gross Receipts



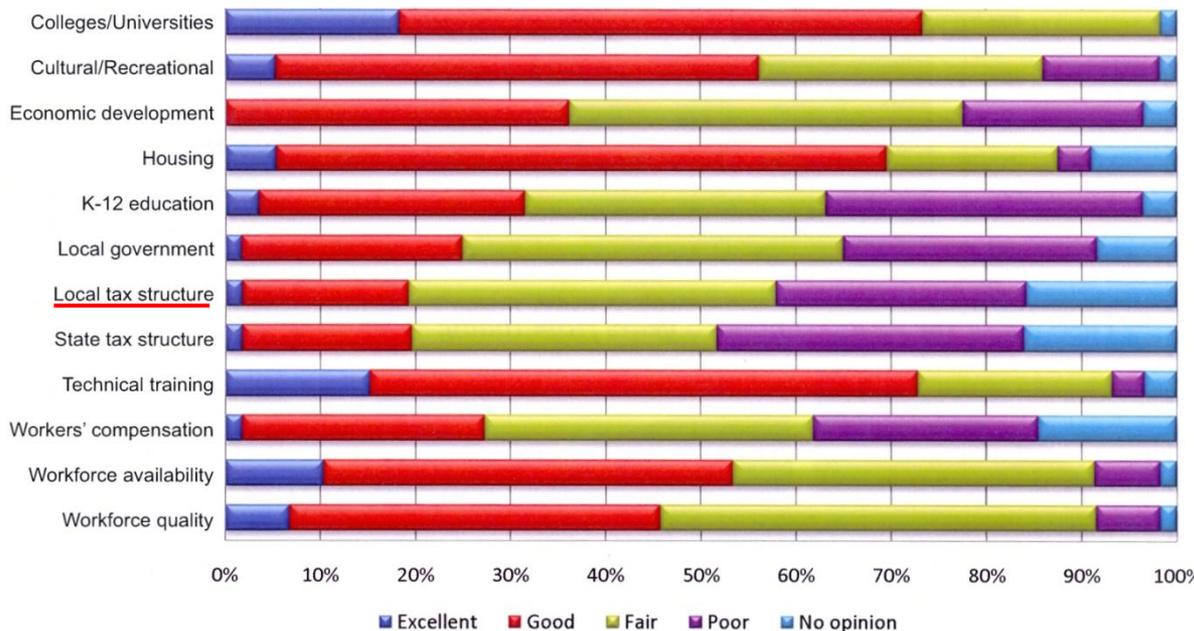
License fees vary widely between manufacturing business types.

Note: The business classes listed here include all manufacturing activities specifically listed in the Columbia Code of Ordinances

Source: City of Columbia codes of ordinances.

Businesses in Columbia have a significant, negative opinion of the local tax structure.

Ranking and Measurement of Business Climate Elements



In 2009, under 20% of the ninety local businesses interviewed rated the local tax structure as good or excellent. In 2008, nearly 30% had a positive response.

Between 2008 and 2009, the number of respondents indicating taxes will detract from potential business growth increased from over 20% to nearly 40%.

Source: *The Greater Columbia Business Retention & Expansion Report, April 2010; City of Columbia and Greater Columbia Chamber of Commerce.*

SOUTH CAROLINA

