

Cost of Doing Business South Carolina Regional Overview



South Carolina
Department of Commerce

Just right for business.

The Southeastern United States' fast-paced population growth to date, and its anticipated growth, along with the region's manufacturing renaissance, has made it an ideal location for businesses seeking to cut operating costs and reach strategic markets. In the heart of the Southeast, South Carolina offers unparalleled value to companies seeking the ideal business location. The Palmetto State's business climate ranks among the best in the United States with a progressive and competitive environment, offering low corporate tax rates and low utility rates combined with highly competitive wages and low rates of unionization. The proceeding sections highlight South Carolina's advantages over the rest of the Southeast on a number of key business and economic fronts, including labor organization and power costs.

BUSINESS COSTS *Taxes*

At 5%, South Carolina's corporate income tax is among the lowest in the Nation and the Southeast. Unlike a number of other states that combine income and loss of related companies to determine apportionable income, South Carolina is a separate entity state. In most instances, companies engaged in multi-state activities will only pay taxes on the income derived directly from business activity conducted in South Carolina.

State Corporate Income Tax Rates

Tax Type	SC	GA	NC	AL	FL	MS	KY	TN
Corporate Income Tax	5.0%	6.0%	6.9%	6.5%	5.5%	5.0%	6.0%	6.5%

Source: The Tax Foundation's State Corporate Income Tax Rates and State Individual Income Tax Rates, as of January 1st, 2014. OECD Tax Database, OECD data are 2012.

South Carolina offers a single factor sales apportionment formula. Use of the formula will often substantially reduce the amount of state income taxes that a multi-state company with property and payroll in South Carolina will be required to pay.

Depending on the type of business establishment, number of jobs created, capital investment, location of project and other factors, several statutory and discretionary incentives are available to help companies offset, or eliminate their corporate income tax liability, including the Job Tax Credits, Corporate HQ Credits, Investment Tax Credit, Job Development Credits, Port Volume Increase Tax Credit, and/or Research and Development Credit

State and Local Sales Tax Rates

Tax Type	SC	GA	NC	AL	FL	MS	KY	TN
State Sales Tax	6.00%	4.0%	4.75%	4.00%	6.0%	7.0%	6.0%	7.0%
Average Local Sales Tax	1.19%	2.97%	2.15%	4.51%	0.62%	0.00%	0.00%	2.45%
Combined Sales Tax (State & Local)	7.19%	6.97%	6.90%	8.51%	6.62%	7.00%	6.00%	9.45%

Income tax is just one part of an overall tax structure, and businesses in South Carolina benefit from low state and local sales tax rates, as evident in the above table. In addition, business in South Carolina benefit from:

No State Property Tax
No Sales Tax on Manufacturing Equipment
No Local Income Tax

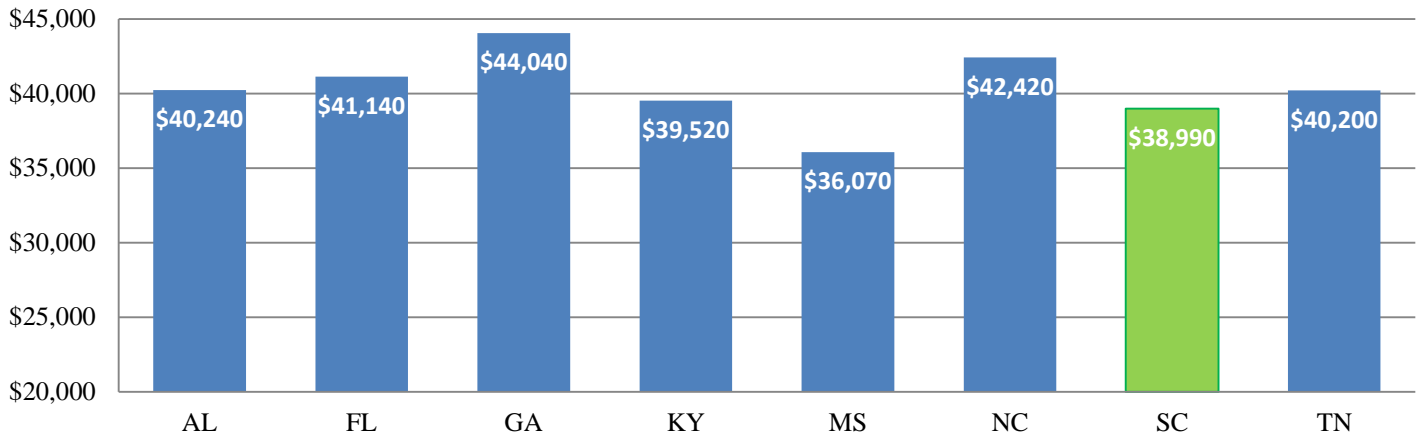
No Inventory Tax
No Wholesale Tax
No Unitary Tax on Profits Worldwide



BUSINESS COSTS *Taxes*

South Carolina has experienced dramatic growth in a number of subsectors classified as Advanced Manufacturing, including the chemical, electrical, automotive, and pharmaceutical industries. Between July 2009 and December 2011, South Carolina added 11,500 manufacturing jobs; over the same period, every other state in the southeastern United States experienced falling manufacturing employment.

Annual Wages in Southeastern States, 2013



South Carolina prides itself on having one of the nation's lowest unionization rates. **The Palmetto State is a right-to-work state and has a unionization rate of only 3.7%.**

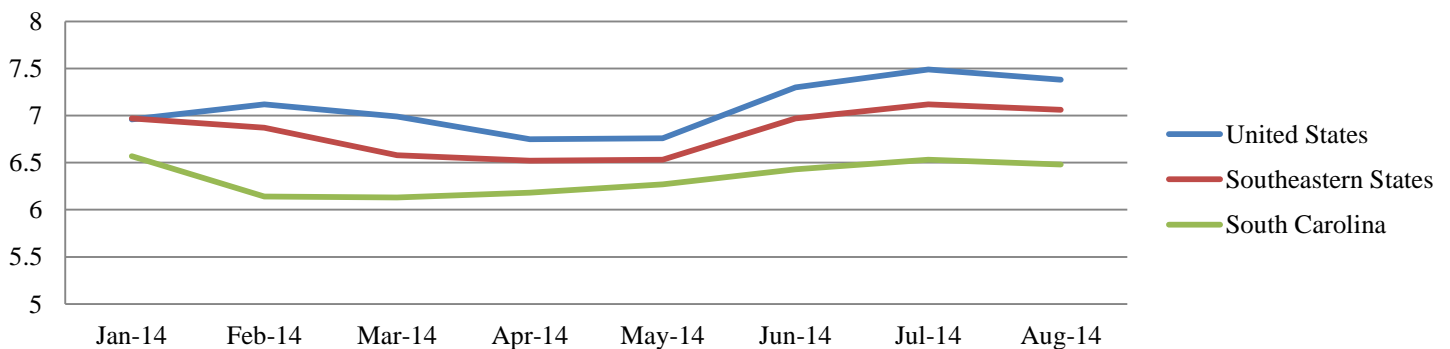
Unionization Rates

Sector	SC	GA	NC	AL	FL	MS	KY	TN
Total	3.7%	5.3%	3.0%	10.8%	5.4%	3.6%	11.2%	6.1%
Private	2.5%	3.8%	1.6%	7.5%	2.3%	3.3%	9.2%	3.4%
Public	9.9%	11.7%	9.7%	26.6%	24.4%	4.9%	21.4%	21.6%

Source: Union Membership and Coverage Database from the CPS (unionstats.com) data are 2013. Trade Union Density, OECD Stat Extracts data are 2011.

BUSINESS COSTS *Utilities*

Average Monthly Price of Electricity (Cents/KWH), Industrial Power



South Carolina is a powerhouse when it comes to affordable and reliable energy. **Costing approximately 15% less than the national average**, the Palmetto State attributes its low-cost, reliable power to a diverse mix of energy sources, including hydroelectric, nuclear, coal, natural gas, and other renewable resources. Industrial electricity costs in South Carolina average 5.92 cents per kilowatt-hour, among the lowest in the nation.

Natural Gas Prices

Sector	SC	GA	NC	AL	FL	MS	KY	TN
Industrial Gas Price (Dollars per thousand cubic feet)	4.93	5.17	7.27	4.49	6.35	6.23	4.54	5.26

Source: Graph-The Energy Information Administration, "Monthly Electric Sales and Revenue Report with State Distributions Report," Table 5.6.A: Average Retail Price of Electricity to Ultimate Customers by End-Use Sector, by State, 2013 Y-T-D. Latest month data is available is August 2013. Natural Gas-The Energy Information Administration, "Monthly Natural Gas Prices by State," August 2013.

MARKET ACCESS *Logistics*

The Port of Charleston, South Carolina is the nation's eighth largest seaport, handling more than \$44.8 billion in waterborne commerce in 2014. Overall, more than 20,000 companies in two dozen states depend on the Port of Charleston to reach their overseas suppliers and buyers.

Top 10 States for Export Via Vessel by Value of Foreign Trade

State	Value	Rank
Texas	\$136,939,636,810	1
Louisiana	\$58,643,417,590	2
California	\$54,265,842,318	3
Florida	\$26,065,958,940	4
Illinois	\$25,441,721,275	5
Washington	\$24,843,039,695	6
Georgia	\$17,792,990,058	7
South Carolina	\$17,384,566,276	8
New York	\$17,373,451,784	9
Pennsylvania	\$16,419,802,644	10

Source: Global Trade Information Services

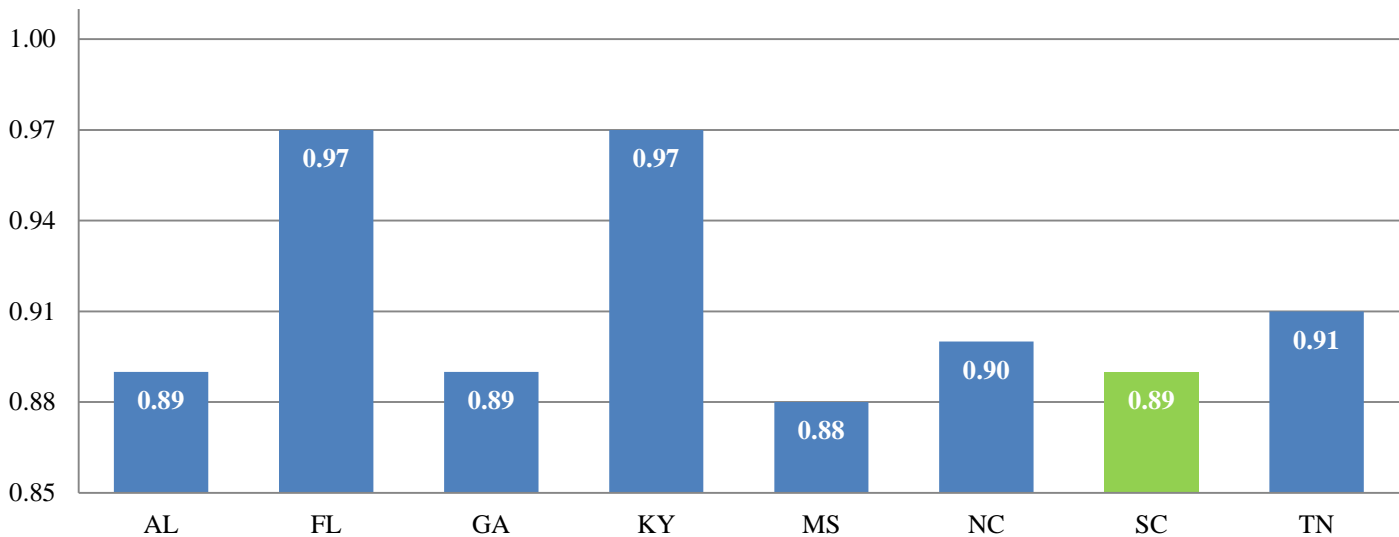
Five interstate highways criss-cross South Carolina, offering excellent east-west and north-south access to major markets in the U.S. This infrastructure, along with the state's position precisely between New York and Miami links business in South Carolina to more than 200 million consumers within a two day drive. This represents two-thirds of the entire U.S. population.

BUSINESS COSTS *Taxes*

Construction costs in South Carolina are some of the lowest in the Southeast and the Nation. Overall the cost in the Southeastern region ranges from 5-12 percent below the United States average for Class A office facilities.

(Source: Marshall Valuation Service, January 2014)

Construction Cost Index, 2012 (US Cost=1)



BUSINESS CLIMATE *Rankings*

For the third consecutive year, Area Development ranked the top states for doing business based on a survey of highly respected site consultants. According to the 2014 rankings, **South Carolina ranks as the 3rd best state in the nation to do business based on eight criteria:** low business costs, business friendliness, corporate tax environment, overall labor climate, workforce development programs, fast-track permitting, rail and highway access, and number of shovel ready sites.

Area Development Rankings, 2014

State	Rank
Georgia	1
Texas	2
South Carolina	3
Alabama	4
Tennessee	5