



Navigating Business Licensing

Municipal Association of SC
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The information provided here is for informational and educational purposes and current as of the date of publication. The information is not a substitute for legal advice. Consult your attorney for advice concerning specific situations.

What is a business license?

- Dates to 1872
- An excise tax levied on the privilege of doing business
- State Law Authorization
 - SC Code Section 5-7-30 (Cities)
 - SC Code Section 4-9-30 (Counties)
 - SC Code Section 6-1-400 thru 6-1-420 (Act 176)
- Not an income tax



Franchise Fees v. Business License

- Franchise fees are not a business license
 - Charge for the use of public streets
 - Agreement is a contract



Statewide v. Local Licensing

- Tax collection programs
- Local licensing



Tax Collection Programs

Consolidating the collection of taxes through the Municipal Association results in increased efficiency, accuracy, and cost savings for cities and towns.

- Brokers Tax Program
- Insurance Tax Program
- Telecommunications Tax Program



Brokers Tax Program

- Insurance companies not licensed to directly sell policies in the state can provide coverage through South Carolina licensed brokers. These brokers provide insurance for unusual risks.
- Brokers pay a 4% state tax and a 2% municipal tax on these policies.
- As a result of the federal Dodd-Frank law of 2010 and legislation the South Carolina General Assembly passed in 2012, the S.C. Department of Insurance collects both the state and local tax. The Municipal Association, as designated by state law, then distributes to cities and towns the municipal portion of the tax.



Brokers Tax Program

- The law requires the SC Department of Insurance to collect the brokers premium tax and deposit all revenue collected in to a special fund.
- The SCDOI is required to give the Association a full accounting, including the name and address of the broker, amount collected from each broker and the location of the risk covered by the insurance.
- In 2023, the Association disbursed \$29 million.



Insurance Tax Program

- In 1994, the Association expanded the program to collect current business license taxes from insurance companies.
- Participating municipalities adopt a standard ordinance for insurance company business license taxes.
- 2% tax on property, casualty, title, and fire insurers.
- 0.75% on life, accident, and health insurers.



Insurance Tax Program

- To ensure accurate payment, the Association's staff analyzes current and past reported municipal premiums to check for significant fluctuations of premiums, confirms the accuracy of risk and agent data, and reconciles the company's reporting to cities with the total statewide taxable premiums reported to the SC Department of Insurance.
- In 2023, the Association disbursed \$231 million.



Telecommunications Tax Program

- The Municipal Association collects business license taxes due to municipalities from telecommunications companies.
- Annually in December, Association staff sends a notice to all telecommunications companies doing business in South Carolina for the municipalities participating in the program.



Telecommunications Tax Program

- Participating municipalities adopt a standard ordinance levying a business license tax on telecommunications companies as allowed by the SC Telecommunications Act of 1999.
- 1% tax on recurring voice charges
- In 2023, the Association disbursed \$5.4 million.



Local Licensing

- Typically one of largest municipal revenue sources
- Business friendly
- Consistently and fairly enforced by municipality



Act 176: SC Business License Standardization Act

- SC Code Section 6-1-400 thru 6-1-420
- Standardized License Year and Due Date
- Standardized Class schedule
- Standardized Application
- Mandatory Usage of the Online Portal



Business License Year Timeline

- License year is May 1 to April 30
- Gross Income is based on prior calendar year (January 1 to December 31) OR business' fiscal year
 - Contractors may choose to pay per job
- Due date is April 30
- Standard penalty in the model ordinance is 5% per month



Class Schedule

REQUIRED BY LAW TO BE UPDATED EVERY ODD YEAR.

- North American Industry Classification System (NAICS)
- Equal Protection
- Non-Residents
- Ability to Pay
- Set by state law



APPENDIX B

Classes 1 – 8: Business License Class Schedule by NAICS Codes

NAICS Sector/Subsector	Industry Sector	Class
11	Agriculture, forestry, hunting and fishing	1
21	Mining	2
22	Utilities	1
31 - 33	Manufacturing	3
42	Wholesale trade	1
44 - 45	Retail trade	1
48 - 49	Transportation and warehousing	1
51	Information	4
52	Finance and insurance	7
53	Real estate and rental and leasing	7
54	Professional, scientific, and technical services	5
55	Management of companies	7
56	Administrative and support and waste management and remediation services	3
61	Educational services	3
62	Health care and social assistance	4
71	Arts, entertainment, and recreation	3
721	Accommodation	1
722	Food services and drinking places	2
81	Other services	4
Class 8	Subclasses	
23	Construction	8.1
482	Rail Transportation	8.2
517111	Wired Telecommunications Carriers	8.3
517112	Wireless Telecommunications Carriers (except Satellite)	8.3
517122	Agents for Wireless Telecommunications Services	8.3
5241	Insurance Carriers	8.4
5242	Insurance Brokers for non-admitted Insurance Carriers	8.4
713120	Amusement Parks and Arcades	8.51
713290	Nonpayout Amusement Machines	8.52
713990	All Other Amusement and Recreational Industries (pool tables)	8.6

2023 Class Schedule is based on a three-year average (2017 - 2019) of IRS statistical data.

NAICS Codes and Class Schedule Timeline

Act 176, the Business License Standardization Act, establishes a standard class schedule, where businesses are placed into classes using the latest edition of North American Industry Classification System code based on profitability. The **class schedule must be updated every two years and approved by ordinance**. The Municipal Association of SC will provide a sample ordinance for every update. The **NAICS code is reviewed and revised every five years** to keep the classification system current with changes to economic activities. The update to the NAICS code does not require an ordinance or approval by council.



2023

- Use 2022 NAICS
- Use 2021 Class Schedule

To Do: Pass new class schedule for 2024
(New ordinance required)



2028

- Use new 2027 NAICS
- Use 2027 Class Schedule

To Do: Verify all NAICS codes to make sure they are accurate.



2024

- Use 2022 NAICS
- Use 2023 Class Schedule



2029

- Use 2027 NAICS
- Use 2027 Class Schedule

To Do: Pass new class schedule for 2030
(New ordinance required)



2025

- Use 2022 NAICS
- Use 2023 Class Schedule

To Do: Pass new class schedule for 2026
(New ordinance required)



2030

- Use 2027 NAICS
- Use 2029 Class Schedule



2026

- Use 2022 NAICS
- Use 2025 Class Schedule



2031

- Use 2027 NAICS
- Use 2029 Class Schedule

To Do: Pass new class schedule for 2032
(New ordinance required)



2027

- Use 2022 NAICS
- Use 2025 Class Schedule

To Do: Pass new class schedule for 2028
(New ordinance required)



2032

- Use 2027 NAICS
- Use 2031 Class Schedule

South Carolina

Standardized Business License Application

City or County: _____

Business Information

Corporate name: _____		
Name shown to public: _____		Open date: _____
Organization type: <input type="checkbox"/> Sole proprietor <input type="checkbox"/> LLC <input type="checkbox"/> LLP <input type="checkbox"/> LP <input type="checkbox"/> Corporation <small>Articles of Organization or Incorporation may be required.</small>		
Business activity/type: _____		NAICS code: _____
Federal ID/SSN #: _____		State retail sales #: _____
Mailing address: _____		
Physical address: <input type="checkbox"/> Inside jurisdiction, Tax parcel #: _____ <input type="checkbox"/> Outside jurisdiction		
Contact name, title: _____		
Contact phone: _____	Ext. _____	Alternate phone: _____
Fax: _____	Email: _____	

Owner or Principal(s) Information

Owner or Principal(s) name(s), title(s): _____		SSN #: _____
		SSN #: _____
Driver's license #: _____	State: _____	Expiration date: _____
Mailing address: _____		
Work phone: _____	Ext. _____	Cell phone: _____
Fax: _____	Email: _____	

Job/Project Information

Project start date: _____		Estimated end date: _____	
Project location: _____		Tax parcel #: _____	
Project type: <input type="checkbox"/> New construction <input type="checkbox"/> Renovation <input type="checkbox"/> Other _____			
General contractor name: _____			
State contractor license #: _____ <small>Copy may be required</small>		State: _____	Expiration date: _____
Master/specialty license #: _____			
Job contact name: _____		Phone: _____	
Total gross revenues of contract amount: \$ _____			
Gross revenues, inside jurisdiction: \$ _____		Gross revenues, outside jurisdiction: \$ _____	
Value of authorized deductions: \$ _____		Deduction type(s): _____	

Contact your city or county business licensing office with questions regarding this form. Visit www.masc.sc (Keyword: Municipal Directory) to find contact information for your city or town.

Other Information

<input type="checkbox"/> Yes <input type="checkbox"/> No	Buying an existing construction business? <i>If yes, purchased business' name:</i> _____
<input type="checkbox"/> Yes <input type="checkbox"/> No	Business leasing space to another business?
<input type="checkbox"/> Yes <input type="checkbox"/> No	Mail business license renewals to mailing address listed in the business information section on the previous page? <i>If not, corporate address:</i> _____
<input type="checkbox"/> Yes <input type="checkbox"/> No	Change of use to building?
<input type="checkbox"/> Yes <input type="checkbox"/> No	Erecting a new sign?
<input type="checkbox"/> Yes <input type="checkbox"/> No	Home occupation?
<input type="checkbox"/> Yes <input type="checkbox"/> No	Independent contractors (Form 1099)? <i>If yes, names:</i> _____
<input type="checkbox"/> Yes <input type="checkbox"/> No	Leasing property? <i>If yes, landlord name and address:</i> _____
<input type="checkbox"/> Yes <input type="checkbox"/> No	Restrictive covenants? If yes, provide copy.
<input type="checkbox"/> Yes <input type="checkbox"/> No	Do you sell food or beverages that are prepared and/or consumed on your premises?

Applicant Certification (Contact the municipality in which you are doing business to determine if a notarized signature is required.)

- I hereby certify that all information provided is true and correct to the best of my knowledge and that the gross revenue is accurately reported or estimated for a new business without any unauthorized deduction.
- I certify that assessments, delinquencies and personal property taxes due to the jurisdiction are fully paid.
- I understand that providing false or fraudulent information may result in penalties, business license revocation and/or prosecution to the fullest extent possible.
- I am aware of and understand the jurisdiction's requirements and codes, and the issuance of a business license is contingent upon strict and consistent compliance with all of the jurisdiction's requirements.
- I understand that failure to comply with these requirements may result in business license revocation as well as other compliance or legal efforts.
- I also understand and authorize the jurisdiction and its agents to utilize all information on this application to ensure that all other federal, state and local laws are complied with.

Applicant printed name: _____	Signature: _____
Title: _____	Date: _____

For Office Use Only

Approved by all necessary departments? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Comments		
Approved? <input type="checkbox"/> Yes <input type="checkbox"/> No	Date: _____	
Business license #:	Rate class:	
Rate Base rate: \$ _____	Every \$1,000 after: \$ _____	
Amount due Fee: \$ _____	Penalties: \$ _____	Total: \$ _____
Decal required? <input type="checkbox"/> Yes <input type="checkbox"/> No	Cost/each: \$ _____	Total: \$ _____
Receipt Amount paid: \$ _____	Date paid: _____	Number of decals: _____
Staff name: _____	Signature: _____	Date: _____

Contact your city or county business licensing office with questions regarding this form. Visit www.masc.sc (Keyword: Municipal Directory) to find contact information for your city or town.

Local Business License Renewal Center

- Fran Adcock | Revenue Analyst
fadcock@masc.sc | 803.933.1201
- User Guide
- Online trainings and videos



Role of the Council

- Ordinance
 - Class Schedule Updates
 - Set Rates
- Economic Development Incentives
 - §6-1-400(H)(2)

“This section does not impair or affect any future special business license ordinance passed for economic stimulus, an annual flat fee, or any future formal or informal agreement between a taxing jurisdiction and a taxpayer regarding the calculation of business license taxes.”
- Enforcement
 - Assessment/Appeals Process
 - Change from circuit court to administrative law court



Delinquents

Due date is set by law - April 30

Penalty is not standardized

Must first serve a notice of assessment

- If the taxpayer fails to pay by May 1, business license official may serve notice of assessment by **mail or personal service**



Notice of Assessment §6-1-410

Within 30 days after the date of postmark or personal service, a taxpayer may request, in writing with reasons stated, an adjustment of the assessment.

Within 15 days of the receipt of the request, an informal conference between the taxing jurisdiction business license official and the taxpayer must be held.

Within 5 days after the conference, the taxing jurisdiction business license official shall issue a notice of final assessment and serve the taxpayer by mail or personal service with the notice and provide a form for any further appeal of the assessment by the taxpayer.



Appeals process

§6-1-410

Standard appeals process for all jurisdictions

Within 30 days after the date of postmark or personal service, the taxpayer may appeal the notice of final assessment by filing the completed appeal form with the taxing jurisdiction business license official, by mail or personal service, and by paying to the taxing jurisdiction in protest at least eighty percent of the business license tax based on the final assessment.

Within 30 days after receipt of the appeal form, a hearing by the taxing council or its designee, must be held.

A written decision must be filed with the taxing jurisdiction business license official and served on the taxpayer by mail or personal service. This is the final decision of the taxing jurisdiction.

Within 30 days of the postmark or personal service, the taxpayer may appeal to the Administrative Law Court.



Business License Assessment and Appeal Process

When a taxpayer fails or refuses to pay the business license tax, the taxing jurisdiction may make an assessment of the business license tax due. Previously, local ordinances established the process for assessments and appeals thereof. Act 176, however, provides a detailed, mandatory process for assessments and appeals in SC Code Sec. 6-1-410.



Questions to Ask Your Business License Staff

1. Are our business license ordinance and practices compliant with Act 176?
2. Are we updating our class schedule and NAICS codes?
3. Is our city accepting payments from the renewal center?
4. Has our business licensing staff attended trainings?



More information

- Business License Handbook
- Business Licensing Essentials
- SC Business Licensing Officials Association



Business License Handbook

- www.masc.sc
 - Keywords: Business License Handbook
 - Updated 2022





Business Licensing Essentials

- www.masc.sc
 - Keywords: Business Licensing Essentials Recordings
 - Third Tuesday at 10 a.m. (February, May, August, and November)
 - Virtual meetings
 - All meetings are recorded and posted online
 - Topics cover difficult/problem areas



SC Business Licensing Officials Association

- Membership
- Networking
- Annual training
 - Spring Training Institute
 - MFOCTA/BLOA Joint Academy
- Members Listserv
- Accreditation in Business Licensing
- Master in Business Licensing





Welcome!

The Municipal Association of South Carolina, representing the cities and towns, remains dedicated to the principles of its founding initiatives that cities and towns can carry out more efficiently through the Association than they can individually.

[Learn More](#)

[Cable Franchise Assistance](#)
[City Connect Market](#)

[Local Revenue Services Programs](#)

[Brokers Tax Program](#)

[Insurance Tax Program](#)

[Local Business License Renewal Center](#)

[Setoff Debt Program](#)

[Telecommunications Tax Program](#)

[Main Street South Carolina](#)

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Questions?



Municipal Association
of South Carolina

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