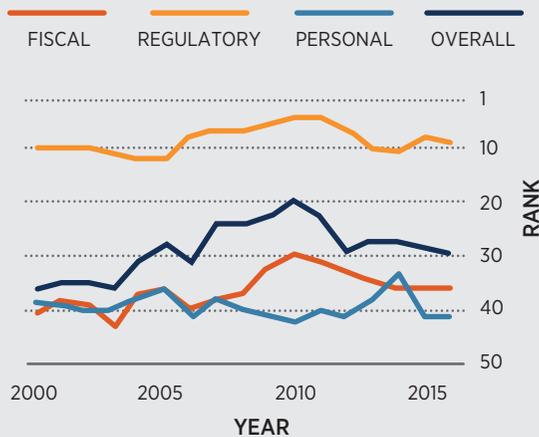


SOUTH CAROLINA

2016 RANK
29th



POLICY RECOMMENDATIONS

- **Fiscal:** Prune state employment, and cut spending on health and hospitals, which is more than double the national average. Cut the sales tax.
- **Regulatory:** Abolish the price-gouging law and all sales-below-cost/minimum-markup/unfair-sales laws. These reforms would have raised the state two places on overall freedom in 2016.
- **Personal:** Revise the state's asset forfeiture laws to make it more difficult for the government to seize assets, and reduce the government's incentive to do so by lowering the percentage of proceeds that go to law enforcement. Ban equitable sharing with the Department of Justice so that the federal government does not ignore state law.



Population, 2017
5,024,369

Net Migration Rate
14.2%



State Taxes, Percent of Personal Income, FY 2017
4.69%

Local Taxes, Percent of Personal Income, FY 2015
4.00%

Partisan Lean, 2016
R +7.8



Real Per Capita Personal Income, 2016, in 2009 \$
\$39,613

Real Personal Income Growth, CAGR, 2000-15
3.0%

ANALYSIS

South Carolina has traditionally done better on economic freedom than on personal freedom. The court-ordered legalization of same-sex marriage gave South Carolina a big spike on personal freedom in 2014, but other states quickly followed and that relative advantage was undone (although obviously not the improvement in freedom in an absolute sense).

As one of the states more dependent on the federal government, the Palmetto State gets by with high government employment and consumption and a relatively low tax burden. Local taxes are average, but state taxes, at a projected 4.7 percent of adjusted personal income in FY 2017, are below the national average for 2000–2016 of 5.8 percent. South Carolina enjoyed big tax cuts in the mid- to late 2000s, according to our measure. Government GDP share of income has fallen steadily from its 2009 high, as has government employment. Debt remains high but since FY 2010 has fallen 4.8 percentage points of adjusted income, even though cash and security assets have fallen 2 points over that same period.

South Carolina's regulatory policy has improved noticeably over time, ignoring the ACA impact. Much of that is because of tort reforms in 2005 and 2011 and an improving civil liability system, in which confidence continues to increase according to the latest data. Land-use freedom is extensive, and eminent domain reform has gone far. Labor law is generally good with no state-level

minimum wage and a right-to-work law, but the state did enact an E-Verify mandate in 2008. Health insurance mandates are lower than average. Cable and telecommunications have been liberalized. Occupational licensing grew further in 2016 and is starting to look like a real problem for the state, even in comparison with the rest of the country. Nurses enjoy only a little practice freedom. Insurance freedom is a bit subpar, and the state regulates prices for gasoline, general retailers, and in emergencies. There are entry barriers to medical facilities and moving companies.

South Carolina's criminal justice policies are not much like the Deep South. Incarceration and victimless crime arrest rates are more or less average. Asset forfeiture abuse has not been curbed. Cannabis penalties are somewhat harsh but not as draconian as in some other states. Gun rights are reasonably broad but probably below the level enjoyed in, say, Pennsylvania. Open carry is illegal in most places, dealers are licensed, and there is a stricter-than-federal minimum age for possession. Educational freedom is mediocre. Private schools and homeschools are tightly, even harshly, regulated, and there is only a modest tax benefit for school choice programs. Tobacco freedom is above average, as smoking bans on private property contain exceptions, and cigarette taxes are low. The state was forced to legalize same-sex marriage in 2014, overturning its super-DOMA banning private contracts for gay couples. Beer taxes are remarkably high. Automated license plate readers are totally unregulated. There is little legal gambling.