



Tax Legislative Update for 2023

SOUTH CAROLINA DEPARTMENT OF REVENUE

TAX POLICY SERVICES

AUGUST 2023

This publication 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. This publication does not constitute tax, legal, or other advice and may not be relied on as a substitute for obtaining professional advice or for researching up to date original sources of authority. Nothing in this publication supersedes, alters, or otherwise changes provisions of the South Carolina code, regulations, or Department's advisory opinions. This publication does not represent official Department policy. The Department would appreciate any comments or notifications of any errors. Such comments should be sent to:

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TAX LEGISLATIVE UPDATE FOR 2023

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 main points of the recently enacted legislation; it is not an interpretation by the Department. It 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 and not the Department. In such cases, questions concerning these provisions 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

A list of significant changes in tax laws (both permanent and temporary) enacted during the 2023 legislative session is provided below. Temporary provisos are enacted in the State budget and are only effective for the State fiscal year (July 1 – June 30). Unless reenacted, temporary provisos expire on June 30, 2024.

Also included are reminders of provisions which were enacted in a prior year but are being phased in or are effective in 2023 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
39	8	Educational Scholarship Trust Fund – Not Subject to Income Tax
76, Sec. 1	138 of 2020	Energy Efficient Manufactured Home – Credit Extended – Reminder
314	45 of 2019	Service as Preceptor for Clinical Rotations – Credit and Deduction – Reminder
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, Secs. 1 and 2	228 of 2022	Individual, Estate, and Trust Income Tax Brackets – Brackets Collapsed to Three for Tax Years Beginning After 2021 - Reminder
1087, Sec. 4	228 of 2022	2.5% Marginal Tax Rate Reduction in 2007 – To be Repealed - Reminder
3516, Sec. 16	40 of 2017	South Carolina Earned Income Credit – Reminder
3516, Sec. 17	40 of 2017	Two-Wage Earner Credit – Credit Increased – Reminder
4017	46	Internal Revenue Code Conformity
4300, Part IB, Sec. 1A, Proviso 1A.9	84	Teaching Supplies and Materials – Revised Reimbursement Amount; Reimbursement Amount Not Taxable or Refundable Income Tax Credit – Reenacted and Revised Temporary Proviso
4300, Part IB, Sec. 1A, Proviso 1A.10	84	Teacher of the Year Awards – Not Subject to South Carolina Income Tax – Reenacted Temporary Proviso
4300, Part IB, Sec. 63, Proviso 63.10	84	Governor’s Law Enforcement Officer of the Year Awards – Not Subject to South Carolina Income Tax – Reenacted Temporary Proviso

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

BILL #	ACT #	SUBJECT
4300, Part IB, Sec. 109, Proviso 109.13	84	Renewable Fuel Credit – Placed in Service Date Extended – Reenacted Temporary Proviso
4300, Part IB, Sec. 109, Proviso 109.17	84	Income Tax Withholding at Highest Individual Income Tax Rate
4300, Part IB, Sec. 117, Proviso 117.113	84	Retail Facilities Revitalization Act – Repeal of Act Suspended – Reenacted Temporary Proviso
4300, Part IB, Sec. 117, Proviso 117.175	84	Abandoned Textile Mills Credit – Effective Date of Notice of Intent to Rehabilitate
4300, Part IB, Sec. 118, Proviso 118.10	84	Consumer Protection Services – Individual Income Tax Deduction – Reenacted Temporary Proviso

PROPERTY TAXES

BILL #	ACT #	SUBJECT
648, Sec. 5	106 of 2021	Consolidation of Clarendon County School Districts 2 and 4 – Millage – Reminder
654, Sec. 5	92	Consolidation of Barnwell County School Districts – Millage
4300, Part IB, Sec. 1, Proviso 1.39	84	Index of Taxpaying Ability – Imputed Value for Owner-Occupied Residential Property – Reenacted Temporary Proviso
4300, Part IB, Sec. 92D, Proviso 92D.1	4	Improvements to Property Damaged by Catastrophic Weather Event – Time for Improvements for Eligible Events – Reenacted Temporary Proviso
4300, Part IB, Sec. 109, Proviso 109.11	84	Notification of Protest to Affected County and School District – Reenacted Temporary Proviso
4300, Part IB, Sec. 109, Proviso 109.16	84	Manufacturing Property Tax Reduction Disallowed - Utilities
4300, Part IB, Sec. 113, Proviso 113.7	84	Agricultural Use Exemption for Timberland – Impact of Additional County Requirements – Reenacted Temporary Proviso
4300, Part IB, Sec. 117, Proviso 117.37	84	Personal Property Tax Relief Fund – Reenacted Temporary Proviso
4300, Part IB, Sec. 117, Proviso 117.113	84	Retail Facilities Revitalization Act – Repeal of Act Suspended – Reenacted Temporary Proviso
4300, Part IB, Sec. 117, Proviso 117.168	84	Millage Calculation – Adjustments for 2020 Census

SALES and USE TAXES

BILL #	ACT #	SUBJECT
4300, Part IB, Sec. 44, Proviso 44.10	84	South Carolina Agriculture Tax Exemption Card (SCATE Card) – Fee Authorized for Card – Reenacted Temporary Proviso
4300, Part IB, Sec. 88, Proviso 88.6	84	Navy Base Intermodal Facility – Distribution Facility Eligibility – Reenacted and Revised Temporary Proviso
4300, Part IB, Sec. 109, Proviso 109.18	84	Farm Fuels – Sales Tax Exemption
4300, Part IB, Sec. 117, Proviso 117.36	84	Private Schools – Use Tax Exemption – Reenacted Temporary Proviso
4300, Part IB, Sec. 117, Proviso 117.54	84	Respiratory Syncytial Virus Medicines Exemption – Effective Date – Reenacted Temporary Proviso
4300, Part IB, Sec. 117, Proviso 117.58	84	Viscosupplementation Therapies – Sales and Use Tax Suspended – Reenacted Temporary Proviso
4300, Part IB, Sec. 117, Proviso 117.141	84	Agribusiness Facilities – Material Handling and Construction Material Exemptions – Reenacted Temporary Proviso
4300, Part IB, Sec. 117, Proviso 117.186	84	Festival Craftsmen – Not Making Sales at Retail

MISCELLANEOUS

BILL #	ACT #	SUBCATEGORY	SUBJECT
		Administrative and Procedural	
4300, Part IB, Secs. 41 and 117, Provisos 41.2 and 117.82	84		3% Reduction on Interest Rate on Tax Refunds – Reenacted Temporary Proviso
4300, Part IB, Sec. 109, Proviso 109.6	84		Voluntary Website Posting of Tax Return Information for Candidates and Gubernatorial Appointees – Reenacted Temporary Proviso
4300, Part IB, Sec. 109, Proviso 109.14	84		Certain License or Permit Applications – New Electronic Filing Option under Penalties of Perjury – Reenacted Temporary Proviso
4300, Part IB, Sec. 109, Proviso 109.15	84		Advance Referendum Notification by Election Commission to SCDOR – Reenacted Temporary Proviso
		Miscellaneous Taxes	
284	57		Accommodations Tax for Development of Workforce Housing
459	61		Alcohol Sales at Airports

MISCELLANEOUS (CONTINUED)

BILL #	ACT #	SUBCATEGORY	SUBJECT
566	31		South Carolina Craft Beer Economic Development Act
3681	38		Omnibus Tobacco Enforcement Act
4300, Part IB, Sec. 1, Proviso 1.12	84		Local Government School Buses – Motor Fuel User Fee Exemption – Reenacted Temporary Proviso
4300, Part IB, Sec. 33, Proviso 33.10	84		Nursing Home Bed Franchise Fee – Suspension – Reenacted Temporary Proviso
4300, Part IB, Sec. 118, Proviso 117.171	84		Athletic Admissions Tax Revenue
4300, Part IB, Sec. 118, Proviso 118.7	84		Admissions Tax Rebate – Motorsports, Tennis, and Soccer Facilities – Reenacted Temporary Proviso

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

House Bill 4017 (Act No. 46)

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, 2022, 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 2023 the federal government extends, without otherwise amending, Internal Revenue Code provisions that expired on December 31, 2022, 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 16, 2023

Senate Bill 39 (Act No. 8)

Educational Scholarship Trust Fund – Not Subject to Income Tax

Act No. 8 amends Title 59 of the SC Code of Laws to add Chapter 8, establishing the Education Scholarship Trust Fund, which is administered by the South Carolina Department of Education and provides scholarships to eligible students for qualifying expenses. S.C. Code Ann. § 59-8-115(H) provides that funds received from the Education Scholarship Trust Fund are not subject to South Carolina income tax for the scholarship student or the student's parent.

Effective Date: June 3, 2023

House Bill 4300, Part IB, Section 109, Proviso 109.17 (Act No. 84)

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 (6.4% for the 2023 tax year).

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).

House Bill 4300, Part IB, Section 117, Proviso 117.175 (Act No. 84)

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.

For any project involving an abandoned textile mill of between 130,000 and 135,000 square feet and with estimated rehabilitation expenses between \$5,500,000 and \$6,500,000, a Notice of Intent to Rehabilitate filed by June 30, 2024 shall be effective as of the effective date designated by the taxpayer in the Notice. 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.

REENACTED OR REVISED TEMPORARY PROVISOS

The following temporary provisos were enacted in a prior legislative session and were reenacted by the General Assembly in 2023. Temporary provisos are effective for the State fiscal year July 1, 2023 through June 30, 2024, and will expire June 30, 2024, unless reenacted by the General Assembly in the next legislative session.

House Bill 4300, Part IB, Section 118, Proviso 118.10 (Act No. 84)

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 4300, Part IB, Section 1A, Proviso 1A.9 (Act No. 84)

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

This temporary proviso allows a \$350 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 publically 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 \$300.

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 2023 tax return. The credit is the lesser of \$350 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, 2024, and may include expenses incurred after December 31, 2023.

Note: Any person who receives the reimbursement provided by this proviso is not eligible for the income tax credit allowed by this proviso.

House Bill 4300, Part IB, Section 1A, Proviso 1A.10 (Act No. 84)

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 4300, Part IB, Section 117, Proviso 117.113 (Act No. 84)

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 2023-2024 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 4300, Part IB, Section 109, Proviso 109.13 (Act No. 84)

Renewable Fuel Credit – Placed in Service Date Extended

S.C. Code Ann. § 12-6-3610(A) provides an income tax credit equal to 25% of the taxpayer's cost in purchasing, constructing, and installing property used for distribution or dispensing renewable fuel. S.C. Code Ann. § 12-6-3610(B) provides an income tax credit equal to 25% of the taxpayer's cost in constructing or renovating a building and equipping the facility for the purpose of producing renewable fuel. S.C. Code Ann. § 12-6-3610(D) provides that the taxpayer must place the property or facility in service prior to January 1, 2020.

This temporary proviso extends until January 1, 2023 the date the taxpayer must place into service property or a facility used for distribution or dispensing renewable fuel.

House Bill 4300, Part IB, Section 63, Proviso 63.10 (Act No. 84)

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.

REMINDERS

The following provisions were enacted prior to 2023 but are being phased in or are effective in 2023 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 and 2023 and the top marginal tax rates during the remaining phase-down period from 2024 through 2027 if the revenue requirements are met each of those years. Note: 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*	6.3%*
2025*	6.2%*
2026*	6.1%*
2027*	6.0%*

*The tax rate phase-down will continue to be reduced 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.

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

Individual, Estate, and Trust Income Tax Brackets – Brackets Collapsed to Three for Tax Years Beginning After 2021

The Comprehensive Tax Cut Act of 2022 provides that South Carolina’s six individual income tax brackets in S.C. Code Ann. § 12-6-510 will be collapsed into three tax brackets for tax years after 2021.

S.C. Code Ann. § 12-6-510(B) establishes the following three collapsed individual income tax brackets for tax years after 2021:

New Tax Brackets for Tax Years 2022 and Thereafter*	
Tax Bracket #1	\$0 to \$3,199
Tax Bracket #2	\$3,200 to \$16,039
Tax Bracket #3	\$16,040 and up

* S.C. Code Ann. § 12-6-520 continues to provide that these tax brackets will be indexed for inflation each December. The brackets, as adjusted, will apply for tax years beginning in the succeeding calendar year.

For the 2023 tax year the new tax brackets, indexed for inflation, and tax computations for each bracket are:

New Tax Brackets for Tax Year 2023	Bracket Amounts for Tax Year 2023	Compute the tax as follows for each bracket amount
Tax Bracket #1	\$0 to \$3,329	0% times the amount (i.e., exempt from tax)
Tax Bracket #2	\$3,330 to \$16,679	3% times the amount minus \$100
Tax Bracket #3	\$16,680 and up	*6.4% times the amount minus \$670

*Note: For 2023, the top marginal tax rate is 6.4%; the 0% and the 3% tax rates in brackets #1 and #2 do not change.

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

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 Act No. 228, Sections 1 and 2, above.

House Bill 3516, Section 16 (Act No. 40 of 2017)

South Carolina Earned Income Credit

S.C. Code Ann. § 12-6-3632 provides full-year resident individuals a nonrefundable South Carolina earned income tax credit equal to 125% of the federal earned income tax credit allowed under Internal Revenue Code § 32.

The credit is phased in over six years in equal installments of 20.83% beginning in 2018 as follows:

Tax Year	Credit Amount
2018	20.83% of federal earned income credit
2019	41.67% of federal earned income credit
2020	62.5% of federal earned income credit
2021	83.33% of federal earned income credit
2022	104.17% of federal earned income credit
2023 and thereafter	125% of federal earned income credit

Effective Date: Tax years beginning after 2017.

House Bill 3516, Section 17 (Act No. 40 of 2017)

Two-Wage Earner Credit – Credit Increased

S.C. Code Ann. § 12-6-3330 provides a two-wage earner income tax credit for married individuals filing a joint return when both spouses have South Carolina earned income and has been amended to increase the maximum credit available from \$210 to \$350. Prior to this amendment, the credit was limited to 0.7% of the lesser of \$30,000 or the South Carolina qualified earned income of the lower-earning spouse for the tax year.

The amendment increases the \$30,000 threshold to \$50,000. It is phased in over six years in equal installments of \$3,333 each tax year as follows:

Tax Year	A	B	Maximum Credit (Columns A x B)
	Earned Income Maximum Threshold	Factor	
2018	\$33,333	0.7%	\$233
2019	\$36,667	0.7%	\$257
2020	\$40,000	0.7%	\$280
2021	\$43,333	0.7%	\$303
2022	\$46,667	0.7%	\$327
2023 and thereafter	\$50,000	0.7%	\$350

Effective Date: Tax years beginning after 2017.

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.

S.C. Code Ann. § 12-6-3800(B) provides a credit for each clinical rotation a physician serves as preceptor for a qualifying medical school-required clinical rotation, advanced practice nursing program-required clinical rotation, or physician assistant program-required clinical rotation. The credit amount is as follows:

1. If at least 50% of the physician’s practice consists of a combined total of Medicaid insured, Medicare insured, and self-pay patients, then the credit is equal to \$1,000 for each rotation served, not to exceed \$4,000 a year.
2. If at least 30% of the physician’s practice consists of a combined total of Medicaid insured, Medicare insured, and self-pay patients, then the credit is equal to \$750 for each rotation served, not to exceed \$3,000 a year.

S.C. Code Ann. § 12-6-3800(C) provides a credit for each clinical rotation an advanced practice registered nurse or physician assistant serves as preceptor for a qualifying advanced practice nursing program-required clinical rotation or physician assistant program-required clinical rotation. The credit amount is as follows:

1. If at least 50% of the advanced practice registered nurse’s or physician assistant’s practice consists of a combined total of Medicaid insured, Medicare insured, and self-pay patients, then the credit is equal to \$750 for each rotation served, not to exceed \$3,000 a year.
2. If at least 30% of the advanced practice registered nurse’s or physician assistant’s practice consists of a combined total of Medicaid insured, Medicare insured, and self-pay patients, then the credit is equal to \$500 for each rotation served, not to exceed \$2,000 a year.

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.

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	\$1,000	\$4,000	\$750	\$3,000
2026	Credit Repealed			

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	\$750	\$3,000	\$500	\$2,000
2026	Credit Repealed			

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.

Repeal Date: January 1, 2026

Effective Date: Applies to tax years 2020 through 2025.

Energy Efficient Manufactured Home – Credit Extended

S.C. Code Ann. § 48-52-870 was enacted in 2008 (Act No. 354) to provide a \$750 nonrefundable income tax credit to any person who purchases a qualifying manufactured home for use in South Carolina from a retail dealership licensed by the South Carolina Manufactured Housing Board. To qualify, the manufactured home must be designated by the United States Environmental Protection Agency and the United States Department of Energy as meeting or exceeding each agency’s energy saving efficiency requirements or designated as meeting or exceeding such requirements under each agency’s ENERGY STAR program. The credit was originally effective from July 1, 2009 through July 1, 2019. Act No. 91 of 2019 extended the credit for purchases of qualifying manufactured homes through June 30, 2020.

This Act extends the credit for purchases of qualifying manufactured homes through July 1, 2024.

Effective Date: May 26, 2020

PROPERTY TAXES

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

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

House Bill 4300, Part IB, Section 109, Proviso 109.16 (Act No. 84)

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 4300, Part IB, Section 117, Proviso 117.168 (Act No. 84)

Millage Calculation – Adjustments for 2020 Census

Under this temporary proviso, for the 2023-2024 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.

REENACTED TEMPORARY PROVISOS

The following temporary provisos were enacted in a prior legislative session and were reenacted by the General Assembly in 2023. Temporary provisos are effective for the State fiscal year July 1, 2023 through June 30, 2024, and will expire June 30, 2024, unless reenacted by the General Assembly in the next legislative session.

House Bill 4300, Part IB, Section 109, Proviso 109.11 (Act No. 84)

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 4300, Part IB, Section 1, Proviso 1.39 (Act No. 84)

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 4300, Part IB, Section 113, Proviso 113.7 (Act No. 84)

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 4300, Part IB, Section 117, Proviso 117.37 (Act No. 84)

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 4300, Part IB, Section 92D, Proviso 92D.1 (Act No. 84)

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, 2024, 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, 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 4300, Part IB, Section 117, Proviso 117.113 (Act No. 84)

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 2023-2024 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.

REMINDERS

The following provisions were enacted prior to 2023 but are being phased in or are effective in 2023 and thereafter. The provisions are summarized below for informational purposes.

Senate Bill 648, Section 5 (Act No. 106 of 2021)

Consolidation of Clarendon County School Districts 2 and 4 – Millage

Effective July 1, 2022, Clarendon County School District 2 and Clarendon County School District 4 are abolished. The powers and duties of the two school districts' respective boards of trustees

devolve on the board of trustees of a consolidated school district to be known as Clarendon County School District.

The Department determined and calculated the 2022 property tax millage levy of the new Clarendon County School District based on the 2021 levy of Clarendon County School Districts 2 and 4 and the value of a mill in each district. The millage levy for 2023 is the same as the millage levy for 2022.

Beginning in 2024, 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 Clarendon County School District. Clarendon 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 election commission. 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 12, 2021

SALES AND USE TAXES

House Bill 4300, Part IB, Section 109, Proviso 109.18 (Act No. 84)

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 4300, Part IB, Section 117, Proviso 117.186 (Act No. 84)

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, craftsman, 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.

REENACTED OR REVISED TEMPORARY PROVISOS

The following temporary provisos were enacted in a prior legislative session and were reenacted by the General Assembly in 2023. Temporary provisos are effective for the State fiscal year July 1, 2023 through June 30, 2024, and will expire June 30, 2024, unless reenacted by the General Assembly in the next legislative session.

House Bill 4300, Part IB, Section 44, Proviso 44.10 (Act No. 84)

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](https://www.scdot.gov/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 4300, Part IB, Section 88, Proviso 88.6 (Act No. 84)

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.

Note: This proviso was changed from prior years to update the owner name from Palmetto Railways to the State Ports Authority. Exemptions implicated by these provisos include S.C. Code Ann. § 12-36-2120(51) and (67).

House Bill 4300, Part IB, Section 117, Proviso 117.141 (Act No. 84)

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.

Note: 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 4300, Part IB, Section 117, Proviso 117.36 (Act No. 84)

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 4300, Part IB, Section 117, Proviso 117.58 (Act No. 84)

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 4300, Part IB, Section 117, Proviso 117.54 (Act No. 84)

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.

MISCELLANEOUS

(Summarized by Subject Matter)

MISCELLANEOUS TAX LEGISLATION

ACCOMMODATIONS TAX

Senate Bill 284 (Act No. 57)

Accommodations Tax for Development of Workforce Housing

S.C. Code Ann. § 6-1-530(A) is amended to provide that local accommodations taxes may be used for the development of workforce housing. S.C. Code Ann. § 6-4-10(4) is amended to include development of workforce housing in the definition of “tourism related expenditures” eligible for accommodations taxes that were allocated to the special fund to promote tourism.

Development of workforce housing must include programs to promote home ownership. A county or municipality may not use more than 15% of its annual local accommodations tax revenue for development of workforce housing.

The provisions allowing for accommodations taxes to be used for development of workforce housing are not effective after December 31, 2030.

Local governments intending to use funds for development of workforce housing are required to submit a housing impact analysis to the members of the legislative body of the local government, the Department, and the Tourism Expenditure Revenue Committee. The Department may not disburse accommodations taxes for the development of workforce housing until the analysis has been submitted.

Effective Date: May 19, 2023

ALCOHOLIC BEVERAGE LICENSING

Senate Bill 459 (Act No. 61)

Alcohol Sales at Airports

S.C. Code Ann. § 55-9-235 is added to allow that approved businesses may sell alcoholic liquor by the drink for consumption throughout the TSA-screened portion of the airport terminals of Charleston International Airport, Columbia Metropolitan Airport, Florence Regional Airport, Greenville-Spartanburg Airport, Hilton Head Island Airport, or Myrtle Beach International Airport.

Effective Date: May 19, 2023

Senate Bill 566 (Act No. 31)

South Carolina Craft Beer Economic Development Act

S.C. Code Ann. § 61-4-1515(A) is amended to add that a brewery can sell beer to customers for on-premise consumption if the beer is produced by the brewery on its premises or transferred to the brewery by a brewery that operates under 100% identical ownership. The annual volume of beer received cannot be greater than the annual volume of beer produced by the brewery on its premises.

S.C. Code Ann. § 61-4-1515(E) is amended to allow a brewery to sell up to 864 ounces of beer to an individual per day for off-premises consumption. Previously, the maximum amount that could be sold to an individual in a day for off-premises consumption was 288 ounces. Beer sold in kegs must comply with keg registration requirements.

Sales must be in conjunction with a tour of the brewery.

A brewery must report each month the amounts and brands of beer:

1. Present at its licensed premises at the beginning of the month
2. Brewed on its licensed premises
3. Transferred to and received from a separate licensed brewery under identical ownership
4. Sold to wholesalers for resale
5. Sold to consumers for off-premises consumption
6. Sold to consumers for on-premises consumption
7. Lost to spillage and spoilage
8. Removed for owner consumption
9. Present on its licensed premises at the end of the month

This report is made each month on MyDORWAY using the L600, Beer Wholesalers Monthly Report.

Effective Date: May 16, 2023

TOBACCO TAX

House Bill 3681 (Act No. 38)

Omnibus Tobacco Enforcement Act

Section 2 of the Omnibus Tobacco Enforcement Act of 2023 adds S.C. Code Ann. § 44-95-45(A) to provide that local governments may not enact laws, ordinances, or rules related to ingredients, flavors, or licensing of tobacco products.

Effective Date: May 16, 2023

Section 5 of the Act amends requirements for sales of tobacco products found in S.C. Code Ann. § 16-17-500. Requirements include:

1. It is unlawful to sell, furnish, give, distribute, purchase for, or provide a tobacco product to a minor under age 18. S.C. Code Ann. § 16-17-500(A)
2. It is unlawful to sell a tobacco product to an individual without a demand of proper proof of age. S.C. Code Ann. § 16-17-500(B)
3. A person engaged in sale of tobacco products through the internet or other remote sales methods shall perform age verification and require a signature before the tobacco product is released. S.C. Code Ann. § 16-17-500(C)
4. It is unlawful to sell a tobacco product through a vending machine. S.C. Code Ann. § 16-17-500(D)¹
5. A tobacco retail establishment whose primary purpose is the sale of tobacco products must prohibit minors under age 18 from entering unless actively supervised and accompanied by an adult. S.C. Code Ann. § 16-17-500(J)

S.C. Code Ann. § 12-17-500(E)(3) is amended to outline the following administrative penalties for a tobacco retailer who knowingly violates or permits an employee to violate subsections (A), (B), (C), (D), and (J):

1. For the first violation, issued a warning.
2. For the second violation within a 36 month period, fined at least \$300.
3. For the third violation within a 36 month period, fined at least \$600.
4. For the fourth and subsequent violations within a 36 month period, fined at least \$1,200 and prohibited from selling or distributing tobacco products for a period of at least seven days but no more than 30 days.
5. For a tobacco retailer who knowingly sells or distributes during the period they are prohibited from doing so, fined up to \$200 and prohibited from selling or distributing tobacco products for an additional seven day period.

The Department is responsible for administering the penalties and is authorized to present evidence of a violation of subsection (A), (B), (C), (D), or (J) to establish the violation of subsection (E)(3). A tobacco retailer or tobacco retail establishment may request a contested case hearing for the fine or prohibition from selling or distributing tobacco products in front of the South Carolina Administrative Law Court, pursuant to the South Carolina Administrative Procedures Act.

Section 6 of the Act amends S.C. Code Ann. § 16-17-501 to update definitions of distribution, electronic smoking devices, e-liquids, tobacco products, tobacco retail establishments, and tobacco retailers.

Tobacco products are defined as:

1. Any product containing, made of, or derived from tobacco or nicotine that is intended for human consumption or is likely to be consumed, inhaled, absorbed, or ingested by any means;

¹ On August 11, 2023, the South Carolina Attorney General opined that the intent of this section was to forbid minors from purchasing tobacco products through vending machines. To be consistent with Legislative intent, the section should not be interpreted as prohibiting all sales of tobacco products through vending machines.

2. Any electronic smoking device and any substances that may be aerosolized or vaporized by the device, whether or not they contain nicotine; or
3. Any component, part, or accessory of the above, whether or not they contain tobacco or nicotine.

This includes but is not limited to: cigarettes, cigars, pipe tobacco, chewing tobacco, snuff, other products made of tobacco, electronic smoking devices, e-cigarettes, e-cigars, e-pipes, vape pens, e-hookah, e-liquid, filters, rolling papers, pipes, and tobacco items that may or may not contain nicotine. Tobacco product does not include drugs, devices, or combination products authorized for sale by the U.S. Food and Drug Administration.

Section 8 of the Act amends S.C. Code Ann. § 16-17-503 to provide that the State Law Enforcement Division may conduct unannounced compliance checks and notify the Department of any violations. The Department will annually publish the result of compliance checks and make the results available to the public upon request. The Director of the South Carolina Department of Alcohol and Other Drug Abuse Services shall conduct random unannounced inspections at locations where tobacco products are sold and at locations that have notified the Department of Revenue that the tobacco retailer sells or distributes tobacco products.

Section 12 of the Act adds S.C. Code Ann. § 12-36-511 to require a retailer to submit with its retail application whether it sells tobacco, tobacco products, or any other product used for smoking. Retailers not previously designated as a tobacco retail establishment must also notify the Department prior to selling tobacco products. Tobacco retailers and tobacco retail establishments that have a retail license must supplement their retail license application to notify the Department that they sell or distribute tobacco or tobacco products. Retailers that do not disclose that they are selling tobacco, tobacco products, or products used for smoking will be subject to fines.

Effective Date: August 14, 2023

ADMISSIONS TAX

House Bill 4300, Part IB, Section 117, Proviso 117.171 (Act No. 84)

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.

REENACTED TEMPORARY PROVISOS

The following temporary provisos were enacted in a prior legislative session and were reenacted by the General Assembly in 2023. Temporary provisos are effective for the State fiscal year July 1, 2023 through June 30, 2024, and will expire June 30, 2024, unless reenacted by the General Assembly in the next legislative session.

ADMINISTRATIVE and PROCEDURAL MATTERS

House Bill 4300, Part IB, Sections 41 and 117, Provisos 41.2 and 117.82 (Act No. 84)

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 117.82 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 4300, Part IB, Section 109, Proviso 109.14 (Act No. 84)

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 4300, Part IB, Section 109, Proviso 109.15 (Act No. 84)

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.

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

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 4300, Part IB, Section 118, Proviso 118.7 (Act No. 84)

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 4300, Part IB, Section 33, Proviso 33.10 (Act No. 84)

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.

LIST OF TEMPORARY PROVISOS

Temporary provisos were enacted as part of the 2023 annual budget – House Bill 4300, Part IB (Act No. 84). They are effective only for the current State fiscal year (July 1, 2023 – June 30, 2024). They expire on June 30, 2024, 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 109.17 Income Tax Withholding at Highest Individual Income Tax Rate
- Proviso 117.175 Abandoned Textile Mills Credit – Effective Date of Notice of Intent to Rehabilitate

Property Taxes

- Proviso 109.16 Manufacturing Property Tax Reduction Disallowed – Utilities
- Proviso 117.168 Millage Calculation – Adjustment for 2020 Census

Sales and Use Taxes

- Proviso 109.18 Farm Fuels – Sales Tax Exemption
- Proviso 117.186 Festival Craftsmen – Not Making Sales at Retail

Miscellaneous Taxes

- Proviso 117.171 Athletic Admissions Tax Revenue

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 63.10 Law Enforcement Officer of the Year Awards – Not Taxable
- Proviso 109.13 Renewable Fuel Credit – Placed in Service Date Extended
- Proviso 117.113 Retail Facilities Revitalization Act – Repeal of Act Suspended
- Proviso 118.10 Consumer Protection Services – Individual Income Tax Deduction

Property Taxes

- Proviso 1.39 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 113.7 Agricultural Use Exemption for Timberland – Impact of Additional County Requirements
- Proviso 117.37 Personal Property Tax Relief Fund
- Proviso 117.113 Retail Facilities Revitalization Act – Repeal of Act Suspended

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 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 117.141 Agribusiness Facilities – Material Handling and Construction Material Exemptions

Miscellaneous (Administrative and Procedural Matters, and Miscellaneous Taxes)

Administrative and Procedural Matters:

- Provisos 41.2 3% Reduction on Interest Rate on Tax Refunds
and 117.82
- 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 118.7 Admissions Tax Rebate – Motorsports, Tennis, and Soccer Facilities