
State of South Carolina
Department of Revenue
301 Gervais Street, P.O. Box 125, Columbia, South Carolina 29214

SC INFORMATION LETTER 98-15

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

DATE: July 24, 1998

SUPERSEDES: All previous documents and any oral directives in conflict herewith.

REFERENCE: See Attached Chart.

AUTHORITY: S. C. Code Ann. Section 12-4-320 (Supp. 1997)
SC Revenue Procedure #97-8

SCOPE: An Information Letter is a document issued for the purpose of disseminating general information or information concerning an administrative pronouncement.

Information Letters issued to disseminate general information have no precedential value and do not represent the official position of the Department. Information Letters designated as administrative pronouncements are official advisory opinions of the Department.

During the 1997 and 1998 sessions of the General Assembly several laws were enacted that allow the imposition of various types of local option taxes. As a result of this legislation, the citizens of a county, depending upon the needs within the county, may impose one or several local option sales and use taxes. While most of these local option 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 option taxes presently being imposed and the types of exemptions allowed under each tax. Please note that this chart only addresses the general local option taxes collected by the Department of Revenue on behalf of the counties or school districts. It does not address the local taxes on sales of accommodations or on sales of prepared meals that are collected directly by the counties.

<i>SALE AND PURCHASES EXEMPT FROM LOCAL OPTION TAXES</i>							
<i>COUNTY</i>	TYPE OF LOCAL OPTION TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 MAXIMUM TAX ITEMS	12-36-1710 CASUAL EXCISE ITEMS	FOOD PURCHASED WITH FOOD STAMPS	CERTAIN FOOD SALES	NOTE
<i>Abbeville</i>	Local Option - 5/1/92	Yes	Yes	Yes	Yes	No	
<i>Allendale</i>	Local Option - 5/1/92	Yes	Yes	Yes	Yes	No	
<i>Bamberg</i>	Local Option - 5/1/92	Yes	Yes	Yes	Yes	No	
<i>Berkeley</i>	Local Option - 5/1/97	Yes	Yes	Yes	Yes	No	
<i>Charleston</i>	Local Option - 7/1/91	Yes	Yes	Yes	Yes	No	
<i>Cherokee</i>	Cherokee School - 7/1/96	Yes	Yes	No	Yes	Yes	1
<i>Chester</i>	Local Option - 5/1/94	Yes	Yes	Yes	Yes	No	
<i>Chesterfield</i>	Local Option - 5/1/97	Yes	Yes	Yes	Yes	No	
<i>Clarendon</i>	Local Option - 5/1/97	Yes	Yes	Yes	Yes	No	
<i>Colleton</i>	Local Option - 7/1/91	Yes	Yes	Yes	Yes	No	
<i>Darlington</i>	Local Option - 5/1/97	Yes	Yes	Yes	Yes	No	
<i>Dillon</i>	Local Option - 5/1/96	Yes	Yes	Yes	Yes	No	
<i>Edgefield</i>	Local Option - 5/1/92	Yes	Yes	Yes	Yes	No	
<i>Florence</i>	Local Option - 5/1/94	Yes	Yes	Yes	Yes	No	
<i>Hampton</i>	Local Option - 7/1/91	Yes	Yes	Yes	Yes	No	
<i>Jasper</i>	Local Option - 7/1/91	Yes	Yes	Yes	Yes	No	

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<i>Kershaw</i>	Local Option - 5/1/97	Yes	Yes	Yes	Yes	No	
<i>Lancaster</i>	Local Option - 5/1/92	Yes	Yes	Yes	Yes	No	
<i>Lee</i>	Local Option - 5/1/96	Yes	Yes	Yes	Yes	No	
<i>Marion</i>	Local Option - 7/1/91	Yes	Yes	Yes	Yes	No	
<i>Marlboro</i>	Local Option - 5/1/92	Yes	Yes	Yes	Yes	No	
<i>McCormick</i>	Local Option - 7/1/91	Yes	Yes	Yes	Yes	No	
<i>Pickens</i>	Local Option - 5/1/95	Yes	Yes	Yes	Yes	No	
<i>Saluda</i>	Local Option - 5/1/92	Yes	Yes	Yes	Yes	No	
<i>Sumter</i>	Local Option - 5/1/96	Yes	Yes	Yes	Yes	No	
<i>Williamsburg</i>	Local Option - 5/1/97	Yes	Yes	Yes	Yes	No	
<i>York</i>	Capital Projects - 5/1/98	Yes	Yes	No	Yes	No	1
<i>See Note #2</i>	Transportation	Yes	Yes	No	Yes	Yes	1 & 2
<i>See Note #3</i>	Union School	Yes	Yes	No	Yes	Yes	1 & 3
<i>See Note #4</i>	Colleton School	Yes	Yes	No	Yes	Yes	1 & 4

TYPES OF LOCAL OPTION 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 specifically 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.

Cherokee School: The Cherokee County School District One School Bond-Property Tax Relief Act provided, that upon public approval in a referendum conducted by the Cherokee County Election Commission, a 1% optional sales and use tax be imposed in Cherokee County for not more than 20 years. The revenue from this sales and use tax is used to pay debt service on general obligation bonds which were issued to defray the costs of specified improvements for Cherokee County School District One.

Union School: The School District of Union County School Bond-Property Tax Relief Act provided, that upon public approval in a referendum conducted by the Union County Election Commission, an optional sales and use tax (not to exceed 2%) be imposed in Union County for not more than 25 years. The revenue from this sales and use tax will be used to pay debt service on general obligation bonds which were issued pursuant to the School Bond Act or to pay directly costs of acquisition or construction of specified improvements for the School District of Union County.

Colleton School: The Colleton County School District School Bond-Property Tax Relief Act provided, that upon public approval in a referendum conducted by the Colleton County Election Commission, a 1% optional sales and use tax be imposed in Colleton County for not more than 20 years. The revenue from this sales and use tax is used to pay debt service on general obligation bonds which were issued pursuant to the School Bond Act.

TYPES OF EXEMPTIONS:

State Exemptions - 12-36-2120: Sales of tangible personal property exempt from the 5% State sales and use tax are exempt from the local sales and use tax if marked "Yes" under this column.

Maximum Tax - 12-36-2110: Sales of items subject to a maximum tax under the 5% State sales and use tax law are exempt from the local sales and use tax if marked "Yes" under this column. Items subject to a maximum tax are 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 certain research and development machinery.

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

Food Purchased with Food Stamps: Sales of food purchased with foods stamps are exempt from the 5% State sales and use tax; therefore, such sales are exempt from the local sales and use tax if marked “Yes” under this column.

Certain Food Sales: Sales of certain foods, while subject to the 5% State sales and use tax, are exempt from the local sales and use tax if marked “Yes” under this column. Sales of food which may be lawfully 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 foods stamps and are exempt from the local sales and use tax include any food intended to be eaten at home by people, including snacks; seeds and plants intended to grow food (not flowers or birdseed); and cold prepared items, such as salads or sandwiches, intended to be eaten at home. Items which cannot be purchased with food stamps and, therefore, subject to the local sales and use tax are alcoholic beverages; 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; vitamins and medicines (Note: Medicines sold by prescription are exempt from the local sales and use tax since medicines sold by prescription are exempt from the 5% state sales and use tax.); pet food; and any non-food items such as tissue, soap or other household goods.

Note #1: By not exempting items subject to the casual excise tax (“No” in the “Casual Excise Items” column), counties imposing this local option 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.

Note #2: As of July 24, 1998, the local transportation projects sales and use tax authorized under Code Section 4-37-30 et. seq. has **not** been imposed in any county. The information on this line of the chart is being provided in order that the county government and the citizens of any county considering the imposition of this type of local sales and use tax are aware of the exemptions available under this type of tax.

Note #3: As of July 24, 1998, the sales and use tax authorized under School District of Union County School Bond-Property Tax Relief Act has **not** been imposed in Union county. The information on this line of the chart is being provided in order that the school district and the citizens of Union county considering the imposition of this local sales and use tax are aware of the exemptions available under this type of tax.

Note #4: As of July 24, 1998, the sales and use tax authorized under the Colleton County School District School Bond-Property Tax Relief Act has **not** been imposed in Colleton county. The information on this line of the chart is being provided in order that the school district and the citizens of Colleton county considering the imposition of this local sales and use tax are aware of the exemptions available under this type of tax.

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