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State of South Carolina  
Department of Revenue  
301 Gervais Street, P.O. Box 125, Columbia, South Carolina 29214  
Website Address: <http://www.sctax.org>

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SC INFORMATION LETTER 08-19

**SUBJECT:** Exemptions - Local Sales and Use Taxes Collected by the Department of Revenue  
(Sales and Use Tax)

**EFFECTIVE DATE:** October 1, 2008

**SUPERSEDES:** SC Information Letter #07-4 and all previous documents and any oral directives in conflict herewith.

**AUTHORITY:** S. C. Code Ann. Section 12-4-320 (2000)  
S. C. Code Ann. Section 1-23-10(4) (Supp. 2007)  
SC Revenue Procedure #05-2

**SCOPE:** An Information Letter is a written statement issued to the public to announce general information useful in complying with the laws administered by the Department. An Information Letter has no precedential value.

The South Carolina Code of Laws allows the imposition of various types of local sales and use taxes. As such, the citizens of a county, depending upon the needs within the county, may impose one or several local sales and use taxes.

While most of these local sales and use taxes provide the same exemptions for certain sales and purchases, there are some differences. Attached is a chart that should provide guidance concerning the various types of local sales and use taxes collected by the Department of Revenue and the types of exemptions allowed under each tax.

Please note that this chart only addresses the general local sales and use taxes collected by the Department of Revenue on behalf of the counties, school districts, and the Catawba Indian tribal government. It does not address the local taxes on sales of accommodations or on sales of prepared meals that are collected directly by the counties.

SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES								
COUNTY	TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 EXEMPTION FOR MAXIMUM TAX ITEMS	12-36-1710 EXEMPTION FOR CASUAL EXCISE ITEMS	EXEMPTION FOR FOOD STAMP PURCHASES	EXEMPTION FOR CERTAIN FOOD SALES	"GRANDFATHER CLAUSE" EXEMPTION FOR CERTAIN PURCHASES BY CONTRACTORS	NOTE
<i>Abbeville</i>	Local Option 5/1/92	Yes	Yes	Yes	Yes	No	Yes	
<i>Aiken</i>	Capital Projects 4/1/06	Yes	Yes	No	Yes	No	Yes	1 & 12
<i>Allendale</i>	Local Option 5/1/92	Yes	Yes	Yes	Yes	No	Yes	5
<i>Bamberg</i>	Local Option 5/1/92	Yes	Yes	Yes	Yes	No	Yes	
<i>Barnwell</i>	Local Option 5/1/99	Yes	Yes	Yes	Yes	No	Yes	
<i>Beaufort</i>	Transportation 5/1/07	Yes	Yes	No	Yes	No	Yes	6
<i>Berkeley</i>	Local Option 5/1/97	Yes	Yes	Yes	Yes	No	Yes	
<i>Calhoun</i>	Local Option 5/1/05	Yes	Yes	Yes	Yes	No	Yes	
<i>Catawba Indian Reservation</i>	Tribal Tax (See Notes #13 and #14)	Yes	No	No	Yes	No	No	13 & 14
<i>Charleston</i>	Local Option 7/1/91	Yes	Yes	Yes	Yes	No	Yes	
	Transportation 5/1/05	Yes	Yes	No	Yes	No	Yes	1 & 8
<i>Cherokee</i>	Cherokee School 7/1/96	Yes	Yes	No	Yes	Yes	Yes	1
<i>Chester</i>	Local Option 5/1/94	Yes	Yes	Yes	Yes	No	Yes	3
<i>Chesterfield</i>	Local Option 5/1/97	Yes	Yes	Yes	Yes	No	Yes	
	Chesterfield School 9-1-00	Yes	Yes	No	Yes	Yes	Yes	1 & 4
<i>Clarendon</i>	Local Option 5/1/97	Yes	Yes	Yes	Yes	No	Yes	
	Clarendon Schools 6/1/04	Yes	Yes	No	Yes	Yes - until 6/30/05 No - effective 7/1/05	Yes	1 & 11
<i>Colleton</i>	Local Option 7/1/91	Yes	Yes	Yes	Yes	No	Yes	

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<i>Darlington</i>	Local Option 5/1/97	Yes	Yes	Yes	Yes	No	Yes	
	Darlington School 2/1/04	Yes	Yes	No	Yes	Yes	Yes	1 & 10
<i>Dillon</i>	Local Option 5/1/96	Yes	Yes	Yes	Yes	No	Yes	
	School District 10/1/08	Yes	Yes	No	Yes	Yes	Yes	1 & 7
<i>Dorchester</i>	Transportation 5/1/05	Yes	Yes	No	Yes	No	Yes	1
<i>Edgefield</i>	Local Option 5/1/92	Yes	Yes	Yes	Yes	No	Yes	
<i>Fairfield</i>	Local Option 5/1/06	Yes	Yes	Yes	Yes	No	Yes	
<i>Florence</i>	Local Option 5/1/94	Yes	Yes	Yes	Yes	No	Yes	
	Capital Projects 5/1/07	Yes	Yes	No	Yes	No	Yes	1 & 16
<i>Greenwood</i>	Capital Projects 5/1/07	Yes	Yes	No	Yes	No	Yes	1
<i>Hampton</i>	Local Option 7/1/91	Yes	Yes	Yes	Yes	No	Yes	
	Capital Projects 5/01/03	Yes	Yes	No	Yes	No	Yes	1 & 9
<i>Horry</i>	Capital Projects 5/1/07	Yes	Yes	No	Yes	No	Yes	1 & 17
<i>Jasper</i>	Local Option 7/1/91	Yes	Yes	Yes	Yes	No	Yes	
	Jasper School 12/1/02	Yes	Yes	No	Yes	Yes	Yes	1 & 2
<i>Kershaw</i>	Local Option 5/1/97	Yes	Yes	Yes	Yes	No	Yes	
<i>Lancaster</i>	Local Option 5/1/92	Yes	Yes	Yes	Yes	No	Yes	
<i>Laurens</i>	Local Option 5/1/99	Yes	Yes	Yes	Yes	No	Yes	

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<i>Lee</i>	Local Option 5/1/96 School District 10/1/06	Yes Yes	Yes Yes	Yes No	Yes Yes	No Yes	Yes Yes	1 & 15
<i>Lexington</i>	Lexington Schools 3/1/05	Yes	Yes	No	Yes	Yes	Yes	1
<i>Marion</i>	Local Option 7/1/91	Yes	Yes	Yes	Yes	No	Yes	
<i>Marlboro</i>	Local Option 5/1/92	Yes	Yes	Yes	Yes	No	Yes	
<i>McCormick</i>	Local Option 7/1/91	Yes	Yes	Yes	Yes	No	Yes	
<i>Newberry</i>	Capital Projects 4/1/05	Yes	Yes	No	Yes	No	Yes	1 & 12
<i>Orangeburg</i>	Capital Projects 4/1/06	Yes	Yes	No	Yes	No	Yes	1 & 12
<i>Pickens</i>	Local Option 5/1/95	Yes	Yes	Yes	Yes	No	Yes	
<i>Richland</i>	Local Option 5/1/05	Yes	Yes	Yes	Yes	No	Yes	
<i>Saluda</i>	Local Option 5/1/92	Yes	Yes	Yes	Yes	No	Yes	
<i>Sumter</i>	Local Option 5/1/96	Yes	Yes	Yes	Yes	No	Yes	
<i>Williamsburg</i>	Local Option 5/1/97	Yes	Yes	Yes	Yes	No	Yes	
<i>York</i>	Capital Projects 10/1/04	Yes	Yes	No	Yes	No	Yes	1 & 12

**LOCAL TAX RATES:**

Each local tax listed in the above chart is imposed at a rate of 1%, except for the Charleston county Transportation tax which is imposed at a rate of ½ of 1% and the Catawba Tribal Sales and use tax. See Notes #13 and #14 for information on the tax rates and the application of either the State sales and use tax or the Catawba Tribal sales and use tax for sales (deliveries) made on the Catawba Indian Reservation.

## **TYPES OF LOCAL SALES AND USE TAXES:**

**Local Option:** The local option sales and use tax is authorized under Code Section 4-10-10 et. seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax. This tax is imposed to reduce the property tax burden on persons in the counties that impose this type of local tax and is collected by the Department of Revenue on behalf of these counties.

**Capital Projects:** The local capital projects sales and use tax is authorized under Code Section 4-10-300 et. seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax. This tax is imposed specifically to defray the debt service on bonds issued for various capital projects in the counties that impose this type of local tax and is collected by the Department of Revenue on behalf of these counties.

**Transportation:** The local transportation projects sales and use tax is authorized under Code Section 4-37-30 et. seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax. This tax is imposed specifically to defray the debt service on bonds issued for various transportation projects in the counties that impose this type of local tax and are collected by the Department of Revenue on behalf of these counties.

**Personal Property Tax Relief:** The personal property tax relief sales and use tax is authorized under Code Section 4-10-540. et. seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax. This tax is imposed in lieu of the personal property tax imposed on private passenger motor vehicles, motorcycles, general aviation aircraft, boats, and boat motors. The tax may not exceed the lesser of 2% or the amount necessary to replace the property tax on vehicles, motorcycles, general aviation aircraft, boats, and boat motors in the most recently completed fiscal year. **As of the date of this information letter, this tax is not being imposed.**

**Local Property Tax Credits:** The local option sales and use tax for local property tax credits is authorized under Code Section 4-10-720 et. seq. (Act 388 of 2006, Part III). This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax. This tax is imposed to provide a credit against property tax imposed by a political subdivision for all classes of property subject to the property tax and is collected by the Department of Revenue on behalf of these counties. **As of the date of this information letter, this tax is not being imposed.**

**Education Capital Improvement Sales and Use Tax.** The school district or school districts within a county may impose a 1% sales and use tax within the county for specific education capital improvements for the school district for not more than 15 years. The tax is authorized under Code Section 4-10-410 et. seq. (Act No. 316 of 2008) and must be approved by a referendum open to all qualified electors residing in the county. Pursuant to a memorandum of agreement, a portion of the revenue may be shared with the area commission (governing body of a technical college) or higher education board of trustees (governing body of a public institution of higher learning) or both, for specific education capital improvements on the campus of the recipient located in the county listed in the referendum. This tax may only be

imposed in counties which have collected at least \$7 million in state accommodations taxes in the most recent fiscal year for which data is available. Once the threshold is met, a county remains eligible to impose this tax. This tax may not be imposed in a county that is imposing or is scheduled to impose a local sales and use tax for public school capital improvements.

**As of the date of this information letter, this tax is not being imposed.**

**School District Taxes.** The General Assembly has authorized certain school districts to impose a sales and use tax within the county. These taxes are generally imposed to pay debt service on general obligation bonds and/or the cost of capital improvements. Currently, only 8 of the 20 school district taxes authorized by the General Assembly are being imposed.

As of October 1, 2008, these school district taxes are being imposed at a rate of 1%<sup>1</sup>:

<u>County</u>	<u>Act Authorizing Tax</u>
Cherokee	Act No. 588 of 1994
Chesterfield	Act No. 441 of 2000
Clarendon	Act No. 355 of 2004 and Act No. 195 of 2005
Darlington	Act No. 132 of 2003
Dillon	Act No. 137 of 2007 (Effective October 1, 2008)
Jasper	Act No. 146 of 2001
Lee	Act No. 426 of 2006
Lexington	Act No. 378 of 2004

As of the date of this information letter, these school district taxes are **not** currently being imposed:

<u>County</u>	<u>Act Authorizing Tax</u>
Allendale	Act No. 371 of 2008
Berkeley	Act No. 178 of 1999
Colleton	Act No. 462 of 1998
Dillon	Act No. 197 of 2005 <sup>2</sup>
Edgefield	Act No. 365 of 2004
Horry	Act No. 371 of 2004
Marlboro	Act No. 204 of 2005
McCormick	Act No. 387 of 2004
Newberry	Act No. 151 of 2003
Richland	Act No. 326 of 2002
Pickens	Act No. 463 of 2002
Union	Act No. 497 of 1998

**Catawba Indian Tribal Tax:** The Catawba Indian Reservation is located in Lancaster and York counties where the combined sales and use tax rate in each county is 7%. Code Section

<sup>1</sup> See the above chart for the date each school district tax was first imposed.

<sup>2</sup> This school district tax was never imposed and the Act authorizing the tax was repealed by Act No. 137 of 2007.

27-16-130(H) contains the specific sales and use tax provisions. The sales tax is administered and collected by the Department. See South Carolina Revenue Ruling #98-18 and see Notes #13 and #14.

**REMITTANCE OF LOCAL SALES AND USE TAXES BY RETAILERS:**

For information on when a retailer is required to remit a local sales and use tax when delivering product to a purchaser in another county, see SC Revenue Ruling #05-16.

**TYPES OF EXEMPTIONS:**

**State Exemptions - 12-36-2120:** Sales of tangible personal property exempt from the State sales and use tax are exempt from the local sales and use tax if marked “Yes” under this column.

**Exemption for Maximum Tax Items- 12-36-2110:** Sales of items subject to a maximum tax under the State sales and use tax law (i.e. aircraft, motor vehicles, motorcycles, boats, trailers and semitrailers pulled by truck tractors, horse trailers, recreational vehicles (including tent campers, travel trailers, park models, park trailers, motor homes, and fifth wheels), self-propelled light construction equipment, unassembled aircraft, manufactured homes, musical instruments and office equipment purchased by certain religious organizations and fire safety education trailers) are exempt from the local sales and use tax if marked “Yes” under this column.

**Exemption for Casual Excise Tax Items - 12-36-1710:** Sales of items subject to the casual excise tax under Code Section 12-36-1710 through Code Section 12-36-1740 (i.e. motor vehicles, motorcycles, boats, motors, and airplanes required to be registered, titled, or licensed) are exempt from the local sales and use tax if marked “Yes” under this column.

**Exemption for Food Stamp Purchases:** Sales of food purchased with foods stamps are exempt from the State sales and use tax; therefore, such sales are exempt from the local sales and use tax if marked “Yes” under this column.

**Exemption for Certain Food Sales:** Sales of certain foods, while subject to the State sales and use tax, are exempt from the local sales and use tax if marked “Yes” under this column. Sales of food which are eligible to be purchased with United States Department of Agriculture food stamps come under this exemption. This exemption applies to everyone, not just persons using food stamps.

Foods which may be purchased with food stamps and are exempt from these local sales and use taxes include:

- \* Any food intended to be eaten at home by people, including snacks, beverages and seasonings
- \* Seeds and plants intended to grow food (not birdseed or seeds to grow flowers)

- \* Cold items, which may include salads or sandwiches, intended to be eaten at home by people

Items which cannot be purchased with food stamps and are, therefore, subject to these local sales and use taxes are:

- \* Alcoholic beverages, such as beer, wine, or liquor
- \* Hot beverages ready-to-drink such as coffee
- \* Tobacco
- \* Hot foods ready to eat
- \* Foods designed to be heated in the store
- \* Hot and cold food to be eaten at a lunch counter, in a dining area or anywhere else in the store or in a nearby area such as a mall food court
- \* Vitamins and medicines (Note: Sales of certain medicines are exempt from the State sales and use tax, and therefore, are also exempt from all local sales and use taxes.)
- \* Pet food
- \* Any non-food items such as tissue, soap or other household goods

**“Grandfather Clause” Exemption for Certain Purchases By Construction Contractors:**

All the local sales and use taxes discussed in this information letter exempt purchases of building materials for use under a construction contract if both of the following conditions are met:

- A. 1. the construction contract is executed before the imposition date; or  
2. a written bid is submitted before the imposition date culminating in a construction contract entered into before or after the imposition date; and
- B. a verified copy of the contract is mailed within 6 months of the imposition date to:

South Carolina Department of Revenue  
Registration Unit  
P. O. Box 125  
Columbia, South Carolina 29214-0140

A "verified copy" is a copy accompanied by a statement, signed under penalties of perjury, that it is true and correct. If the contractor is a corporation, the statement is to be signed by an officer of the corporation or an employee authorized to sign. If the contractor is a partnership, the statement is to be signed by a general partner. If the contractor is a sole

proprietorship, the owner is to sign.

**Special Exemption Certificate.** In order for a contractor to purchase building materials for a particular contract free of the local tax, the contractor must complete Form ST-10-C ("Application for Exemption from Local Option Tax") and submit it to the Department of Revenue. If the Department determines the contract in question meets the above requirements, the contractor will be issued a special exemption certificate (Form ST-35). The certificate may only be used to purchase building materials for the contract for which it is issued and may not be used to purchase anything other than building material. If the contractor uses this certificate to make purchases free of the local tax, upon which the tax should have been paid, then the contractor will be held liable for the tax. **Also, the certificate does not allow the contractor to make purchases of building materials free of the State tax.**

An exemption certificate (Form ST-35) issued by the Department of Revenue to a prime contractor under this exemption may not be used by a subcontractor nor may a prime contractor use a subcontractor's exemption certificate. Each contractor must obtain his own certificate for each construction contract.

**Note #1:** By not exempting items subject to the casual excise tax ("No" in the "Casual Excise Items" column), counties imposing this local sales and use tax will impose the local tax on sales and purchases of trailers that can be pulled by vehicles other than truck tractors, sales of pole trailers and sales of boat motors not attached to a boat at the time of sale, but will not impose the local sales and use tax on items subject to a maximum tax under the State sales and use tax law.

**Note #2:** Effective December 1, 2002, Jasper county charges two local sales and use taxes - the 1% Local Option Tax and the 1% Jasper School Tax. Jasper county has imposed the 1% Local Option Tax since July 1, 1991 and imposed both the 1% Local Option Tax and 1% Capital Projects Tax for the period of May 1, 1999 through November 30, 2002.

**Note #3:** Effective May 1, 2000 Chester county no longer imposes the 1% Capital Projects Tax. Chester county still imposes the 1% Local Option Tax. Chester county imposed the 1% Capital Projects Tax for the period of May 1, 1999 through April 30, 2000.

**Note #4:** Effective September 1, 2000, Chesterfield county charges two local sales and use taxes - the 1% Local Option Tax and the 1% Chesterfield School Tax.

**Note #5:** Since May 1, 1992, Allendale county has imposed the 1% Local Option Tax. Effective January 1, 2007 Allendale county no longer imposes the 1% Capital Projects Tax. Allendale county imposed the 1% Capital Projects Tax for the period of May 1, 2001 through December 31, 2006.

**Note #6:** Beaufort county imposed a 1% Transportation Tax for the period of June 1, 1999 through November 30, 2000. In November 2006, the citizens of Beaufort county voted to impose a 1% Transportation Tax again; however, the vote was not timely certified and the imposition of the tax was scheduled to be postponed until May 1, 2008 unless the General Assembly enacted legislation to allow an earlier imposition date. On February 19, 2006, the

Governor signed such legislation, Senate Bill 273 of 2006, authorizing the imposition of the 1% Transportation Tax in Beaufort county effective May 1, 2007.

**Note #7:** Since May 1, 1996, Dillon county has imposed the 1% Local Option Tax. Effective May 1, 2003 and ending September 30, 2008, Dillon county charged two local sales and use taxes - the 1% Local Option Tax and the 1% Capital Projects Tax. Effective October 1, 2008, Dillon county charges two local sales and use taxes - the 1% Local Option Tax and a 1% School District Tax.

**Note #8:** Since July 1, 1991, Charleston county has imposed the 1% Local Option Tax. Effective May 1, 2005, Charleston county charges two local sales and use taxes - the 1% Local Option Tax and a ½ of 1% Transportation Tax. (Prior to the enactment of this Transportation Tax, Charleston county was scheduled to impose another Transportation Tax at the rate of ½ of 1% in May of 2003; however, this tax was not imposed as a result of a South Carolina Supreme Court decision.)

**Note #9:** Since July 1, 1991, Hampton county has imposed the 1% Local Option Tax. Effective May 1, 2003, Hampton county charges two local sales and use taxes - the 1% Local Option Tax and the 1% Capital Projects Tax.

**Note #10:** Since May 1, 1997, Darlington county has imposed the 1% Local Option Tax. Effective February 1, 2004, Darlington county charges two local sales and use taxes - the 1% Local Option Tax and the 1% Darlington School Tax.

**Note #11:** Since May 1, 1997, Clarendon county has imposed the 1% Local Option Tax. Effective June 1, 2004, Clarendon county charges two local sales and use taxes - the 1% Local Option Tax and the 1% Clarendon Schools Tax. Sales of foods which are eligible to be purchased with United States Department of Agriculture food stamps, and which are exempt from the 1% Clarendon School Tax for the period of June 1, 2004 through June 30, 2005, are subject to the 1% Clarendon School Tax effective July 1, 2005 (Senate Bill 426 of 2005).

**Note #12:** The citizens of Aiken, Newberry, Orangeburg, and York counties have imposed Capital Projects taxes and have subsequently voted to extend the Capital Projects taxes in their counties. The “new” Capital Projects tax in Aiken, Newberry, Orangeburg, and York counties began immediately upon the expiration of the “original” tax. The effective date listed on the chart for each of these counties is the effective date of the “new” Capital Projects tax. In each county, the “original” Capital Projects tax expired on the previous day.

**Note #13:** The application of either the State sales and use tax or the Catawba Tribal sales and use tax for sales (deliveries) made on the Catawba Indian Reservation are determined by the Catawba Indian Claims Settlement Act. The specific sales and use tax provisions can be found in Code Section 27-16-130(H). The Catawba Tribal sales and use tax expires on November 28, 2092.

The following chart provides a summary of these provisions:

<u>Delivery on the Reservation From:</u>	<u>Type Tax Applicable</u>	<u>Administered and Collected By:</u>
Location On the Reservation	Tribal Sales Tax (Equal to Combined State and Local Rate*)	DOR
Location Off the Reservation But in SC – Sales \$100 or less	State Sales Tax (Local taxes would not be applicable in these circumstances.)	DOR
Location Off the Reservation But in SC – Sales Over \$100	Tribal Sales Tax (Equal to Combined State and Local Rate*)	DOR
Location Off the Reservation and Outside the State – Seller Registered with DOR	State Use Tax (Local taxes would not be applicable in these circumstances.)	DOR
Location Off the Reservation and Outside the State – Seller Not Registered with DOR	Tribal Use Tax (Equal to Combined State and Local Rate*)	Catawba Indian Tribe

\* As of the date of this information letter, Lancaster county imposes a 1% local option sales and use tax and York county imposes a 1% Capital Projects sales and use tax in addition to the State sales and use tax. Therefore, the tribal sales tax and the tribal use tax are imposed at a rate of 7% at this time, whether such sales (deliveries) are made on the Reservation within Lancaster County or within York county. Please note that the rate for the tribal sales tax and the tribal use tax may increase or decrease dependent upon whether the total state and local sales and use tax rates change in Lancaster county or York county in the future.

For additional information, see SC Revenue Ruling #98-18.

**Note #14:** By not exempting sales of tangible personal property subject to the maximum tax provisions, sales of such maximum tax items are taxed under the tribal sales and use tax at 6%, but the tax may not exceed the maximum tax set forth in Code Section 12-36-2110.

**Note #15:** Since May 1, 1996, Lee county has imposed the 1% Local Option Tax. Effective October 1, 2006, Lee county charges two local sales and use taxes - the 1% Local Option Tax and the 1% Lee School Tax.

**Note #16:** Since May 1, 1994, Florence county has imposed the 1% Local Option Tax. Effective May 1, 2007, Florence county charges two local sales and use taxes - the 1% Local Option Tax and the 1% Capital Projects Tax.

**Note #17:** Effective May 1, 2007, Horry county will impose a 1% Capital Projects Tax. In November 2006, the citizens of Horry county also voted to impose a 1% School District Tax; however, as of the date of this information letter, the imposition of the School District Tax has been challenged and is under review at this time. The 1% School District Tax will therefore not be imposed until this matter is resolved and the imposition of the tax is upheld.

**Please note that this chart only addresses the general local option taxes collected by the Department of Revenue on behalf of the counties, school districts, and the Catawba Indian tribal government. It does not address the local taxes on sales of accommodations or on sales of prepared meals that are collected directly by the counties.**