



**ORDINANCE NUMBER 12-2012**

**AN ORDINANCE AMENDING SECTIONS 18-32 AND 18-36 OF  
THE CITY CODE OF ORDINANCES RELATING TO  
LIMITATION OF THE EXEMPTION FROM BUSINESS LICENSE  
TAXES FOR CERTAIN CHARITABLE ORGANIZATIONS**

**WHEREAS**, the City Code provisions relating to the business license tax now provide for an exemption from the business license tax for certain organizations with a charitable purpose as defined in the Code; and

**WHEREAS**, the Council believes that it is unfair and inequitable for such organizations to be exempt from the business license tax payable by other organizations if those organizations use net proceeds for purposes that are not charitable or use net proceeds for the financial benefit of individuals or of other entities that are not themselves exempt from Federal income tax; and

**WHEREAS**, the Council further believes that it is unfair and inequitable for such organizations to receive revenue for merchandise or services when for-profit businesses are subject to business license taxes for their income for such merchandise or services; and

**WHEREAS**, the Council has determined that it would be fair and equitable and in the interest of the citizens and the business license taxpayers to amend the City Code to limit the exemption from business license tax to certain organizations that have a Federal income tax exemption as a charitable organization, that devote all net proceeds of the operation of the organization to charitable purposes, that do not use net proceeds to financially benefit any individual or non-charitable entity, and that do not receive income from merchandise or services,

Now, **THEREFORE, BE IT ORDAINED** by the Council of the City of Greer that the City of Greer Code of Ordinances is hereby amended as follows:

1. Section 18-32 ("Definitions") is amended to add a new paragraph, following the paragraph that begins with the word "Business" and preceding the paragraph that begins with the words "Charitable purpose", to read:

*Charitable organization* means an organization that is determined by the Internal Revenue Service to be exempt from Federal income taxes under 26 U.S.C. section 501(c) (3), (4), (6), (7), (8), (10) or (19).

2. Section 18-32 ("Definitions") is further amended to delete the last two sentences of the paragraph that begins with the words "Charitable purpose".

3. Subsection (c) of Section 18-36 ("Deductions, exemptions, and charitable organizations") is amended to read:

(c) A charitable organization shall be exempt from the business license tax on its gross income unless it is deemed a business subject to a business license tax on all or part of its gross income as provided in this section. A charitable organization, or any for-profit affiliate of a charitable organization, that (1) reports income from for-profit activities, or unrelated business income, for Federal income tax purposes to the Internal Revenue Service, or (2) has a fixed physical location in the city and receives income from the sale within the city of merchandise or services, shall be deemed a business subject to a business license tax on the part of its gross income from such for-profit activities, unrelated business income, and sale within the city of merchandise or services. A sale of merchandise or services as described in this section shall not include donations without return consideration, member or sponsor dues, the wholesale sale of blood or blood products, or the occasional sale of merchandise by the organization as a special fundraising event of limited short-term duration.

A charitable organization shall be deemed a business subject to a business license tax on its total gross income if (1) any net proceeds of operation, after necessary expenses of operation, inure to the benefit of any individual or any entity that is not itself exempt under 26 U.S.C. section 501(c), or (2) any net proceeds of operation, after necessary expenses of operation, are used for a purpose other than a charitable purpose as defined in this ordinance. Excess benefits or compensation in any form beyond fair market value to a sponsor, organizer, officer, director, trustee or person with ultimate control of the organization shall not be deemed a necessary expense of operation.

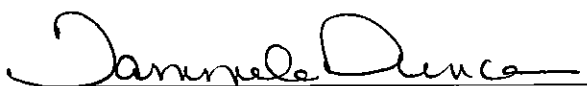
This Ordinance shall be effective from the date of second reading approval and shall apply, beginning with the 2012 business license tax year, to all businesses and charitable organizations required to obtain a business license by reason of this Ordinance. The license fee or license tax for any such business or organization for the 2012 business license tax year shall be paid on or before June 1, 2012, with payment for each business license tax year thereafter made on or before April 30 as provided by Section 18-34(a).

**CITY OF GREER, SOUTH CAROLINA**



Richard W. Danner, Mayor

**ATTEST:**



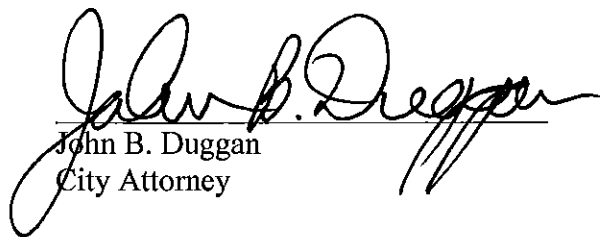
Tammela Duncan, Municipal Clerk

Introduced By: Councilman Wryley Bettis

First Reading: April 24, 2012

Second and  
Final Reading: May 8, 2012

Approved as to Form:

  
\_\_\_\_\_  
John B. Duggan  
City Attorney