

# **The Economic Impacts of the South Carolina Petroleum Industry**

## Executive Summary

Prepared for the  
South Carolina Petroleum Marketers Association

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April 2005

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**THE ECONOMIC IMPACTS OF THE PETROLEUM INDUSTRY  
IN SOUTH CAROLINA – EXECUTIVE SUMMARY\***

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Petroleum marketers in South Carolina include businesses responsible for the wholesale distribution and retailing of petroleum products. The petroleum marketers industry has a substantial presence in the South Carolina economy and plays a vital role in revenue administration for the state and local governments. It is estimated that during 2003, there were nearly 2,500 firms involved in the industry in South Carolina. These businesses employed more than 20,000 workers, or about 1.1 percent of total employment in South Carolina. These workers saw total wages of \$375.6 million.

However, the contribution of the industry to the state's economy does not stop with these direct figures. These businesses purchase goods and services from other firms in the state, and industry employees spend their income at businesses in the state. Therefore, the ultimate economic impacts of the petroleum marketers reach beyond just the activity in the industry itself. Overall, the total economic impacts of the petroleum marketers in South Carolina include:

- A total impact on economic output of \$7.4 billion annually
- A total impact on employment in South Carolina of 26,400 jobs
- A total impact on household income of \$553.6 million annually
- The household income supported by the industry works to generate \$43.7 million in state-level tax revenues each year

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In addition to the economic impacts outlined above, firms in the petroleum industry play a unique role in the administration of government revenues in South Carolina. These firms help collect many of the largest revenue sources, including collecting and remitting sales taxes, income taxes, motor fuel taxes, beer and wine taxes, tobacco taxes, corporate license fees, property taxes, lottery sales, and more. Indeed, analysis of the role played by petroleum marketers in collecting and remitting the 15 largest revenue sources administered by the South Carolina Department of Revenue indicates that:

- Petroleum marketers are responsible for collecting and remitting nearly 17 percent of the revenues administered by the Department of Revenue
- Relative to the size of the industry, the petroleum marketers play a significantly larger role in the tax revenue administration process than any other industry in South Carolina

In addition to the taxes considered in the above discussion, firms in the petroleum industry also play a major role in the South Carolina Education Lottery. Roughly 90 percent of lottery sales are generated at gasoline stations. Therefore, during fiscal year 2004, it is estimated that \$855 million in lottery sales were made at gasoline stations across South Carolina.