

Chapter 12

Local Sales and Use Taxes

A. General Information

The South Carolina Code of Laws allows the imposition of various types of local sales and use taxes. Citizens of a county, depending upon the needs within the county, may impose one or several local sales and use taxes. Municipal councils, or the citizens of a municipality, may impose a sales and use tax¹ for tourism development if the municipality is located in a county where revenue from state accommodations tax is at least \$14 million in a fiscal year.

The Department publishes a chart with the various types of local sales and use taxes collected by the Department and the exemptions allowed under each tax. As of the date of this document, South Carolina Information Letter #17-4 contains the most recently published information; updated information will be published in new information letters on the Department's website (dor.sc.gov) as warranted.

Most local taxes administered and collected by the Department of Revenue on behalf of local jurisdictions are administered and collected on a county-wide basis. However, the Catawba Tribal Sales and Use Tax is only imposed on the Catawba Indian Reservation and the Tourism Development Fee is only imposed on a municipal-wide basis. The criteria discussed in this publication, unless otherwise indicated in legislation enacted by the General Assembly, will also apply to any future sales and use taxes administered and collected by the Department of Revenue on behalf of a jurisdiction on a county-wide, municipal-wide or other basis as established by the General Assembly.

Please note that this chapter only addresses the general local sales and use taxes collected by the Department of Revenue on behalf of local jurisdictions (e.g., counties, municipalities, school districts) and the tribal sales tax collected by the Department of Revenue on behalf of the Catawba Indian tribal government². It does not address the local taxes, or beach preservation fees, on sales of accommodations or on sales of prepared meals that are collected directly by the counties or municipalities.

¹ This municipal sales and use tax is actually a fee (Local Option Tourism Development Fee) imposed under Article 9 of Chapter 10 of Title 4. For purposes of simplicity, this fee will be referred to as a sales and use tax in this publication.

² The tribal use tax is collected directly by the Catawba Indian tribal government.

B. Types of Local Sales and Use Taxes

The following is a list of local sales and use taxes³ that General Assembly has authorized the Department of Revenue to administer and collect on behalf of local jurisdictions that may enact one or more of these local sales and use taxes.

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

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

Personal Property Tax Relief: The personal property tax relief sales and use tax is authorized under South Carolina Code §4-10-510 et seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax. This tax is imposed in lieu of the personal property tax imposed on private passenger motor vehicles, motorcycles, general aviation aircraft, boats, and boat motors. The tax may not exceed the lesser of 2% or the amount necessary to replace the property tax on vehicles, motorcycles, general aviation aircraft, boats, and boat motors in the most recently completed fiscal year. **As of the date of this publication, this tax is not being imposed.**

³ The General Assembly may authorize other local sales and use taxes in the future. Unless such legislation states otherwise, any such new local sales and use tax will be administered and collected in the same manner as the taxes listed in this advisory opinion. In addition, the Catawba Indian Tribal Sales Tax is not a local tax; however, it is administered and collected by the Department in a similar manner and is therefore included on this list.

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

Education Capital Improvement Sales and Use Tax: The school district or school districts within a county may impose a 1% sales and use tax within the county for specific education capital improvements for the school district for not more than 15 years.⁴ The tax is authorized under South Carolina Code Section 4-10-410 et seq. and must be approved by a referendum open to all qualified electors residing in the county. Pursuant to a memorandum of agreement, a portion of the revenue may be shared with the area commission (governing body of a technical college) or higher education board of trustees (governing body of a public institution of higher learning) or both, for specific education capital improvements on the campus of the recipient located in the county listed in the referendum.

The General Assembly has established several criteria that make a county or school district eligible to impose this tax. The county or school district must meet only one of these criteria, established in South Carolina Code Section 4-10-470, in order for the tax to be imposed within the county.

School District Taxes: The General Assembly has authorized certain school districts to impose a sales and use tax within the county. These taxes are generally imposed to pay debt service on general obligation bonds and/or the cost of capital improvements. These taxes are imposed county-wide, whether imposed by the county or one or more school districts.

As of the date of this publication, these school district taxes are being imposed at a rate of 1%⁵:

<u>County</u>	<u>Act Authorizing Tax</u>
Chesterfield	Act No. 441 of 2000
Clarendon	Act No. 355 of 2004 and Act No. 195 of 2005
Dillon	Act No. 137 of 2007
Jasper	Act No. 146 of 2001
Lexington	Act No. 378 of 2004 and Act No. 88 of 2011
Marlboro	Act No. 204 of 2005

⁴ Under one of the criteria for imposing this tax, the tax may not be imposed for more than 10 years.

⁵ See South Carolina Information Letter #17-4 for the date each school district tax was first imposed.

Catawba Indian Tribal Tax: The Catawba Indian Reservation is located in Lancaster and York counties. The application of either the state sales and use tax or the Catawba Tribal sales and use tax for sales (deliveries) made on the Catawba Indian Reservation are determined by the Catawba Indian Claims Settlement Act. The specific sales and use tax provisions can be found in South Carolina Code §27-16-130(H). The Catawba Tribal sales and use tax expires on November 28, 2092.

The following chart provides a summary of these provisions:

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

* Lancaster County imposes a 1% Local Option Tax and a 1% Capital Projects Tax. York County imposes a 1% Capital Projects Tax. These local taxes are in addition to the State sales and use tax. Therefore, **effective May 1, 2016**, the tribal sales tax and the tribal use tax are imposed at the following rates:

For sales (deliveries) made on the Reservation within Lancaster County:

- 8% for general sales of tangible personal property
- 9% for sales of accommodations
- 1% for sales of unprepared foods**

For sales (deliveries) made on the Reservation within York county:

- 7% for general sales of tangible personal property
- 8% for sales of accommodations
- 0% for sales of unprepared foods

Please note that the rate for the tribal sales tax and the tribal use tax may increase or decrease dependent upon whether the total state and local sales and use tax rates change in Lancaster county or York county in the future.

** Note: Lancaster County “re-imposed” the 1% Capital Projects Tax effective May 1, 2016. The new Capital Projects Tax in Lancaster County exempts sales of unprepared food effective May 1, 2016; however, the 1% Local Option Tax does not exempt sales of unprepared food.

Tourism Development Tax: The local tourism development sales and use tax is authorized under South Carolina Code §4-10-910 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 and may only be imposed by a municipality located in a county where revenue from the state accommodations tax is at least \$14 million in a fiscal year. This tax may be imposed by an ordinance adopted by a two-thirds majority of the municipal council or by approval by a majority of qualified electors voting in a referendum authorized by a majority of the municipal council. The tax is imposed specifically for tourism advertisement and promotion directed at non-South Carolina residents; however, in the third and subsequent years of this tax, a portion of the tax may be used for certain property tax rollbacks. The tax is collected by the Department of Revenue on behalf of these municipalities.

C. Local Sales and Use Tax Due Dependent on County or Municipality of Delivery

The determination as to which local sales and use tax is due depends on where delivery of the tangible personal property took place.⁶

For purposes of local sales and use taxes, delivery of tangible personal property is defined to occur when and where title or possession of tangible personal property transfers from the retailer to his customer. Following are guidelines to be used in determining when and where delivery occurs:⁷

FOB Destination or Similar Terms: Delivery is considered to take place at the purchaser’s location or wherever delivered to the purchaser (at the purchaser’s direction).

FOB Shipping Point or Similar Terms: Delivery is considered to take place at the retailer’s location. Retailers with multiple retail locations are to maintain their records so as to clearly show which sales are attributable to each location.

Shipping Terms Are Unspecified: Delivery is considered to take place at the purchaser’s location or wherever delivered to the purchaser (at the purchaser’s direction).

⁶ Attorney General Opinion #91-47 (7/30/1991).

⁷ South Carolina Revenue Ruling #09-9.

Retailer Uses Own Vehicle: If a retailer uses his own vehicle(s) for making deliveries, delivery is considered to take place at the purchaser's location or wherever delivered at the direction of the purchaser. This applies whether the vehicles are owned or leased by the retailer.

Situations Where Title Transfers, but Not Possession: Delivery is considered to take place at the retailer's location.

For example, a printer may produce business cards for a customer. The cards include all needed information except for the employee name. The printer keeps possession of, but not title to, the cards. At the direction of the customer, the printer will imprint the customer's cards with an employee's name and send the imprinted cards to the customer.

Retailers with multiple retail locations are to maintain their records so as to clearly show which sales are attributable to each location.

D. Retailer's Responsibility to Remit Local Sales and Use Taxes⁸

Whether or not a retailer can be required to remit a jurisdiction's tax is dependent upon the controlling facts and the extent of the seller's activities with the jurisdiction into which tangible personal property is delivered.

If a retailer that has established Commerce Clause nexus with South Carolina purposefully avails itself of the benefits of the economic market of a jurisdiction or it has purposefully directed its efforts toward the residents of a jurisdiction, it has a minimal connection with that jurisdiction sufficient to subject it to that jurisdiction's authority and therefore require it to remit the jurisdiction's tax on its deliveries into that jurisdiction, even if it has no physical presence in that particular jurisdiction.

Examples of when a retailer that has established Commerce Clause nexus with South Carolina must remit a jurisdiction's sales and use tax include, but are not limited to:

Retailers Using Their Own Vehicles: A retailer is required to remit a jurisdiction's tax if the retailer is shipping property into the jurisdiction using his own vehicles (whether owned or leased).

⁸ South Carolina Revenue Ruling #09-9 and South Carolina Revenue Ruling #05-16.

Retailers Using a Contract Carrier: A retailer is required to remit a jurisdiction's tax if the retailer is shipping property into the jurisdiction using a contract carrier (an independent or related company working specifically for or otherwise representing the retailer with respect to the delivery.)

Retailers Using a Common Carrier: A retailer is required to remit a jurisdiction's tax if the retailer is shipping property into the jurisdiction using a common carrier (*e.g.*, UPS, the mail), and the retailer is subject to the jurisdiction of delivery's authority (Due Process nexus has been established with the jurisdiction of delivery).

Examples of when a retailer is subject to the jurisdiction of delivery's authority include, but are not limited to, the following:

- (a) The retailer maintains, temporarily or permanently, directly or by subsidiary, an office, warehouse, distribution house, sales house, other place of business, or property of any kind in the jurisdiction of delivery.
- (b) The retailer or a subsidiary has, temporarily or permanently, an agent, representative (including delivery personnel and independent contractors acting on behalf of the retailer), salesman, or employee operating within the jurisdiction of delivery.
- (c) The retailer advertises via advertising media located in the jurisdiction of delivery (*e.g.*, newspapers, television, cable systems, and radio).
- (d) The retailer advertises via advertising media located outside the jurisdiction but which has coverage within the jurisdiction of delivery (*e.g.*, newspapers, television, cable systems, and radio).

Please note that these statements are only examples and that there are other circumstances in which a retailer must remit a jurisdiction's tax with respect to deliveries into that jurisdiction. Retailers must be aware that as the courts address this issue, the requirements for remitting a jurisdiction's tax may evolve and the retailer will be liable for the tax if the retailer fails to remit the tax when it has a connection with that jurisdiction sufficient to require it to remit that jurisdiction's tax. If upon being audited, it is found a retailer has a sufficient connection with a particular jurisdiction so as to require remittance of that jurisdiction's tax, but the retailer has failed to do so, the Department will assess the retailer for that jurisdiction's tax.

E. Purchasers - Reporting Requirements

Purchases of tangible personal property (not for resale) first stored, used or consumed in a local tax county are subject to the local use tax. Such purchases are to be reported on Form ST-389 by county and/or municipality where the property is first stored, used or consumed. Form ST-389 provides information as to which type of local sales and use tax must be reported by county and municipality and which type of local sales and use tax must only be reported by county.

NOTE: The purchaser is not liable for a county's local use tax if he takes delivery in another county and pays the other county's local sales tax, provided the local sales tax he paid is equal to or greater than the local use tax that would otherwise be due. If the local sales tax he paid is less than the local use tax, then the purchaser owes the difference. Also, the purchaser is relieved of the liability for the local use tax if he has a receipt from a retailer showing the retailer has collected the local use tax.

F. Transactions Exempt from Local Sales and Use Taxes

While most local sales and use taxes provide the same exemptions for certain sales and purchases, there are some differences. Exhibit A of this chapter should provide guidance concerning the various types of local sales and use taxes collected by the Department of Revenue and the types of exemptions allowed under each tax.

Exhibit A

Local Tax Charts and Transactions Exempt from Local Sales and Use Taxes as of May 1, 2017

The most current version of this information, as of the date of this publication, is South Carolina Information Letter #17-4.

The Department issues information letters to update the charts and other information found in this exhibit. These information letters can be found on the Department's website (dor.sc.gov).

Check the website regularly in order to maintain an up-to-date list of the local sales and use taxes that are being imposed in South Carolina.



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

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P.O. Box 12265, Columbia, South Carolina 29211

SC INFORMATION LETTER-#17-4

SUBJECT: Local Sales and Use Tax Charts, Catawba Tribal Sales and Use Tax Chart and Exemption Information (Sales and Use Tax)

EFFECTIVE DATE: May 1, 2017

SUPERSEDES: SC Information Letter #17-2

AUTHORITY: S. C. Code Ann. Section 12-4-320 (2014)
S. C. Code Ann. Section 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.

The South Carolina Code of Laws allows the imposition of various types of local sales and use taxes. Citizens of a county, depending upon the needs within the county, may impose one or several local sales and use taxes. Municipal councils, or the citizens of a municipality, may impose a sales and use tax¹ for tourism development if the municipality is located in a county from which revenues from the state accommodations tax are at least \$14 million in a fiscal year.

While most of these local sales and use taxes provide the same exemptions for certain sales and purchases, there are some differences. Attached are three charts that provide guidance concerning the various types of local sales and use taxes collected by the Department and the types of exemptions allowed under each tax. These charts only address the general local sales and use taxes collected by the Department on behalf of the counties, municipalities, school districts, and the Catawba Indian tribal government. They do not address the local taxes imposed on sales of accommodations² or on sales of prepared meals³ that are collected directly by the counties or municipalities.

¹ This municipal sales and use tax is actually a fee (Local Option Tourism Development Fee) imposed under Article 9 of Chapter 10, Title 4. For purposes of simplicity, this fee is referred to as a sales and use tax in this information letter.

² Code Sections 6-1-500 through 6-1-570 provide for local accommodations taxes, and Code Sections 6-1-610 through 6-1-660 provide for beach preservation fees.

³ Code Sections 6-1-700 through 6-1-770 provide for a local hospitality tax.

Note: This information letter is effective May 1, 2017. It is being issued to reflect the following:

- **Allendale, Barnwell, Greenwood, Horry, McCormick and Williamsburg Counties will impose a 1% Capital Projects Tax.**
- **Charleston County will impose an additional ½% Transportation Tax.**
- **Jasper County will impose a 1% Transportation Tax.**
- **Newberry County’s 1% Capital Projects Tax, which expires on April 30, 2017, will be “re-imposed” effective the next day, May 1, 2017.**
- **Union County will impose a 1% Local Option Tax.**

CHART 1: COUNTY SALES AND USE TAXES

(See “Types of Exemptions” section below for a brief description of each exemption listed.)

	SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES						
COUNTY	TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 EXEMPTION FOR MAXIMUM TAX ITEMS	12-36-1710 EXEMPTION FOR CASUAL EXCISE ITEMS	EXEMPTION FOR FOOD STAMP PURCHASES	EXEMPTION FOR CERTAIN FOOD SALES	“GRANDFATHER CLAUSE” EXEMPTION FOR CERTAIN PURCHASES BY CONTRACTORS
<i>Abbeville</i>	Local Option 5/1/92	Yes	Yes	Yes	Yes	No	Yes
<i>Aiken</i>	Capital Projects 1/1/13	Yes	Yes	No	Yes	Yes	Yes
	Ed. Capital Imp. 3/1/15	Yes	Yes	No	Yes	Yes	Yes
<i>Allendale</i>	Local Option 5/1/92	Yes	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/17	Yes	Yes	No	Yes	Yes	Yes
<i>Anderson</i>	Ed. Capital Imp. 3/1/15	Yes	Yes	No	Yes	Yes	Yes
<i>Bamberg</i>	Local Option 5/1/92	Yes	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/13	Yes	Yes	No	Yes	Yes	Yes
<i>Barnwell</i>	Local Option 5/1/99	Yes	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/17	Yes	Yes	No	Yes	Yes	Yes
<i>Beaufort</i>	No Local Sales and Use Tax is Imposed in this County						
<i>Berkeley</i>	Local Option 5/1/97	Yes	Yes	Yes	Yes	No	Yes
	Transportation 5/1/16	Yes	Yes	No	Yes	No	Yes

	SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES						
COUNTY	TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 EXEMPTION FOR MAXIMUM TAX ITEMS	12-36-1710 EXEMPTION FOR CASUAL EXCISE ITEMS	EXEMPTION FOR FOOD STAMP PURCHASES	EXEMPTION FOR CERTAIN FOOD SALES	"GRANDFATHER CLAUSE" EXEMPTION FOR CERTAIN PURCHASES BY CONTRACTORS
<i>Calhoun</i>	Local Option 5/1/05	Yes	Yes	Yes	Yes	No	Yes
<i>Charleston</i>	Local Option 7/1/91	Yes	Yes	Yes	Yes	No	Yes
	Transportation 5/1/05	Yes	Yes	No	Yes	No	Yes
	Ed. Capital Imp. 1/1/17	Yes	Yes	No	Yes	Yes	Yes
	Transportation 5/1/17	Yes	Yes	No	Yes	No	Yes
<i>Cherokee</i>	Local Option 5/1/09	Yes	Yes	Yes	Yes	No	Yes
	Ed. Capital Imp. 3/1/15	Yes	Yes	No	Yes	Yes	Yes
<i>Chester</i>	Local Option 5/1/94	Yes	Yes	Yes	Yes	No	Yes
	Capital Projects 10/1/15	Yes	Yes	No	Yes	Yes	Yes
<i>Chesterfield</i>	Local Option 5/1/97	Yes	Yes	Yes	Yes	No	Yes
	School District 9/1/00	Yes	Yes	No	Yes	Yes	Yes
<i>Clarendon</i>	Local Option 5/1/97	Yes	Yes	Yes	Yes	No	Yes
	School District 6/1/04	Yes	Yes	No	Yes	No - effective 7/1/05	Yes
<i>Colleton</i>	Local Option 7/1/91	Yes	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/15	Yes	Yes	No	Yes	Yes	Yes
<i>Darlington</i>	Local Option 5/1/97	Yes	Yes	Yes	Yes	No	Yes
	Ed. Capital Imp. 3/1/17	Yes	Yes	No	Yes	Yes	Yes
<i>Dillon</i>	Local Option 5/1/96	Yes	Yes	Yes	Yes	No	Yes
	School District 10/1/08	Yes	Yes	No	Yes	Yes	Yes
<i>Dorchester</i>	Transportation 5/1/05	Yes	Yes	No	Yes	No	Yes
<i>Edgefield</i>	Local Option 5/1/92	Yes	Yes	Yes	Yes	No	Yes

SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES							
COUNTY	TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 EXEMPTION FOR MAXIMUM TAX ITEMS	12-36-1710 EXEMPTION FOR CASUAL EXCISE ITEMS	EXEMPTION FOR FOOD STAMP PURCHASES	EXEMPTION FOR CERTAIN FOOD SALES	"GRANDFATHER CLAUSE" EXEMPTION FOR CERTAIN PURCHASES BY CONTRACTORS
<i>Fairfield</i>	Local Option 5/1/06	Yes	Yes	Yes	Yes	No	Yes
<i>Florence</i>	Local Option 5/1/94	Yes	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/14	Yes	Yes	No	Yes	Yes	Yes
<i>Georgetown</i>	Capital Projects 5/1/15	Yes	Yes	No	Yes	Yes	Yes
<i>Greenville</i>	No Local Sales and Use Tax is Imposed in this County						
<i>Greenwood</i>	Capital Projects 5/1/17	Yes	Yes	No	Yes	Yes	Yes
<i>Hampton</i>	Local Option 7/1/91	Yes	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/13	Yes	Yes	No	Yes	Yes	Yes
<i>Horry</i>	Ed. Capital Imp. 3/1/09	Yes	Yes	No	Yes	Yes	Yes
	Capital Projects 5/1/17	Yes	Yes	No	Yes	Yes	Yes
<i>Jasper</i>	Local Option 7/1/91	Yes	Yes	Yes	Yes	No	Yes
	School District 12/1/02	Yes	Yes	No	Yes	Yes	Yes
	Transportation 5/1/17	Yes	Yes	No	Yes	No	Yes
<i>Kershaw</i>	Local Option 5/1/97	Yes	Yes	Yes	Yes	No	Yes
	Ed. Capital Imp. 3/1/17	Yes	Yes	No	Yes	Yes	Yes
<i>Lancaster</i>	Local Option 5/1/92	Yes	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/16	Yes	Yes	No	Yes	Yes	Yes
<i>Laurens</i>	Local Option 5/1/99	Yes	Yes	Yes	Yes	No	Yes
<i>Lee</i>	Local Option 5/1/96	Yes	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/13	Yes	Yes	No	Yes	Yes	Yes
<i>Lexington</i>	School District 3/1/12	Yes	Yes	No	Yes	Yes	Yes

SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES							
COUNTY	TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 EXEMPTION FOR MAXIMUM TAX ITEMS	12-36-1710 EXEMPTION FOR CASUAL EXCISE ITEMS	EXEMPTION FOR FOOD STAMP PURCHASES	EXEMPTION FOR CERTAIN FOOD SALES	"GRANDFATHER CLAUSE" EXEMPTION FOR CERTAIN PURCHASES BY CONTRACTORS
<i>Marion</i>	Local Option 7/1/91	Yes	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/13	Yes	Yes	No	Yes	Yes	Yes
<i>Marlboro</i>	Local Option 5/1/92	Yes	Yes	Yes	Yes	No	Yes
	School District 2/1/13	Yes	Yes	No	Yes	Yes	Yes
<i>McCormick</i>	Local Option 7/1/91	Yes	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/17	Yes	Yes	No	Yes	Yes	Yes
<i>Newberry</i>	Capital Projects 5/1/17	Yes	Yes	No	Yes	Yes	Yes
<i>Oconee</i>	No Local Sales and Use Tax is Imposed in this County						
<i>Orangeburg</i>	Capital Projects 4/1/13	Yes	Yes	No	Yes	Yes	Yes
<i>Pickens</i>	Local Option 5/1/95	Yes	Yes	Yes	Yes	No	Yes
<i>Richland</i>	Local Option 5/1/05	Yes	Yes	Yes	Yes	No	Yes
	Transportation 5/1/13	Yes	Yes	No	Yes	No	Yes
<i>Saluda</i>	Local Option 5/1/92	Yes	Yes	Yes	Yes	No	Yes
<i>Spartanburg</i>	No Local Sales and Use Tax is Imposed in this County						
<i>Sumter</i>	Local Option 5/1/96	Yes	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/16	Yes	Yes	No	Yes	Yes	Yes
<i>Union</i>	Local Option 5/1/17	Yes	Yes	Yes	Yes	No	Yes
<i>Williamsburg</i>	Local Option 5/1/97	Yes	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/17	Yes	Yes	No	Yes	Yes	Yes
<i>York</i>	Capital Projects 1/1/12	Yes	Yes	No	Yes	Yes	Yes

CHART 2: CATAWBA INDIAN RESERVATION TRIBAL TAX

(See “Types of Exemptions” section below for a brief description of each exemption listed.)

SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES							
COUNTY	TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 EXEMPTION FOR MAXIMUM TAX ITEMS	12-36-1710 EXEMPTION FOR CASUAL EXCISE ITEMS	EXEMPTION FOR FOOD STAMP PURCHASES	EXEMPTION FOR CERTAIN FOOD SALES	“GRANDFATHER CLAUSE” EXEMPTION FOR CERTAIN PURCHASES BY CONTRACTORS
<i>Catawba Indian Reservation</i>	Tribal Tax (See Notes #1 and #2)	Yes	See Note #2	See Note #2	Yes	See Note #2	See Note #2

CHART 3: MUNICIPAL SALES AND USE TAXES – LOCAL TOURISM DEVELOPMENT SALES AND USE TAX

(See “Types of Exemptions” section below for a brief description of each exemption listed.)

SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES							
MUNICIPALITY	TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 EXEMPTION FOR MAXIMUM TAX ITEMS	12-36-1710 EXEMPTION FOR CASUAL EXCISE ITEMS	EXEMPTION FOR FOOD STAMP PURCHASES	EXEMPTION FOR CERTAIN FOOD SALES	“GRANDFATHER CLAUSE” EXEMPTION FOR CERTAIN PURCHASES BY CONTRACTORS
<i>Myrtle Beach</i>	Tourism Development 8/1/09	Yes	Yes	No	Yes	Yes	Yes

TYPES OF LOCAL SALES AND USE TAXES:

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

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

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

Personal Property Tax Relief: The personal property tax relief sales and use tax is authorized under Code Section 4-10-510 et seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax. This tax is imposed in lieu of the personal property tax imposed on private passenger motor vehicles, motorcycles, general aviation aircraft, boats, and boat motors. The tax may not exceed the lesser of 2% or the amount necessary to replace the property tax on vehicles, motorcycles, general aviation aircraft, boats, and boat motors in the most recently completed fiscal year. **As of the date of this information letter, this tax is not being imposed.**

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

Education Capital Improvement Sales and Use Tax: The school district or school districts within a county may impose a 1% sales and use tax within the county for specific education capital improvements for the school district for not more than 15 years.⁴ The tax is authorized under Code Section 4-10-410 et seq. and must be approved by a referendum open to all qualified electors residing in the county. Pursuant to a memorandum of agreement, a portion of the revenue may be shared with the area commission (governing body of a technical college) or higher education board of trustees (governing body of a public institution of higher learning) or both, for specific education capital improvements on the campus of the recipient located in the county listed in the referendum.

The General Assembly has established several criteria that make a county or school district eligible to impose this tax. The county or school district must meet only one of these criteria, established in Code Section 4-10-470, in order for the tax to be imposed within the county.

⁴ Under one of the criteria for imposing this tax, the tax may not be imposed for more than 10 years.

School District Taxes: The General Assembly has authorized certain school districts to impose a sales and use tax within the county. These taxes are generally imposed to pay debt service on general obligation bonds and/or the cost of capital improvements. These taxes are imposed county-wide, whether imposed by the county or one or more school districts.

As of the date of this information letter, these school district taxes are being imposed at a rate of 1% :

<u>County</u>	<u>Act Authorizing Tax</u>
Chesterfield	Act No. 441 of 2000
Clarendon	Act No. 355 of 2004 and Act No. 195 of 2005
Dillon	Act No. 137 of 2007
Jasper	Act No. 146 of 2001
Lexington	Act No. 378 of 2004 and Act No. 88 of 2011
Marlboro	Act No. 204 of 2005

Catawba Indian Tribal Tax: The Catawba Indian Reservation is located in Lancaster County, where the general, combined sales and use tax rate on sales of tangible personal property is 8%, and York County, where the general, combined sales and use tax rate is 7%. Code Section 27-16-130(H) contains the specific sales and use tax provisions.

The tribal sales tax is administered and collected by the Department. The tribal use tax is administered and collected by the Catawba Indian Tribe. For additional information on the Catawba Indian Tribal Tax, including information on the specific tax rates for sales of accommodations and unprepared food, see SC Revenue Ruling #98-18 and Notes #1 and #2 at the end of this information letter.

Tourism Development Tax: The local tourism development sales and use tax is authorized under Code Section 4-10-910 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 and may only be imposed by a municipality located in a county where revenue from the state accommodations tax is at least \$14 million in a fiscal year. This tax may be imposed by an ordinance adopted by a two-thirds majority of the municipal council or by approval by a majority of qualified electors voting in a referendum authorized by a majority of the municipal council. The tax is imposed specifically for tourism advertisement and promotion directed at nonresidents of South Carolina; however, in the third and subsequent years of this tax, a portion of the tax may be used for certain property tax rollbacks. The tax is collected by the Department of Revenue on behalf of these municipalities.

REMITTANCE OF LOCAL SALES AND USE TAXES BY RETAILERS:

For information on when a retailer is required to remit a local sales and use tax when delivering product to a purchaser in another county, see SC Revenue Ruling #09-9.⁵

TYPES OF EXEMPTIONS:

State Exemptions - 12-36-2120 and 12-36-2130: Except for sales of unprepared food exempt from the 6% state sales and use tax under Code Section 12-36-2120(75), sales of tangible personal property exempt from the State sales and use tax are exempt from the local sales and use tax if marked “Yes” in this column of the above charts.

Note: Sales of unprepared food are only exempt from a local sales and use tax if the local sales and use tax law specifically exempts such sales. For information on the exemption for sales of unprepared food from local sales and use taxes, see the discussion below entitled “Exemption for Certain Food Sales.”

Exemption for Maximum Tax Items - Code Section 12-36-2110: Sales of items subject to a maximum tax under the State sales and use tax law [i.e., aircraft, motor vehicles, motorcycles, boats, trailers and semitrailers pulled by truck tractors,⁶ horse trailers, recreational vehicles (including tent campers, travel trailers, park models, park trailers, motor homes, and fifth wheels), self-propelled light construction equipment, unassembled aircraft, manufactured homes, musical instruments and office equipment purchased by certain religious organizations and fire safety education trailers] are exempt from the local sales and use tax if marked “Yes” in this column of the above charts.

Exemption for Casual Excise Tax Items - Code Section 12-36-1710: Sales of items subject to the casual excise tax under Code Section 12-36-1710 through Code Section 12-36-1740 (i.e., motor vehicles, motorcycles, boats, motors,⁷ and airplanes required to be registered, titled, or licensed) are exempt from the local sales and use tax if marked “Yes” in this column of the above charts.

⁵ For a detailed discussion of this matter, see also SC Revenue Ruling #05-16. However, please note that SC Revenue Ruling #09-9 modifies SC Revenue Ruling #05-16 since, at the time it was issued, all local sales and use taxes were administered and collected on a county-wide basis. With the enactment of the Tourism Development Tax, the principles of SC Revenue Ruling #05-16 also apply to any local sales and use tax imposed on a municipal-wide or other basis.

⁶ Pole trailers and trailers that can be pulled by vehicles other than truck tractors are not maximum tax items under Code Section 12-36-2110 and are subject to the local sales and use tax.

⁷ As of the date of this information letter, all casual excise tax items listed under Code Section 12-36-1710, except for boat motors not attached to a boat at the time of sale, are also maximum tax items under Code Section 12-36-2110. Therefore, boat motors not attached to a boat at the time of sale are exempt from local sales and use taxes only if there is a “Yes” in the “Casual Excise Items” column of the above charts.

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

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

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

- * Any food intended to be eaten at home by people, including snacks, beverages and seasonings
- * Seeds and plants intended to grow food (not birdseed or seeds to grow flowers)
- * Cold items, which may include salads or sandwiches, intended to be eaten at home by people

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

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

For more detailed information on this food exemption, see SC Regulation 117-337.

“Grandfather Clause” Exemption for Certain Purchases by Construction Contractors:

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

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

SC Department of Revenue
Registration
Columbia, SC 29214-0140

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

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

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

CATAWBA INDIAN TRIBAL TAX – NOTES #1 and #2:

Note #1: Whether the State sales and use tax or the Catawba Tribal sales and use tax for sales (deliveries) made on the Catawba Indian Reservation applies is determined by the Catawba Indian Claims Settlement Act (Chapter 16, Title 27, South Carolina Code of Laws). The provisions specific to sales and use tax are in Code Section 27-16-130(H).

The Catawba Tribal sales and use tax expires on November 28, 2092.

The following chart provides a summary of these provisions:

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

* Lancaster County imposes a 1% Local Option Tax and a 1% Capital Projects Tax. York County imposes a 1% Capital Projects Tax. These local taxes are in addition to the State sales and use tax.

As of the date of this information letter, the tribal sales tax and the tribal use tax are imposed at the following rates:

For sales (deliveries) made on the Reservation within Lancaster County:

- 8% for general sales of tangible personal property
- 9% for sales of accommodations
- 1% for sales of unprepared foods⁸

For sales (deliveries) made on the Reservation within York County:

- 7% for general sales of tangible personal property
- 8% for sales of accommodations
- 0% for sales of unprepared foods

Please note that the rate for the tribal sales tax and the tribal use tax may increase or decrease dependent upon whether the total state and local sales and use tax rates change in Lancaster County or York County in the future.

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

⁸ Lancaster County “re-imposed” the 1% Capital Projects Tax effective May 1, 2016. The new Capital Projects Tax in Lancaster County exempts sales of unprepared food effective May 1, 2016; however, the 1% Local Option Tax does not exempt sales of unprepared food.

Note #2: Maximum Tax Items: For sales (deliveries) made on the Reservation of tangible personal property subject to the maximum tax provisions, the tribal sales and use tax rate is 5% in each county (since the state sales and use tax on maximum tax items is 5% and maximum tax items are exempt from all local sales and use taxes), but the tax may not exceed the maximum tax set forth in Code Section 12-36-2110.

Casual Excise Tax Items: Counties imposing a local sales and use tax that do not exempt casual excise tax items will impose the local tax on sales and purchases of boat motors not attached to a boat at the time of sale.

Therefore, for sales (deliveries) of trailers and boat motors made on the Reservation within Lancaster and York Counties, the tribal sales and use tax rate is 7% (since only the local option tax in Lancaster County exempts these casual excise items).

“Grandfather Clause” Exemption for Certain Purchases by Construction Contractors: As a result of any increase in the tribal sales and use tax rate due to the imposition of a new local sales and use tax in either Lancaster County or York County, there is an exemption from the portion of the tribal sales and use tax represented by the new local sales and use tax for certain purchases by construction contractors. For more information about this partial exemption, see the discussion earlier in this information letter concerning *“Grandfather Clause” Exemption for Certain Purchases by Construction Contractors* and the *Special Exemption Certificate*.

These charts only address the general local option taxes collected by the Department of Revenue on behalf of the counties, municipalities, school districts, and the Catawba Indian tribal government. They do not address the local taxes on sales of accommodations or on sales of prepared meals that are collected directly by the counties or municipalities.