



## Fast Facts

### South Carolina Policy Council

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## South Carolina's Tax Burden: *Among the nation's best – or worst?*

*Legislative leaders are claiming that South Carolina “has the lowest state taxes in the nation.” If only it were true. Unfortunately the claim confuses tax collections and tax rates. It's true that the state collects fewer dollars – but those who pay taxes, pay at higher rates.*

- Tax collections are low largely because the state provides hundreds of special tax breaks to well-connected companies and industries. Consider: state government hands out more corporate income and sales tax breaks than it collects. So *collections* are low, but *rates* on those who actually pay taxes are not.
- The state also collects fewer dollars because we're the 45th poorest state in the nation. In other words: State government collects fewer dollars because there are fewer dollars to collect.
- South Carolina's sales tax rate of 6 percent is the 15th highest in the nation.
- South Carolina's income tax is 7 percent on nearly all income earners. That's higher than “high tax states” such as Massachusetts, where the income tax is a flat 5.3 percent. Overall, South Carolina ranks 38th highest in the nation.
- We have the highest manufacturing property tax in the nation. National average: 1.42 percent. South Carolina's effective rate: 3.73 percent.
- South Carolina's state and local debt per capita is 16th highest in the nation. That's debt that has to be repaid, sooner or later, by taxpayers.
- The “lowest taxes in the nation” claim doesn't include all fines and fees. Yet fines and fees (“Other Funds”) are the single-largest source of state-based revenue in the budget – bringing in almost \$3 billion *more* than general tax revenue.

To read more about how South Carolina ranks compared with other states, visit our [rankings page](#) on the web.