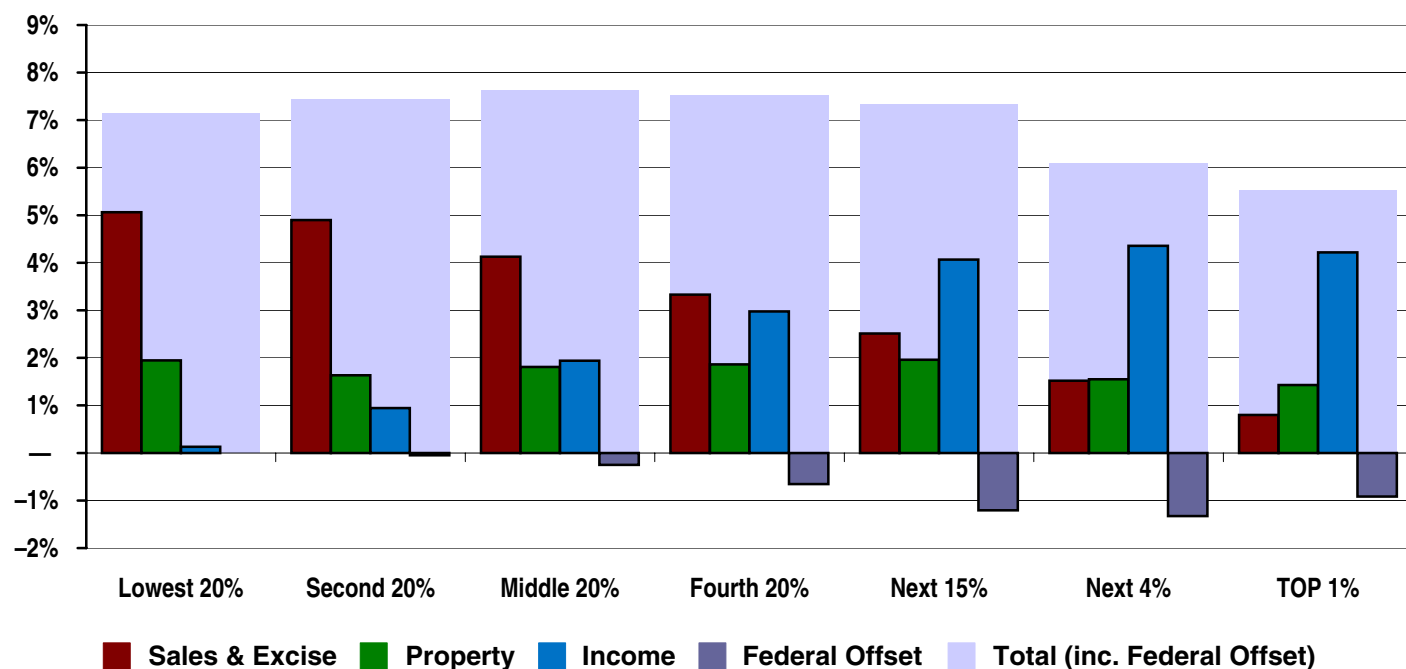


South Carolina

State & Local Taxes in 2007

Shares of family income for non-elderly taxpayers



Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$16,000	\$16,000 – \$27,000	\$27,000 – \$44,000	\$44,000 – \$74,000	\$74,000 – \$150,000	\$150,000 – \$390,000	\$390,000 or more
Average Income in Group	\$9,500	\$21,600	\$34,100	\$57,000	\$100,300	\$214,200	\$1,076,900
Sales & Excise Taxes	5.1%	4.9%	4.1%	3.3%	2.5%	1.5%	0.8%
General Sales—Individuals	3.0%	2.9%	2.5%	2.1%	1.6%	1.0%	0.5%
Other Sales & Excise—Ind.	0.7%	0.6%	0.5%	0.4%	0.3%	0.2%	0.1%
Sales & Excise on Business	1.4%	1.3%	1.1%	0.8%	0.6%	0.4%	0.2%
Property Taxes	1.9%	1.6%	1.8%	1.9%	2.0%	1.6%	1.4%
Property Taxes on Families	1.9%	1.6%	1.8%	1.8%	1.8%	1.2%	0.5%
Other Property Taxes	0.1%	0.0%	0.0%	0.1%	0.1%	0.3%	1.0%
Income Taxes	0.1%	0.9%	1.9%	3.0%	4.1%	4.4%	4.2%
Personal Income Tax	0.1%	0.9%	1.9%	3.0%	4.1%	4.3%	4.1%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
TOTAL TAXES	7.1%	7.5%	7.9%	8.2%	8.5%	7.4%	6.4%
Federal Deduction Offset	—	-0.0%	-0.3%	-0.7%	-1.2%	-1.3%	-0.9%
TOTAL AFTER OFFSET	7.1%	7.4%	7.6%	7.5%	7.3%	6.1%	5.5%

Note: Table shows 2007 tax law updated to reflect permanent changes in law enacted through October 2009.

South Carolina

State & Local Taxes

Features, Developments, and Comparisons

Progressive Features

- ✓ Income tax uses a graduated rate structure
- ✓ Offers an income tax credit for child and dependent care expenses

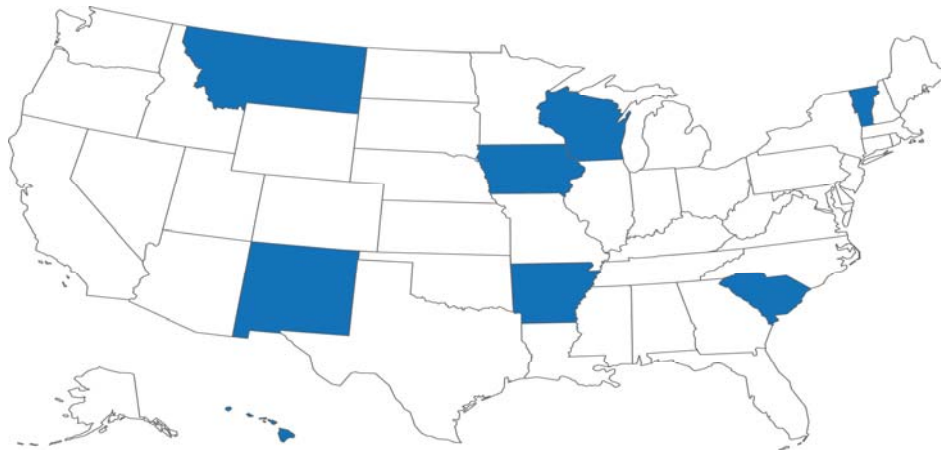
Regressive Features

- ✗ Comparatively high state and local sales taxes
- ✗ Provides an income tax deduction equal to 44 percent of capital gains income

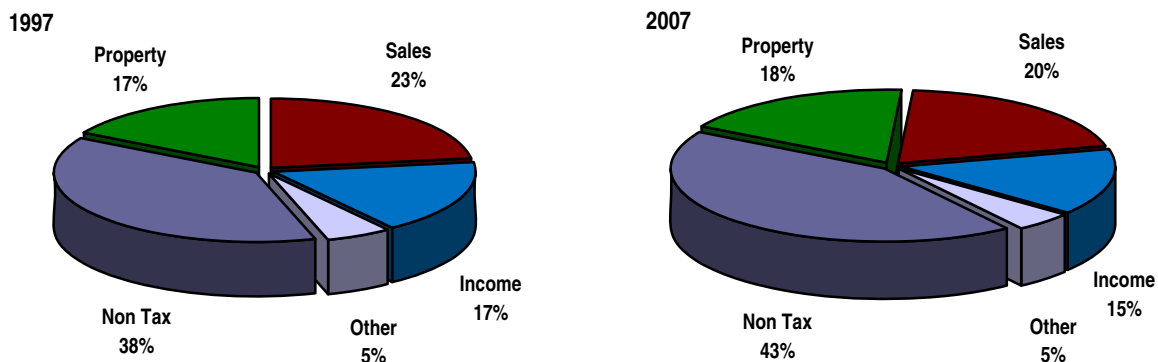
Recent Developments

- ▲ Created a zero percent bottom income tax bracket
- ▲ Increased the state sales tax rate
- ▲ Removed groceries from the state sales tax base
- ▲ Eliminated school property taxes on owner-occupied properties

States with Notable Capital Gains Income Tax Preferences



Change in the Composition of Revenue



Source: U.S. Census Bureau, Government Finances