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GUEST EDITORIAL

Time to clear up the tax code for SC residents

The South Carolina House of Representatives is at it again.

This time they are really going to fix things. No more lip service.

This is about action. They are going to fix the tax code.

There is, in short, a committee.

The South Carolina House Tax Policy Review Committee has been tasked with looking over South Carolina's tax code.

Shortly after the chairman of the committee, Rep. Tommy Pope, started the first meeting, he quoted a fellow House member, Gary Simrill, in saying that "any time we deal with taxes it's always lobbyist full employment day." And therein lies the problem.

Thanks to the lobbying power of special interests, South Carolina's tax code is full of caps and exemptions.

Some are fairly broad - a cap on automobile sales taxes, for example - and some are comically narrow.

In the latter category, there is an exemption on 70 percent of portable toilet gross rental sales or leases.

One can almost see the lobbyist for portable toilet industry pushing for the exemption.

While the latter example may seem very specific, that isn't unusual.

There are tax exemptions for newsprint paper (meaning the paper that newspapers buy to print the papers on), the Holy Bible, plants and animals that are sold to public zoos, and even electricity used by a "technology intensive facility."

Scanning through the list it is clear that there is no, and has never been, well-reasoned process behind what should qualify for a tax exemption or cap.

Indeed, it's hard to see much logic in it beyond: If your industry puts enough resources into asking for an exemption, you'll get it.

A couple of examples.

The livestock industry scored big when it

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secured an exemption for "building materials, supplies, fixtures and equipment for the construction, repair or improvement of ... commercial housing of poultry or livestock."

Buyers of locomotives and box cars also accomplished quite a victory when lawmakers exempted these items from sales tax.

The code can become nightmarishly complicated. Suppose you're a gardener and you order some seeds and a spade through the mail.

Unlikely?

Maybe, but not impossible.

The container that your mail order seeds will arrive in is exempt from sales tax, as are the seeds.

But the spade is not.

Confused yet?

It gets so much worse. Casts for your broken leg are not exempt, but prosthetic devices are.

So are dental prosthetics, but not the braces on your kids' teeth.

Hearing aids are exempt, but not eye glasses.

Timeshares are exempt, but not hotel rooms. Most hand-woven baskets are not exempt, but sweetgrass baskets made in South Carolina ... those are exempt.

This guest editorial was written and submitted by Phillip Cease, director of research at the South Carolina Policy Council.