



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

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SC INFORMATION LETTER #24-16

SUBJECT: Tax Legislative Update for 2024

DATE: October 7, 2024

AUTHORITY: S.C. Code Ann. § 12-4-320 (2014)
S.C. Code Ann. § 1-23-10(4) (2005)
SC Revenue Procedure #09-3

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.

Attached is a brief summary of the significant changes in tax and regulatory laws enacted during the past legislative session. The summary is divided into categories, by subject matter, as indicated below.

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DISCLAIMER:

This is intended to be a summary of the major parts of the recently enacted legislation; it is not the Department’s interpretation of the meaning or effect of any particular piece of legislation. This update is written in general terms for widest possible use and may not contain all the specific requirements or provisions of authority. It is intended as a guide only, and the application of its contents to specific situations will depend on the particular circumstances involved. It does not represent official Department policy. You should always refer to the full text of the legislation for specific details and requirements.

There may be instances where some tax or incentive related legislation summarized herein is under the jurisdiction of another state agency or political subdivision rather than the Department of Revenue. In these cases, questions concerning the legislation should be made directly to the agency or political subdivision having primary responsibility for the administration of these acts.

TEXT OF LEGISLATION:

A complete copy of the legislation discussed can be obtained from the South Carolina Legislature’s website at scstatehouse.gov.

LIST OF BILLS BY SUBJECT CATEGORY

The following is a list of significant changes in tax laws (both permanent and temporary) enacted during the 2024 legislative session. Temporary provisos are enacted in the State budget and are only effective for the fiscal year (July 1 – June 30) following enactment. Although many provisos are reenacted in subsequent years, temporary provisos expire on June 30, 2025 unless reenacted.

Also included are reminders of provisions which were enacted in a prior year but are being phased in or are effective in 2024 and thereafter. These provisions are indicated as “reminders” in the chart below.

This list is divided by subject matter with the bills listed in numeric order.

INCOME TAXES, BANK TAXES, WITHHOLDING, and CORPORATE LICENSE FEES

BILL #	ACT #	SUBJECT
298	113	Alternate Allocation and Apportionment Methods
314	45 of 2019	Service as Preceptor for Clinical Rotations – Credit and Deduction – Reminder
557	188	Apprenticeship Credit
577	215	Income Tax Withholding
969, Sec. 1	217	Subsistence Allowance
969, Sec. 2	217	Volunteer Deduction
969, Sec. 3	217	Preceptor Credit and Deduction
1021, Secs. 1 and 2	169	Abandoned Buildings Credit
1021, Sec. 3	169	Railroad Expenditures Credit
1087, Secs. 1 and 2	228 of 2022	Individual, Estate, and Trust Income Tax – Top Marginal Rate Reduction Phase-Down Beginning Tax Year 2022 – Reminder
1087, Sec. 4	228 of 2022	2.5% Marginal Tax Rate Reduction in 2007 – To be Repealed - Reminder
3121	125	Recreational Trail Easement Credit
3811	134	Industry Partnership Fund Credit
4087, Sec. 1	222	Headquarters Credit
4087, Sec. 2	222	Qualified Recycling Facility Credit
4087, Sec. 3	222	Job Development Credit
4087, Sec. 4	222	Retraining Credit
4087, Sec. 5	222	Gross Income Modification – Broadband Equity, Access, and Deployment Grants
4594	175	Internal Revenue Code Conformity

**INCOME TAXES, BANK TAXES, WITHHOLDING, and CORPORATE LICENSE FEES
(CONTINUED)**

BILL #	ACT #	SUBJECT
5100, Part IB, Sec. 1A, Proviso 1A.9	226	Teaching Supplies and Materials – Revised Reimbursement Amount; Reimbursement Amount Not Taxable or Refundable Income Tax Credit – Reenacted and Revised Temporary Proviso
5100, Part IB, Sec. 1A, Proviso 1A.10	226	Teacher of the Year Awards – Not Subject to South Carolina Income Tax – Reenacted Temporary Proviso
5100, Part IB, Sec. 50, Proviso 50.23	226	Job Development Tax Credit Program
5100, Part IB, Sec. 63, Proviso 63.9	226	Governor’s Law Enforcement Officer of the Year Awards – Not Subject to South Carolina Income Tax – Reenacted Temporary Proviso
5100, Part IB, Sec. 71, Proviso 71.6	226	Division of Small and Minority Business Contracting and Certification
5100, Part IB, Sec. 73, Proviso 73.10	226	SC Broadband Office and SC Digital Opportunity
5100, Part IB, Sec. 109, Proviso 109.17	226	Income Tax Withholding at Highest Individual Income Tax Rate – Reenacted Temporary Proviso
5100, Part IB, Sec. 117, Proviso 117.111	226	Retail Facilities Revitalization Act – Repeal of Act Suspended – Reenacted Temporary Proviso
5100, Part IB, Sec. 117, Proviso 117.169	226	Abandoned Textile Mills Credit – Effective Date of Notice of Intent to Rehabilitate – Reenacted and Revised Temporary Proviso
5100, Part IB, Sec. 118, Proviso 118.10	226	Consumer Protection Services – Individual Income Tax Deduction – Reenacted Temporary Proviso
5100, Part IB, Sec. 118, Proviso 118.23	226	Income Tax Reduction

PROPERTY TAXES

BILL #	ACT #	SUBJECT
654, Sec. 5	92 of 2023	Consolidation of Barnwell County School Districts – Millage – Reminder
3116	116	Disabled Veterans Property Tax Exemption
5100, Part IB, Sec. 1, Proviso 1.38	226	Index of Taxpaying Ability – Imputed Value for Owner-Occupied Residential Property – Reenacted Temporary Proviso

PROPERTY TAXES (CONTINUED)

BILL #	ACT #	SUBJECT
5100, Part IB, Sec. 92D, Proviso 92D.1	226	Improvements to Property Damaged by Catastrophic Weather Event – Time for Improvements for Eligible Events – Reenacted Temporary Proviso
5100, Part IB, Sec. 109, Proviso 109.11	226	Notification of Protest to Affected County and School District – Reenacted Temporary Proviso
5100, Part IB, Sec. 109, Proviso 109.16	226	Manufacturing Property Tax Reduction Disallowed – Utilities – Reenacted Temporary Proviso
5100, Part IB, Sec. 113, Proviso 113.6	226	Agricultural Use Exemption for Timberland – Impact of Additional County Requirements – Reenacted Temporary Proviso
5100, Part IB, Sec. 117, Proviso 117.37	226	Personal Property Tax Relief Fund – Reenacted Temporary Proviso
5100, Part IB, Sec. 117, Proviso 117.111	226	Retail Facilities Revitalization Act – Repeal of Act Suspended – Reenacted Temporary Proviso
5100, Part IB, Sec. 117, Proviso 117.164	226	Millage Calculation – Adjustments for 2020 Census – Reenacted Temporary Proviso

SALES and USE TAXES

BILL #	ACT #	SUBJECT
969, Sec. 4	217	Transportation Tax Exemption
3563	131	Sales Tax Exemption – Feminine Hygiene Products
5100, Part IB, Sec. 44, Proviso 44.10	226	South Carolina Agriculture Tax Exemption Card (SCATE Card) – Fee Authorized for Card – Reenacted Temporary Proviso
5100, Part IB, Sec. 88, Proviso 88.6	226	Navy Base Intermodal Facility – Distribution Facility Eligibility – Reenacted Temporary Proviso
5100, Part IB, Sec. 109, Proviso 109.18	226	Farm Fuels – Sales Tax Exemption – Reenacted Temporary Proviso
5100, Part IB, Sec. 117, Proviso 117.36	226	Private Schools – Use Tax Exemption – Reenacted Temporary Proviso
5100, Part IB, Sec. 117, Proviso 117.54	226	Respiratory Syncytial Virus Medicines Exemption – Effective Date – Reenacted Temporary Proviso
5100, Part IB, Sec. 117, Proviso 117.58	226	Viscosupplementation Therapies – Sales and Use Tax Suspended – Reenacted Temporary Proviso
5100, Part IB, Sec. 117, Proviso 117.139	226	Agribusiness Facilities – Material Handling and Construction Material Exemptions – Reenacted Temporary Proviso
5100, Part IB, Sec. 117, Proviso 117.175	226	Festival Craftsmen – Not Making Sales at Retail – Reenacted Temporary Proviso

MISCELLANEOUS

BILL #	ACT #	SUBJECT
Administrative and Procedural		
5100, Part IB, Secs. 41 and 117, Provisos 41.2 and 117.81	226	3% Reduction on Interest Rate on Tax Refunds – Reenacted Temporary Proviso
5100, Part IB, Sec. 109, Proviso 109.6	226	Voluntary Website Posting of Tax Return Information for Candidates and Gubernatorial Appointees – Reenacted Temporary Proviso
5100, Part IB, Sec. 109, Proviso 109.14	226	Certain License or Permit Applications – New Electronic Filing Option under Penalties of Perjury – Reenacted Temporary Proviso
5100, Part IB, Sec. 109, Proviso 109.15	226	Advance Referendum Notification by Election Commission to SCDOR – Reenacted Temporary Proviso
Miscellaneous Taxes		
3880	135	Admissions Tax Exemption – Golf Club Dues
4817	205	Tobacco Tax – Vending Machine Sales
5100, Part IB, Sec. 1, Proviso 1.12	226	Local Government School Buses – Motor Fuel User Fee Exemption – Reenacted Temporary Proviso
5100, Part IB, Sec. 33, Proviso 33.10	226	Nursing Home Bed Franchise Fee – Suspension – Reenacted Temporary Proviso
5100, Part IB, Sec. 117, Proviso 117.167	226	Athletic Admissions Tax Revenue – Reenacted Temporary Proviso
5100, Part IB, Sec. 118, Proviso 118.7	226	Admissions Tax Rebate – Motorsports, Tennis, and Soccer Facilities – Reenacted Temporary Proviso

INCOME TAXES, BANK TAXES, WITHHOLDING, AND CORPORATE LICENSE FEES

House Bill 4594 (Act No. 175)

Internal Revenue Code Conformity

Conformity Date. S.C. Code Ann. § 12-6-40(A)(1)(a) has been amended, except as otherwise provided, to update South Carolina's income tax laws to conform to the Internal Revenue Code of 1986 through December 31, 2023, and includes the effective date provisions contained therein.

Extension of Federal Expiring Provisions. S.C. Code Ann. § 12-6-40(A)(1)(c) provides that if during 2024 the federal government extends, without otherwise amending, Internal Revenue Code provisions that expired on December 31, 2023, then these sections or portions of sections which have been adopted by South Carolina will be extended in the same manner that they are for federal income tax purposes.

Effective Date: May 20, 2024

Senate Bill 298 (Act No. 113)

Alternate Allocation and Apportionment Methods

S.C. Code Ann. § 12-6-2320 was amended to add a new subsection (B) that supplements the process for the Department and taxpayers to accurately determine net income when the standard allocation and apportionment provisions do not fairly represent the extent of the taxpayer's business activity in South Carolina.

Notice. When the Department has reason to believe a taxpayer employs intercompany transactions that lack economic substance or are not at fair market value between members of an affiliated group, the Department will notify the taxpayer and request any information reasonably necessary to determine whether the taxpayer's intercompany transactions have economic substance and are at fair market value. The taxpayer must provide the requested information within 90 days.

Adjust Net Income. If the Department finds the taxpayer's intercompany transactions lack economic substance or are not at fair market value, the Department may redetermine the South Carolina net income properly attributable to the taxpayer's business activity in the state. The Department may add back, eliminate, or otherwise adjust intercompany transactions to accurately compute the taxpayer's South Carolina net income. If adjustments are not adequate, the Department may require the taxpayer to file a return that reflects the net income on a combined basis of all members of its affiliated group that are conducting a unitary business. The Department will consider any reasonable method proposed by the taxpayer to redetermine its South Carolina net income. When determining whether intercompany transactions lack economic substance or are not at fair market value, the Department will consider each tax year separately.

Voluntary Redetermination. The Department and the taxpayer may jointly determine and agree to an alternative filing method that fairly represents South Carolina net income.

Written Statement of Findings. If the Department makes an adjustment or requires a combined return, it will provide the taxpayer with a written statement within 90 days following the proposed assessment. The statement will include the facts, circumstances, and reasons the Department found the taxpayer did not fairly represent its South Carolina income and the Department's proposed method for computing the taxpayer's South Carolina income.

Proposed Assessment or Refund. If the Department redetermines the South Carolina net income of the taxpayer by adjusting income or requiring a combined return, the Department will issue a proposed assessment or refund upon making the redetermination.

Combined Return. If the Department finds that a combined return is required, it may send a notice requiring the taxpayer to submit the combined return within 90 days of the date of the notice. The submission of the combined return is not deemed to be a return or construed as an agreement that an assessment based on the combined return is correct or that additional tax is due. The Department or the taxpayer may propose a combination of fewer than all members of the unitary group, but the Department will not require a combination of fewer than all members of the group without the consent of the taxpayer. The Department may require a combined return regardless of whether the members of the affiliated group are all doing business in the state.

Effective Date: March 11, 2024, and applies to all open tax periods excluding assessments under judicial review by the South Carolina Administrative Law Court, Court of Appeals, or Supreme Court as of March 11, 2024.

Senate Bill 557 (Act No. 188)

Apprenticeship Credit

S.C. Code Ann. § 12-6-3477 allows an income tax credit to a taxpayer who hires an apprentice pursuant to a qualifying apprenticeship agreement. That section has been amended to increase the credit amount to the greater of \$1,000 or the cost of the apprenticeship, up to a maximum credit amount of \$4,000 for an apprentice or \$6,000 for the youth apprenticeship program. Apprentices must be employed by the taxpayer for at least seven months during the tax year to qualify for the credit. The credit is not allowed for an individual apprentice for more than four years, unless the apprentice completes the apprenticeship and remains an employee of the taxpayer. The taxpayer may claim a \$1,000 credit for up to three additional tax years for an apprentice who remains as an employee. Any unused credit may be carried forward for three years. Previously there was no carryforward provision. The maximum aggregate credit for all taxpayers in a tax year is now capped at \$5 million where previously there was no aggregate credit cap.

Effective Date: May 21, 2024

Senate Bill 577 (Act No. 215)

Income Tax Withholding

The following Code Sections are amended to require income tax withholding at the maximum individual tax rate, instead of 7%:

1. S.C. Code Ann. § 12-8-530(A) (prizes or winnings of \$500 or more);
2. S.C. Code Ann. § 12-8-540(A) (rent or royalty payments to nonresidents);
3. S.C. Code Ann. § 12-8-570(A) (distributions by a trust or estate to a nonresident beneficiary);
4. S.C. Code Ann. § 12-8-580(A) (purchases of real property from a nonresident seller); and
5. S.C. Code Ann. § 12-8-595(A) (wages paid to an individual who fails to provide a taxpayer identification number or social security number).

Effective Date: July 2, 2024

Senate Bill 969, Section 1 (Act No. 217)

Subsistence Allowance

The subsistence allowance deduction in S.C. Code Ann. § 12-6-1140(6) increases to \$16 for each regular work day in a tax year for federal, state, and local law enforcement officers; full-time firefighters; and full-time emergency medical service personnel. The deduction amount was previously \$8 a day.

Effective Date: July 2, 2024, and applies to tax years beginning after 2023.

Senate Bill 969, Section 2 (Act No. 217)

Volunteer Deduction

The maximum deduction in S.C. Code Ann. § 12-6-1140(10) increases to \$6,000 per year for an eligible volunteer firefighter, rescue squad member, volunteer member of a Hazardous Materials (HAZMAT) Response Team, reserve police officer, Department of Natural Resources deputy enforcement officer, member of the State Guard, or volunteer state constable. The deduction amount was previously \$3,000.

Effective Date: July 2, 2024, and applies to tax years beginning after 2023.

Senate Bill 969, Section 3 (Act No. 217)

Preceptor Credit and Deduction

S.C. Code Ann. § 12-6-3800 provides an income tax credit for eligible physicians, advanced practice registered nurses, or physician assistants who serve as a preceptor for qualifying clinical

rotations.¹ This section is amended to allow a physician, advanced practice registered nurse, or physician's assistant to qualify for the full credit amount of \$1,000 for each clinical rotation served as a preceptor, up to \$4,000 per year, if they are a Medicaid-participating provider with a minimum of 100 combined Medicaid and Medicare patients or are a free clinic. Previously, the credit amount varied based on the type of preceptor and the percentage of Medicaid-insured, Medicare-insured, or self-pay patients in the practice.

The definition of clinical rotation is amended to add instruction in specialty care, including but not limited to dermatology, hematology, neurology, and oncology.

The credit, and related deduction, are repealed January 1, 2030. Previously, the credit and deduction were scheduled to be repealed January 1, 2026.

Effective Date: July 2, 2024, and applies to tax years beginning after 2024.

Senate Bill 1021, Sections 1 and 2 (Act No. 169)

Abandoned Buildings Revitalization Credit

Chapter 67, Title 12 allows either an income tax credit or property tax credit to taxpayers who rehabilitate a qualifying abandoned building. S.C. Code Ann. § 12-67-140(B)(3)(b) relating to the income tax credit is amended to increase the maximum credit amount for an abandoned building site from \$500,000 to \$700,000 in a tax year. This limit applies to each unit or parcel deemed to be an abandoned building site. Additionally, the credit repeal date is extended to December 31, 2035. Previously the credit was due to expire on December 31, 2025.

Effective Date: May 20, 2024

Senate Bill 1021, Section 3 (Act No. 169)

Railroad Expenditures Credit

S.C. Code Ann. § 12-6-3820 provides a new nonrefundable credit against individual or corporate income tax, bank tax, or insurance premium tax equal to 50% of an eligible taxpayer's qualified railroad reconstruction or replacement expenditures.

The credit is limited to the lesser of:

1. \$5,000 multiplied by the number of miles of railroad track the taxpayer owns or leases in South Carolina at the end of the tax year; or
2. \$1,500,000.

Any unused credit may be carried forward for five years following the year of qualification.

¹ See the description of 2019 Act No. 45 in the **Reminders** section for more information about this credit.

To qualify, a taxpayer must be a railroad owner located in South Carolina and classified by the United States Surface Transportation Board as a Class II or Class III railroad. Qualified expenditures are gross expenditures for maintenance, reconstruction, or replacement of railroad infrastructure, including track, roadbed, bridges, industrial leads and sidings, and track-related structures owned or leased by a Class II or Class III railroad located in the state.

The railroad owner must submit a verification of qualified expenditures to the Department of Commerce certifying:

1. The status of the owner or lessee of the railroad as an eligible taxpayer;
2. Certification of the miles of railroad track owned or leased in South Carolina;
3. The qualified railroad reconstruction or replacement work completed; and
4. A description of the amount of qualified railroad reconstruction or replacement expenditures paid or incurred.

Within 30 days of receiving and approving the documentation of expenditures, the Department of Commerce will issue a tax credit certificate in an amount equal to 50% of the amount of the qualified expenditures incurred. At the end of each year, the Department of Commerce will provide the Department of Revenue a list of all eligible taxpayers who have qualified for the credit and the amount of credit authorized. The taxpayer will include a copy of the tax credit certificate when filing the South Carolina income tax return.

Unused credits may be carried forward for five years following the year of qualification.

Repeal Date: December 31, 2028, except that if the credit is earned before the repeal date, the credit provisions continue to apply until the credits have been fully claimed.

Effective Date: May 20, 2024, and applies to income tax years beginning after December 31, 2023.

House Bill 3121 (Act No. 125)

Recreational Trail Easement Credit

S.C. Code Ann. § 12-6-3810 provides a new nonrefundable income tax credit to a taxpayer who encumbers his property with a perpetual recreational trail easement and right of way. The credit is equal to 10 cents per square foot of property encumbered by the easement. Unused credits can be carried forward for up to five years. The maximum amount of tax credits allowed to all taxpayers is \$1 million in a calendar year.

To qualify for the credit, the easement and right of way must be held by a South Carolina municipality, county, or special purpose district or by a Land Trust Alliance accredited land trust and must be recorded with the Register of Deeds. The easement must include an agreement to grant access to the general public and address improvements to the trail. The trail must provide a

connection between a trail within the municipality, county, or special purpose district's regional trail system plan and a local or regional attraction or point of interest.

Repeal Date: January 1, 2029

Effective Date: May 13, 2024, and applies to income tax years beginning after 2023.

House Bill 3811 (Act No. 134)

Industry Partnership Fund Credit

S.C. Code Ann. § 12-6-3585 provides a credit against income tax, bank tax, license fee, or insurance premium taxes for contributions a taxpayer makes to the Industry Partnership Fund at the South Carolina Research Authority. This section has been amended to increase the maximum aggregate Industry Partnership Fund Credit amount for all taxpayers from \$9 million to \$12 million for tax years beginning after 2022. The maximum credit in a year for a single taxpayer remains at \$500,000. If the \$12 million maximum aggregate credit amount is not met within 60 days of the opening date for the credit application, the single taxpayer maximum amount increases to \$1 million until the \$12 million aggregate maximum is met.

Effective Date: May 13, 2024

House Bill 4087, Section 1 (Act No. 222)

Headquarters Credit

S.C. Code Ann. § 12-6-3410 provides a credit against income tax, bank tax, or license fees for a taxpayer establishing or expanding a qualifying headquarters in South Carolina. The credit is equal to 20% of the qualifying real property costs and 20% of the cost for tangible personal property. Any unused credit can be carried forward for 10 years.

This section has been amended to allow a credit for any taxpayer or business unit establishing or expanding a headquarters facility in the state, instead of limiting the credit to a corporate headquarters facility. A business unit is an organizational unit of the taxpayer that is defined by the particular product or category of products it sells.

A headquarters is the facility, or portion of a facility, where headquarters staff employees are employed and where the taxpayer's, or the business unit's, financial, personnel, legal, planning, information technology, or other headquarters-related functions are handled either on a regional, national, or global basis. To qualify, the headquarters must be a national or regional headquarters. A national headquarters is the sole office or location in the nation or the world for the taxpayer or business unit with multistate operations and must handle headquarters-related functions on a national or global basis. The function and purpose of the national headquarters is to plan, direct, and control all aspects of the taxpayer or business unit's operations, and it has final authority over regional offices, operating facilities, or any other office of the taxpayer or business unit.

A regional headquarters performs functions similar to the national headquarters but within a more limited area. A region, or regional, means a geographic area comprised of at least five states, including South Carolina, or for taxpayers or business units whose entire business operations are performed in fewer than five states, a region means a geographic area comprised of two or more states including South Carolina. A regional headquarters is the sole office or location in the region for the taxpayer or business unit with multistate operations within the region and handles headquarters-related functions on a regional basis. A regional headquarters performs a function that is separate from the management of operational facilities within the region.

A taxpayer or taxpayer's business unit doing business solely within South Carolina does not meet the definition of a headquarters.

The headquarters establishment or expansion must result in the creation of at least 40 new full-time jobs that:

1. Perform headquarters-related functions and services;
2. Have gross wages greater than or equal to twice the per capita income of the State based on the most recent data available at the end of the tax year in which the jobs are filled;
3. Are subject to South Carolina withholding; and
4. Are provided a benefits package, including health care.

A remote employee who works for the taxpayer performing headquarters-related functions or services either completely or partially from a home office or other residence in South Carolina qualifies as a full-time employee.

Effective Date: July 2, 2024, and applies to income tax years beginning after 2023.

House Bill 4087, Section 2 (Act No. 222)

Qualified Recycling Facility Credit

S.C. Code Ann. § 12-6-3460 provides a credit for taxpayers who construct or operate a qualified recycling facility equal to 30% of the investment in recycling property during the tax year. The minimum level of investment is amended to be at least \$150 million by the end of the fifth calendar year after the year in which the taxpayer begins construction or operation of the facility. Previously the minimum level of investment was \$300 million.

A qualified recycling facility is used to manufacture products for sale composed of at least 50% postconsumer waste material by weight or by volume. The definition of "postconsumer waste material" for the credit was expanded to also include batteries, solar panels, and turbines.

Effective Date: July 2, 2024, and applies to income tax years beginning after 2023.

House Bill 4087, Section 3 (Act No. 222)

Job Development Credit

Chapter 10, Title 12 provides a job development credit against quarterly withholding taxes for qualifying businesses that meet minimum job and capital investment requirements. The definition of employee for the purposes of this credit was amended to include a remote employee. S.C. Code Ann. § 12-10-30(20) was added and defines a “remote employee” for the purposes of the Job Development Credit to be a full-time employee who is:

1. A resident of South Carolina, North Carolina, or Georgia;
2. Subject to South Carolina withholding under Title 12, Chapter 8;
3. Hired to fill a job for the project qualifying for the credit; and
4. Working completely or partially from a home office or other residence in or outside of South Carolina.

A business is allowed to count jobs filled by remote employees towards the minimum employment levels, but may only claim credits on a remote employee to the extent the employee was subject to South Carolina withholding under Title 12, Chapter 8. S.C. Code Ann. § 12-10-60. To determine the amount of Job Development Credit that can be claimed for a job filled by a remote employee, the business will use the physical location of the project, not the physical location of the remote employee providing services. S.C. Code Ann. § 12-10-40.

Under S.C. Code Ann. § 12-10-80(D)(2), the Coordinating Council for Economic Development may approve a waiver of 95% of the Job Development Credit limits. This section was amended to provide that the definition for a significant business is found in S.C. Code Ann. § 12-10-30(18) and to remove the application of the waiver to a related person to a significant business.

S.C. Code Ann. § 12-10-80 is amended to add subsection (M) providing that if the Council approves an operating lease as an eligible expenditure for a qualifying business, the business may be reimbursed on an annual basis for lease payments beginning in the first year the business creates at least 10 new jobs meeting the wage thresholds. Reimbursements may begin before the certification to the Council that the qualifying business has met the minimum job and capital investment requirements provided for in the revitalization agreement.

Effective Date: July 2, 2024, and applies to income tax years beginning after 2020.

House Bill 4087, Section 4 (Act No. 222)

Retraining Credit

S.C. Code Ann. § 12-10-95 provides a credit against withholding for a qualifying business for the retraining of certain employees or supervisors if the retraining is necessary for the business to remain competitive or to introduce new technologies. This section is amended to:

1. Include warehousing and distribution facilities in the qualifying businesses for the retraining credit;

2. Allow the credit to apply for an employee who has been employed for one year, instead of two years; and
3. Add retraining programs for current employees for the purpose of upskilling, management development, or recertification in production-related competencies to qualify for the credit.

Employees who are included in the minimum job requirement of an ongoing revitalization agreement for which the company is eligible to claim Job Development Credits are not eligible for the retraining credit. A qualifying business may claim retraining credits for qualifying employees who are included in the base employment for an ongoing revitalization agreement but are not subject to the Job Development Credit. S.C. Code Ann. § 12-10-95(F)(b).

S.C. Code Ann. § 12-10-95(I) was amended to add a new section (2) allowing that a qualifying business may contract with the State Board for Technical and Comprehensive Education or a subsidiary technical college to assist with additional program administration beyond what is required in a typical retraining agreement for a quarterly fee not to exceed 20% of the retraining credit amount claimed.

Effective Date: July 2, 2024, and applies to income tax years beginning after 2023.

House Bill 4087, Section 5 (Act No. 222)

Gross Income Modification – Broadband Equity, Access, and Deployment Program Grants

Grants or subgrants received for making investments in broadband infrastructure pursuant to the Broadband Equity, Access, and Deployment Program established under 47 U.S.C. 1702, or the American Rescue Plan Act of 2021, Public Law 117-2, are not included in South Carolina taxable income for tax years beginning after January 1, 2023 and prior to January 1, 2029.

Effective Date: July 2, 2024

The following new temporary provisos are effective for the State fiscal year July 1, 2024 through June 30, 2025, and will expire June 30, 2025, unless reenacted by the General Assembly in the next legislative session.

House Bill 5100, Part IB, Section 50, Proviso 50.23 (Act No. 226)

Job Development Tax Credit Program

The state agencies responsible for managing, reporting, approving, and auditing the Job Development Credit program may increase fees charged to companies within the program as necessary to cover the operation expenses of the program. These fees will be included in each agency's Fines and Fees Annual Report.

House Bill 5100, Part IB, Section 71, Proviso 71.6 (Act No. 226)

Division of Small and Minority Business Contracting and Certification

For the current fiscal year, the Division of Small and Minority Business Contracting and Certification and the funds appropriated to it are transferred to the Commission for Minority Affairs. The Division will continue to perform its duties and responsibilities, including, but not limited to, assisting the Department of Revenue in providing income tax credits for firms with state contracts that subcontract with minority firms pursuant to S.C. Code Ann. § 11-35-5230(B).

House Bill 5100, Part IB, Section 73, Proviso 73.10 (Act No. 226)

SC Broadband Office and SC Digital Opportunity

For South Carolina tax purposes, grant funds provided by the Broadband Office under the American Rescue Plan Act (ARPA) and Infrastructure Investment and Jobs Act (IIJA) will be treated as contributions of capital of the recipients.

House Bill 5100, Part IB, Section 118, Proviso 118.23 (Act No. 226)

Income Tax Reduction

For the 2024 tax year, the top marginal rate is 6.2% for individuals, estates, trusts, and any other entity except entities otherwise taxed or exempted from tax in S.C. Code Ann. §§ 12-6-530 through 12-6-550. This accelerated the rate reduction schedule originally enacted in 2022 Act No. 228.

REENACTED OR REVISED TEMPORARY PROVISOS

The following temporary provisos were enacted in a prior legislative session and were reenacted by the General Assembly in 2024. Temporary provisos are effective for the State fiscal year July 1, 2024 through June 30, 2025, and will expire June 30, 2025, unless reenacted by the General Assembly in the next legislative session.

House Bill 5100, Part IB, Section 118, Proviso 118.10 (Act No. 226)

Consumer Protection Services – Individual Income Tax Deduction

This temporary proviso allows an individual an income tax deduction for the cost incurred to purchase identity theft protection and identity theft resolution services by monthly or annual contract or subscription. The deduction is equal to actual costs for the contract or subscription incurred in the tax year, up to \$300 for an individual taxpayer and up to \$1,000 for a joint return or a return claiming dependents.

The deduction is available to:

1. A taxpayer who filed a return (paper or electronic) with the Department for any tax year from 1998 through 2012; or
2. A person whose personally identifiable information was on the return of another eligible person, including minor dependents.

The deduction is not available to an individual who deducted the same actual cost as a business expense.

House Bill 5100, Part IB, Section 1A, Proviso 1A.9 (Act No. 226)

Teaching Supplies and Materials – Revised Reimbursement Amount; Reimbursement Amount Not Taxable or Refundable Income Tax Credit

This temporary proviso allows a \$400 expense reimbursement for teaching supplies and materials purchased by employees of a school district or charter school who are:

1. Certified or non-certified public school teachers identified in the Professional Certified Staff (PCS);
2. Certified special school classroom teachers;
3. Certified media specialists;
4. Certified guidance counselors; or
5. Career specialists.

The reimbursement also applies to lead teachers employed in a publicly funded full day 4K classroom approved by South Carolina First Steps to School Readiness. The reimbursement is not considered South Carolina taxable income. The previous reimbursement amount was \$350.

This proviso also allows any classroom teacher not eligible for the teacher supply reimbursement described above, including a classroom teacher at a South Carolina private school, to claim a refundable income tax credit on his/her 2024 tax return. The credit is the lesser of \$400 or the amount spent on teacher supplies and materials. The return or amended return claiming the credit must be filed on or before June 30, 2025, and may include expenses incurred after December 31, 2024.

A teacher may not receive the reimbursement provided by this proviso and also claim the income tax credit.

House Bill 5100, Part IB, Section 1A, Proviso 1A.10 (Act No. 226)

Teacher of the Year Awards – Not Subject to South Carolina Income Tax

This temporary proviso provides for various teacher of the year awards. The awards made according to this proviso are not subject to South Carolina income tax.

House Bill 5100, Part IB, Section 117, Proviso 117.111 (Act No. 226)

Retail Facilities Revitalization Act – Repeal of Act Suspended

The South Carolina Retail Facilities Revitalization Act (Title 6, Chapter 34) was enacted in 2006 (Act No. 285) to create an incentive for the renovation, improvement, and redevelopment of abandoned retail facility sites in South Carolina. A taxpayer who renovates, improves, or redevelops an abandoned retail facility at an eligible site may elect to take either an income tax credit or a property tax credit. By its terms Act No. 285 of 2006 was automatically repealed on July 1, 2016.

This temporary proviso suspends the repeal of the South Carolina Retail Facilities Revitalization Act for fiscal year 2024-2025 for sites where written notification of election of mode of credit was provided to the Department prior to July 1, 2016 and a building permit was issued prior to July 1, 2016.

House Bill 5100, Part IB, Section 63, Proviso 63.9 (Act No. 226)

Governor’s Law Enforcement Officer of the Year Awards – Not Subject to South Carolina Income Tax

This temporary proviso provides for an advisory committee created by the Department of Public Safety to select a state law enforcement officer of the year, a county law enforcement officer of the year, and a municipal law enforcement officer of the year. Each winner is recognized by the Office of the Governor and receives a \$10,000 award. These awards are not subject to South Carolina income tax.

House Bill 5100, Part IB, Section 109, Proviso 109.17 (Act No. 226)

Income Tax Withholding at Highest Individual Income Tax Rate

This temporary proviso requires the Department to clarify that any income tax withholding provision that requires withholding at the rate of 7% means withholding at the maximum individual income tax rate.

This affects the provisions requiring withholding on:

1. Prizes or winnings of \$500 or more (S.C. Code Ann. § 12-8-530);
2. Rent or royalty payments to nonresidents (S.C. Code Ann. § 12-8-540);
3. Distributions by a trust or estate to a nonresident beneficiary (S.C. Code Ann. § 12-8-570);
4. Purchases of real property from a nonresident seller (S.C. Code Ann. § 12-8-580); and
5. Wages paid to an individual who fails to provide a taxpayer identification number or social security number (S.C. Code Ann. § 12-8-595).

This change was made permanent effective July 2, 2024 with 2024 Act No. 215.

House Bill 5100, Part IB, Section 117, Proviso 117.169 (Act No. 226)

Abandoned Textile Mills Credit – Effective Date of Notice of Intent to Rehabilitate

The South Carolina Textiles Communities Revitalization Act (Chapter 65, Title 12) was enacted in 2008 to create an incentive for the renovation, improvement, and redevelopment of abandoned textile mill sites in South Carolina.

S.C. Code Ann. § 12-65-30(A) provides qualifying taxpayers a credit against either income taxes or real property taxes for the rehabilitation of an abandoned textile mill site in South Carolina.

A Notice of Intent to Rehabilitate filed by June 30, 2025 shall be effective as of the effective date designated by the taxpayer in the Notice for any project involving an abandoned textile mill of:

1. Between 50,000 and 55,000 square feet (if the rehabilitation began by June 30, 2022); or
2. Between 130,000 and 135,000 square feet;

and with estimated rehabilitation expenses of:

1. Between \$3,000,000 and \$3,500,000; or
2. Between \$5,500,000 and \$6,500,000.

This effective date may be earlier than the date of the Notice. Any rehabilitation expenses incurred on or after the effective date designated by the taxpayer shall be eligible for income tax credits under S.C. Code Ann. § 12-65-30(A)(2), provided all other applicable statutory requirements are satisfied.

REMINDERS

The following provisions were enacted prior to 2024 but are being phased in or are effective in 2024 and thereafter. The provisions are summarized below for informational purposes.

Senate Bill 1087, Sections 1 and 2 (Act No. 228 of 2022)

Individual, Estate, and Trust Income Tax – Top Marginal Rate Reduction Phase-Down Beginning Tax Year 2022

The Comprehensive Tax Cut Act of 2022 provides that South Carolina’s top marginal tax rate in S.C. Code Ann. § 12-6-510 will be lowered from 7% to 6% over a minimum of six years. This is the rate for individuals, estates, trusts, and any other entity except entities otherwise taxed or exempted from tax in S.C. Code Ann. §§ 12-6-530 through 12-6-550 (e.g., corporations, electing small business trusts, banks, insurance companies, and other tax exempt organizations, such as organizations under Internal Revenue Code §§ 501 through 528).

S.C. Code Ann. § 12-6-510(B) provides that the top marginal rate is 6.5% beginning in tax year 2022. This 6.5% marginal rate will then decrease by one-tenth of one percent each tax year thereafter until the top marginal tax rate is 6%, provided certain revenue conditions in S.C. Code Ann. § 12-6-510(B)(3) are met.

The chart below shows the new top marginal tax rates for tax years 2022 through 2024 and the top marginal tax rates during the remaining phase-down period from 2025 through 2026 if the revenue requirements are met each of those years. All reductions are permanent and cumulative.

Tax Year	Top Marginal Tax Rate Phase-down
2022	6.5% - Permanent reduction
2023	6.4% - Permanent reduction
2024	6.2% ² - Permanent reduction
2025*	6.1%*
2026*	6.0%*

*The tax rate reduction will continue by one-tenth of one percent in each tax year if general fund revenues are projected by the Revenue and Fiscal Affairs Office to increase by at least 5% in the fiscal year that begins during the tax year. The forecast in effect on February 15th of the current fiscal year is the final forecast to determine the percentage adjustment.

Effective Date: June 17, 2022, and first applies to tax years beginning after 2021.

² The reduced rate for 2024 would have been 6.3% according to 2022 Act No. 228, but was further reduced to 6.2% under Budget Proviso 118.23

Senate Bill 1087, Section 4 (Act No. 228 of 2022)

2.5% Marginal Tax Rate Reduction in 2007 – To be Repealed

S.C. Code Ann. § 12-6-515, which lowered South Carolina’s 2.5% marginal tax rate for individuals, estates, and trusts to 0% effective in 2007, is no longer necessary with the updates to the marginal tax rates in S.C. Code Ann. § 12-6-510 as amended and will be repealed.

Effective Date: This repeal takes effect on January 1 of the first tax year in which the new provisions of S.C. Code Ann. § 12-6-510(B) are fully phased-down and the top marginal rate equals 6%. See 2022 Act No. 228, Sections 1 and 2, above.

Senate Bill 314 (Act No. 45 of 2019)

Service as Preceptor for Clinical Rotations – Credit and Deduction

S.C. Code Ann. § 12-6-3800 provides an income tax credit for eligible physicians, advanced practice registered nurses, or physician assistants who serve as a preceptor for qualifying clinical rotations required by a medical school, physician assistant program, or advanced practice nursing program.

The credit is phased in over five years in equal and cumulative installments beginning in tax year 2020. The phased-in credit amounts are provided below and reflect completion of the maximum of four allowed rotations during the year. *The chart has been updated to reflect the changes to the maximum credit amounts as amended in 2024 Act No. 217 for tax years beginning after 2024.*

Eligible Taxpayer: Physician Preceptor				
	If 50% or More of Practice is Medicaid, Medicare, and Self Pay:		If 30% or More of Practice is Medicaid, Medicare, and Self Pay:	
Tax Year	Credit Per Rotation (x)	Maximum Credit Per Year (4x)	Credit Per Rotation (x)	Maximum Credit Per Year (4x)
2020	\$200	\$800	\$150	\$600
2021	\$400	\$1,600	\$300	\$1,200
2022	\$600	\$2,400	\$450	\$1,800
2023	\$800	\$3,200	\$600	\$2,400
2024	\$1,000	\$4,000	\$750	\$3,000
2025 - 2029	\$1,000	\$4,000	\$1,000	\$4,000
2030	Credit Repealed			

For tax years after 2024, the credit is available for a physician preceptor whose practice includes Medicaid-insured or Medicare-insured patients. The provider must be a Medicaid-participating provider with a minimum of at least 100 Medicaid and Medicare patients or a free clinic.

Eligible Taxpayer: Advanced Practice Registered Nurse or Physician Assistant Preceptor				
	If 50% or More of Practice is Medicaid, Medicare, and Self Pay:		If 30% or More of Practice is Medicaid, Medicare, and Self Pay:	
Tax Year	Credit Per Rotation (x)	Maximum Credit Per Year (4x)	Credit Per Rotation (x)	Maximum Credit Per Year (4x)
2020	\$150	\$600	\$100	\$400
2021	\$300	\$1,200	\$200	\$800
2022	\$450	\$1,800	\$300	\$1,200
2023	\$600	\$2,400	\$400	\$1,600
2024	\$750	\$3,000	\$500	\$2,000
2025 - 2029	\$1,000	\$4,000	\$1,000	\$4,000
2030	Credit Repealed			

For tax years after 2024, the credit is available for an advanced practice registered nurse or physician assistant preceptor at a Medicaid-participating provider with at least 100 Medicaid and Medicare patients or a free clinic.

Credits are considered to be earned in the tax year in which the rotation is served. The taxpayer may claim 50% of the credit in the tax year the credit is earned and 50% the following tax year. The credit claimed in a tax year may not exceed 50% of the taxpayer's remaining tax liability after all other credits have been applied. Any unused credit may be carried forward to the following year, except that a carryforward may not be used for a tax year that begins more than 10 years from the year the credit was earned. S.C. Code Ann. § 12-6-3800(D).

If a taxpayer earns the maximum annual credit amount allowed and serves as a preceptor for additional rotations that otherwise would have qualified for the credit, S.C. Code Ann. § 12-6-1140(14) allows the taxpayer to claim a deduction equal to the amount that the credit would have equaled. The taxpayer may earn this deduction up to six times a tax year.

See SC Revenue Ruling #20-2 for more information regarding the credit and deduction.

Effective Date: Applies to tax years 2020 through 2029³.

³ The repeal date for the credit and deductions was amended to January 1, 2030 by 2024 Act No. 217.

PROPERTY TAXES

House Bill 3116 (Act No. 116)

Disabled Veterans Property Tax Exemption

S.C. Code Ann. § 12-37-220(B)(1) provides an exemption from ad valorem property taxes for certain eligible homeowners, including veterans of the U.S. Armed Forces who are permanently and totally disabled as a result of a service-connected disability and who file a certificate with the Department of Revenue signed by the county service officer certifying the disability. S.C. Code Ann. § 12-37-610(B) was added to enable a qualifying veteran to immediately claim the exemption for the entire year in which the disability occurs. A qualified surviving spouse may immediately claim the exemption for the entire year in the same manner as the veteran regardless of whether the veteran applied, filed for, or claimed the exemption. A qualifying disabled veteran or surviving spouse is entitled to the exemption for the entire year. If the disabled veteran or surviving spouse owns a property for less than a year, any other owner, who is not a disabled veteran or entitled to another exemption, is responsible for the property tax accrued on the property for the time in which he owned it.

Effective Date: March 11, 2024, and applies to tax years beginning after 2023 and any open period less than three years.

REENACTED TEMPORARY PROVISOS

The following temporary provisos were enacted in a prior legislative session and were reenacted by the General Assembly in 2024. Temporary provisos are effective for the State fiscal year July 1, 2024 through June 30, 2025, and will expire June 30, 2025, unless reenacted by the General Assembly in the next legislative session.

House Bill 5100, Part IB, Section 109, Proviso 109.11 (Act No. 226)

Notification of Protest to Affected County and School District

This temporary proviso requires the Department to notify any affected county and school district when a taxpayer, other than an individual, files a written protest of a property tax assessment or the denial of a property tax exemption pursuant to S.C. Code Ann. § 12-60-2120.

House Bill 5100, Part IB, Section 109, Proviso 109.16 (Act No. 226)

Manufacturing Property Tax Reduction Disallowed - Utilities

Under this temporary proviso, in the current fiscal year, property owned by or leased to any utility, including solar farms, is not allowed the property tax reduction percentage for manufacturing property under S.C. Code Ann. § 12-37-220(B)(52).

House Bill 5100, Part IB, Section 1, Proviso 1.38 (Act No. 226)

Index of Taxpaying Ability – Imputed Value for Owner-Occupied Residential Property

The index of taxpaying ability is used to determine state funding for education under the Education Finance Act of 1977, Chapter 20, Title 59. This index is prepared by the Department and shows a local school district’s relative fiscal capacity in relation to that of all other districts in the state based on the full market value of all taxable property of the district assessed for ad valorem taxes for the second completed property tax year preceding the fiscal year in which the index is used.

S.C. Code Ann. § 12-37-220(B)(47) exempts 100% of the fair market value of owner-occupied residential property receiving a 4% assessment ratio pursuant to S.C. Code Ann. § 12-43-220(c) from all property taxes imposed for school operating purposes. School districts are reimbursed for lost revenue based on a three-tier formula set forth in S.C. Code Ann. § 11-11-156.

This temporary proviso clarifies that, for the current fiscal year, an index value for the exempt owner-occupied residential property must be imputed by adding the second preceding taxable year total school district reimbursements for Tiers 1, 2, and 3(A) of the three-tier formula and not to include the supplement distribution. The Department shall not include sales ratio data in its calculation of the index of taxpaying ability. The methodology for the calculation of value for classes of property other than exempt owner-occupied residential property is not affected by this temporary proviso.

House Bill 5100, Part IB, Section 113, Proviso 113.6 (Act No. 226)

Agricultural Use Exemption for Timberland – Impact of Additional County Requirements

Chapter 27 of Title 6 establishes the Local Government Fund (“Fund”) and requires that South Carolina’s annual general appropriations act allocate a specified amount of general fund revenues from the latest completed fiscal year to the Fund. No later than 30 days after the end of each calendar quarter, the State Treasurer must distribute Fund revenues to counties and municipalities in accordance with S.C. Code Ann. § 6-27-40.

S.C. Code Ann. §§ 12-43-230(a) and 12-43-232 provide certain requirements for a landowner to receive an agricultural use exemption. Under this temporary proviso, if a county imposes any additional requirements for an agricultural use exemption with respect to timberland, the county's Fund distributions will be withheld.

House Bill 5100, Part IB, Section 117, Proviso 117.37 (Act No. 226)

Personal Property Tax Relief Fund

This temporary proviso provides that if a county imposes a personal property tax exemption sales tax in an effort to reduce ad valorem taxes on personal motor vehicles, and a 2% sales tax rate on gross proceeds of sales is not enough to offset the property tax not collected, then amounts must be credited to the Trust Fund for Tax Relief established under S.C. Code Ann. § 11-11-150 to provide full reimbursement to offset the shortfall in the manner provided in S.C. Code Ann. § 4-10-540(A).

Note: As of the date of this publication, no county has reduced the ad valorem taxes on personal motor vehicles by imposing this sales tax.

House Bill 5100, Part IB, Section 92D, Proviso 92D.1 (Act No. 226)

Improvements to Property Damaged by Catastrophic Weather Event – Time for Improvements for Eligible Events

This temporary proviso provides that for real property or personal property used as a residence, such as a mobile home or manufactured housing unit, which was damaged during the catastrophic weather event in October 2015, Hurricane Matthew of 2016, or Hurricane Florence of 2018, improvements made after the event and before June 30, 2025, are not considered improvements and may not be reassessed at a higher rate as a result of the assistance provided.

This provision applies if, as a result of the catastrophic weather event, the improvements made to the property were funded by the United States Department of Housing and Urban Development Block Grant - Disaster Recovery program, implemented by the Office of Resilience or its predecessor, the Disaster Recovery Office. This provision also applies if, at the discretion of the county, and using qualifications determined by the county, the improvements were made with the assistance of a volunteer organization active in disaster, or in a similar volunteer organization.

During the current fiscal year, the property tax value of an eligible property shall remain the same unless an assessable transfer of interest occurs. No refund is allowed on account of values adjusted as provided in this provision.

House Bill 5100, Part IB, Section 117, Proviso 117.111 (Act No. 226)

Retail Facilities Revitalization Act – Repeal of Act Suspended

The South Carolina Retail Facilities Revitalization Act (Title 6, Chapter 34) was enacted in 2006 (Act No. 285) to create an incentive for the renovation, improvement, and redevelopment of abandoned retail facility sites in South Carolina. A taxpayer who renovates, improves, or redevelops an abandoned retail facility at an eligible site may elect to take either an income tax credit or a property tax credit. Act No. 285 of 2006 contained a repeal provision stating that the Act is repealed on July 1, 2016.

Under this temporary proviso, the repeal of the South Carolina Retail Facilities Revitalization Act is suspended for fiscal year 2024-2025 for sites where written notification of election of mode of credit was provided to the Department prior to July 1, 2016 and a building permit was issued prior to July 1, 2016.

House Bill 5100, Part IB, Section 117, Proviso 117.164 (Act No. 226)

Millage Calculation – Adjustments for 2020 Census

Under this temporary proviso, for the 2024-2025 fiscal year, a municipality is allowed an additional and permanent adjustment to its general operating millage rate increase limitation for population growth for any increase that would have been allowed in Fiscal Year 2021-2022 but was not known because of the delayed release of the 2020 Census. The adjustment must be calculated using July 1, 2020 census population estimates, as originally published based on the 2020 Census, instead of July 1, 2019 population estimates based on the 2010 Census.

REMINDERS

The following provisions were enacted prior to 2024 but are being phased in or are effective in 2024 and thereafter. The provisions are summarized below for informational purposes.

Senate Bill 654, Section 5 (Act No. 92 of 2023)

Consolidation of Barnwell County School Districts - Millage

Effective July 1, 2024, Barnwell County School District 45, Barnwell County Consolidated School District, and Barnwell County School District 80 are abolished. The powers and duties of the three school districts' respective boards of trustees will devolve on the board of trustees of a consolidated school district to be known as the Barnwell County School District.

The Department will determine and calculate the 2024 property tax millage levy of the new Barnwell County School District based on the 2023 levy of the three present districts and the value of a mill in each district. The millage levy for 2025 must be the millage levy for the previous year. The Department may increase the allowed millage levy for 2024 and 2025 if necessary to comply with educational mandates imposed by state or federal law.

Beginning in 2026, the new board of trustees is authorized to impose an annual tax levy, exclusive of any millage imposed for bond debt service. Upon certification to the county auditor of the tax levy to be imposed, the auditor will levy, and county treasurer will collect, the certified millage upon all taxable property in the Barnwell County School District. Barnwell County School District may raise its millage by two mills or less over the millage levied for the previous year, in addition to any millage needed to adjust for the Education Finance Act inflation factor, and sufficient to meet the requirements of S.C. Code Ann. § 59-21-1030 (level of financial effort per pupil required for each school district). Any increase above the two mill increase for operations may be levied only after a majority of the registered electors of the new consolidated district vote in favor of a millage increase in a referendum called by the district school board and conducted by the county board of voter registration and elections. If the referendum is to be held at any time other than the general election, then the school district is required to pay the cost of the referendum. If these provisions conflict with the provisions of S.C. Code Ann. § 6-1-320, relating to millage rate increase limitations, the provisions of S.C. Code Ann. § 6-1-320 control.

Effective Date: April 25, 2023

SALES AND USE TAXES

House Bill 3563 (Act No. 131)

Sales Tax Exemption – Feminine Hygiene Products

S.C. Code Ann. § 12-36-2120(84) provides a sales tax exemption for sales of feminine hygiene products including tampons, sanitary napkins, and other personal care items for use in connection with the menstrual cycle.

Effective Date: May 13, 2024

Senate Bill 969, Section 4 (Act No. 217)

Transportation Tax Exemption

S.C. Code Ann. § 4-37-30(A) is amended to allow the governing body of a county to elect to exempt unprepared food items eligible for purchase with U.S. Department of Agriculture food coupons from any transportation tax authorized pursuant to a referendum held on or after November 5, 2024.

Effective Date: July 2, 2024

REENACTED OR REVISED TEMPORARY PROVISOS

The following temporary provisos were enacted in a prior legislative session and were reenacted by the General Assembly in 2024. Temporary provisos are effective for the State fiscal year July 1, 2024 through June 30, 2025, and will expire June 30, 2025, unless reenacted by the General Assembly in the next legislative session.

House Bill 5100, Part IB, Section 44, Proviso 44.10 (Act No. 226)

South Carolina Agriculture Tax Exemption Card (SCATE Card) – Fee Authorized for Card

The agricultural exemption certificate (Form ST-8F) used by farmers to purchase certain items (e.g., farm machinery, fertilizer, feed, containers) exempt from the sales and use tax has been replaced by a South Carolina Agriculture Tax Exemption (“SCATE”) card issued by the South Carolina Department of Agriculture. The Department of Agriculture began accepting applications and issuing SCATE cards in February 2022. These cards replaced the agricultural exemption certificate effective July 1, 2022. To obtain a SCATE card, a farmer must apply with the Department of Agriculture at SCATEcard.com.

This temporary proviso authorizes the Department of Agriculture to charge up to \$24 for a three-year SCATE card. This provision also authorizes the Department of Agriculture to charge \$5 for any replacement SCATE cards.

House Bill 5100, Part IB, Section 88, Proviso 88.6 (Act No. 226)

Navy Base Intermodal Facility – Distribution Facility Eligibility

This temporary proviso provides that the Navy Base Intermodal Facility owned by the State Ports Authority shall be considered a distribution facility for the purpose of sales and use tax exemptions associated with the purchase of equipment and construction materials.

House Bill 5100, Part IB, Section 117, Proviso 117.139 (Act No. 226)

Agribusiness Facilities – Material Handling and Construction Material Exemptions

This temporary proviso provides that material handling and construction materials for agribusiness facilities that invest at least \$100 million in South Carolina are exempt from state and local sales taxes.

The exemptions implicated by this proviso are S.C. Code Ann. §§ 12-36-2120(51) and 12-36-2120(67). See SC Revenue Ruling #15-2, “Construction Material Exemption for Manufacturing and Distribution Facilities” and SC Revenue Ruling #13-3, “Material Handling Systems and Material Handling Equipment.”

House Bill 5100, Part IB, Section 117, Proviso 117.36 (Act No. 226)

Private Schools – Use Tax Exemption

This temporary proviso exempts purchases of tangible personal property for use in private primary and secondary schools, including kindergarten and early childhood education programs, from the use tax if the school is exempt from income taxes under Internal Revenue Code § 501(c)(3). This exemption does not apply to purchases subject to sales tax. This use tax exemption is applicable to purchases occurring after 1995; however, no refund is due any taxpayer on purchases exempted by this provision. See SC Regulation 117-334 for information as to which tax, the sales tax or the use tax, applies when goods are shipped into South Carolina.

House Bill 5100, Part IB, Section 117, Proviso 117.54 (Act No. 226)

Respiratory Syncytial Virus Medicines Exemption – Effective Date

Act No. 69, Section 3.PP, of 2003 amended S.C. Code Ann. § 12-36-2120(28)(a) to add an exemption for prescription medicines used to prevent respiratory syncytial virus effective for sales on or after June 18, 2003. This temporary proviso changes the effective date of this exemption to January 1, 1999 and provides that no refund of sales and use taxes may be claimed as a result of this change in the effective date.

House Bill 5100, Part IB, Section 117, Proviso 117.58 (Act No. 226)

Viscosupplementation Therapies – Sales and Use Tax Suspended

For this State fiscal year, sales and use taxes on viscosupplementation therapies are suspended. No refund or forgiveness of tax may be claimed as a result of this provision.

House Bill 5100, Part IB, Section 109, Proviso 109.18 (Act No. 226)

Farm Fuels – Sales Tax Exemption

This temporary proviso provides that, for the current fiscal year, chemicals and oils including, but not limited to, grease, lubricants, and coolants used in an exempt farm machine that are essential to the functioning of the exempt machine are exempt fuels used in farm machinery and farm tractors.

House Bill 5100, Part IB, Section 117, Proviso 117.175 (Act No. 226)

Festival Craftsmen – Not Making Sales at Retail

This temporary proviso provides that, in the current fiscal year, a person including, but not limited to, an artist, craft person, or hobbyist, is not engaged in business or making sales at resale if he/she makes sales no more than four times in the fiscal year at a fair, festival, carnival, or event that operates for a period of less than 12 consecutive days. This proviso does not apply to persons who are engaged in the business of making sales at retail for which they are required to obtain a license.

MISCELLANEOUS

(Summarized by Subject Matter)

MISCELLANEOUS TAX LEGISLATION

ADMISSIONS TAX

House Bill 3880 (Act No. 135)

Admissions Tax Exemption – Golf Club Dues

S.C. Code Ann. § 12-21-2420(17) provides that no admissions tax may be charged or collected on annual or monthly dues paid to a golf club.

Effective Date: May 13, 2024

TOBACCO TAX

House Bill 4817 (Act No. 205)

Vending Machine Sales

S.C. Code Ann. § 16-17-500(D) is amended to allow sales of tobacco products or alternative nicotine products through a vending machine only if the vending machine is located in an establishment which is only open to individuals age 18 or older or where the vending machine:

1. Is under continuous control by the owner or licensee of the premises or their employee;
2. Can be operated only by activation of the owner, licensee, or employee before each purchase; and
3. Is not accessible to the public when the establishment is closed.

Effective Date: May 21, 2024

REENACTED TEMPORARY PROVISOS

The following temporary provisos were enacted in a prior legislative session and were reenacted by the General Assembly in 2024. Temporary provisos are effective for the State fiscal year July 1, 2024 through June 30, 2025, and will expire June 30, 2025, unless reenacted by the General Assembly in the next legislative session.

ADMINISTRATIVE and PROCEDURAL MATTERS

House Bill 5100, Part IB, Sections 41 and 117, Provisos 41.2 and 117.81 (Act No. 226)

3% Reduction on Interest Rate on Tax Refunds

The interest rate for tax refunds paid is reduced by 3% as follows:

1. Temporary Proviso 41.2 decreases by 2% the interest rate for tax refunds paid during the current fiscal year. The revenue resulting from this 2% reduction must be used for operations of the State's Guardian ad Litem Program.
2. Temporary Proviso 117.81 decreases by 1% the interest rate for tax refunds paid during the current fiscal year. Of the revenue resulting from this 1% reduction, \$475,000 must be used by the Senate for operating expenses of the Joint Citizens and Legislative Committee on Children. The remaining revenue must be used by the Department of Juvenile Justice for programs for mentoring or other alternatives to incarceration.

House Bill 5100, Part IB, Section 109, Proviso 109.14 (Act No. 226)

Certain License or Permit Applications – Electronic Filing Option under Penalties of Perjury

This temporary proviso provides that the Department may require a statement subject to penalties of perjury instead of a statement under oath for the purpose of allowing certain applications for licenses or permits to be filed electronically.

House Bill 5100, Part IB, Section 109, Proviso 109.15 (Act No. 226)

Advance Referendum Notification by Election Commission to SCDOR

This temporary proviso provides that a county or municipal election commission must notify the Department 60 days prior to a referendum on the imposition of a local sales tax or local option permit.

House Bill 5100, Part IB, Section 109, Proviso 109.6 (Act No. 226)

Voluntary Website Posting of Tax Return Information for Candidates and Gubernatorial Appointees

This temporary proviso requires the Department to develop a program to process inquiries from a candidate for an office in South Carolina or its political subdivisions, or any gubernatorial appointee, concerning that candidate's or appointee's state income tax filings. Upon request by the candidate or appointee in connection with his own income tax return, the Department must determine if the candidate or appointee has filed his annual state income tax returns for the past ten years, paid all income taxes due during that time period, and, if applicable, satisfied all judgments, liens, or other penalties for failure to pay income taxes when due.

Unless the candidate or appointee requests otherwise, the following information will be posted on the Department's website:

1. The candidate's or appointee's name;
2. The years that the candidate or appointee was required to file income tax returns during the last ten years and any years that he was not required to file income tax returns;
3. Whether the candidate or appointee filed income tax returns in each of the ten years that he was required to file an income tax return;
4. Whether the candidate or appointee paid income taxes due each year that he was required to file an income tax return; and
5. Whether the candidate or appointee had a judgment, lien, or other penalty levied against him for failure to pay income taxes when due; the year of any levy; and whether the judgment, lien or other penalty has been satisfied.

A candidate's or appointee's inquiry constitutes a waiver of confidentiality with the Department concerning the information posted. The Department may not post complete income tax returns.

MISCELLANEOUS TAX LEGISLATION

House Bill 5100, Part IB, Section 1, Proviso 1.12 (Act No. 226)

Local Government School Buses – Motor Fuel User Fee Exemption

This temporary proviso provides that motor fuel used in school buses operated by school districts, other governmental agencies, and head start agencies for purposes of transporting students for school or school-related activities is exempt from the State motor fuel user fee.

Note: Motor fuel used in school buses owned by the State is exempt from the State motor fuel user fee under S.C. Code Ann. § 12-28-710(12).

House Bill 5100, Part IB, Section 118, Proviso 118.7 (Act No. 226)

Admissions Tax Rebate – Motorsports, Tennis, and Soccer Facilities

This temporary proviso provides that up to \$114,000 in admissions tax revenue collected annually from all events held at a NASCAR sanctioned motor speedway or racetrack that hosts at least one race each year featuring the preeminent NASCAR cup series must be rebated to the motorsports entertainment complex facility in the current fiscal year to keep a NASCAR race at the facility. In addition, any sports facility that either hosts at least one preeminent Women’s Tennis Association-sanctioned tournament or that operates as the home venue for a professional soccer team participating in the United Soccer Leagues, second division or higher, must be rebated half of the facility’s admissions tax revenue for the fiscal year and used by that facility for marketing the events held at the facility.

House Bill 5100, Part IB, Section 33, Proviso 33.10 (Act No. 226)

Nursing Home Bed Franchise Fee – Suspension

This temporary proviso continues to suspend the nursing home bed franchise fee imposed on February 1, 2002, but subsequently suspended July 1, 2002.

House Bill 5100, Part IB, Section 117, Proviso 117.167 (Act No. 226)

Athletic Admissions Tax Revenue

This temporary proviso provides that for the current fiscal year, admissions tax revenue from admissions to an athletic event of an accredited college or university shall be remitted to the Department. The Department shall then allocate the same amount to the college or university to be limited exclusively to supporting the college or university’s student-athletes through student aid, scholarships, and/or related financial support.

LIST OF TEMPORARY PROVISOS

Temporary provisos were enacted as part of the 2024 annual budget – House Bill 5100, Part IB (Act No. 226). They are effective only for the current State fiscal year (July 1, 2024 – June 30, 2025). They expire on June 30, 2025, unless reenacted by the General Assembly. A brief summary of the provisos can be found in this publication under the applicable subject matter categories.

The list is divided by subject matter with the provisos in numeric order.

NEW PROVISOS

Income Taxes

- Proviso 50.23 Job Development Tax Credit Program
- Proviso 71.6 Division of Small and Minority Business Contracting and Certification
- Proviso 73.10 SC Broadband Office and SC Digital Opportunity
- Proviso 118.23 Income Tax Reduction

REENACTED PROVISOS

Income Taxes

- Proviso 1A.9 Teaching Supplies and Materials – Reimbursement Amount Not Taxable or Refundable Income Tax Credit
- Proviso 1A.10 Teacher of the Year Awards – Not Subject to South Carolina Income Tax
- Proviso 63.9 Law Enforcement Officer of the Year Awards – Not Taxable
- Proviso 109.17 Income Tax Withholding at Highest Individual Income Tax Rate
- Proviso 117.111 Retail Facilities Revitalization Act – Repeal of Act Suspended
- Proviso 117.169 Abandoned Textile Mills Credit – Effective Date of Notice of Intent to Rehabilitate
- Proviso 118.10 Consumer Protection Services – Individual Income Tax Deduction

Property Taxes

- Proviso 1.38 Index of Taxpaying Ability – Imputed Value for Owner-Occupied Residential Property
- Proviso 92D.1 Improvements to Property Damaged by Catastrophic Weather Event – Time for Improvements for Eligible Events
- Proviso 109.11 Notification of Protest to Affected County and School District
- Proviso 109.16 Manufacturing Property Tax Reduction Disallowed – Utilities
- Proviso 113.6 Agricultural Use Exemption for Timberland – Impact of Additional County Requirements
- Proviso 117.37 Personal Property Tax Relief Fund

- Proviso 117.111 Retail Facilities Revitalization Act – Repeal of Act Suspended
Proviso 117.164 Millage Calculation – Adjustment for 2020 Census

Sales and Use Taxes

- Proviso 44.10 South Carolina Agriculture Tax Exemption Card (SCATE Card) – Fee Authorized for Card
Proviso 88.6 Navy Base Intermodal Facility – Distribution Facility Eligibility
Proviso 109.18 Farm Fuels – Sales Tax Exemption
Proviso 117.36 Private Schools – Use Tax Exemption
Proviso 117.54 Respiratory Syncytial Virus Medicines Exemption – Effective Date
Proviso 117.58 Viscosupplementation Therapies – Sales and Use Tax Suspended
Proviso 117.139 Agribusiness Facilities – Material Handling and Construction Material Exemptions
Proviso 117.175 Festival Craftsmen – Not Making Sales at Retail

Miscellaneous (Administrative and Procedural Matters, and Miscellaneous Taxes)

Administrative and Procedural Matters:

- Provisos 41.2 3% Reduction on Interest Rate on Tax Refunds
and 117.81
Proviso 109.6 Voluntary Website Posting of Tax Return Information for Candidates and Gubernatorial Appointees
Proviso 109.14 Certain License or Permit Applications – Electronic Filing Option under Penalties of Perjury
Proviso 109.15 Advance Referendum Notification by Election Commission to SCDOR

Miscellaneous Taxes:

- Proviso 1.12 Local Government School Buses – Motor Fuel User Fee Exemption
Proviso 33.10 Nursing Home Bed Franchise Fee – Suspension
Proviso 117.167 Athletic Admissions Tax Revenue
Proviso 118.7 Admissions Tax Rebate – Motorsports, Tennis, and Soccer Facilities