Tax Legislative Update for 2015

SOUTH CAROLINA DEPARTMENT OF REVENUE

OFFICE OF GENERAL COUNSEL / POLICY SECTION

SEPTEMBER 2015

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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DISCLAIMER:

This is intended to be a summary of the main points of the legislation; it is not an interpretation by the Department. Please refer to the full text of the legislation for specific details and requirements.

Legislation regarding insurance premium taxes, unemployment taxes, distribution of funds, millage rate changes, and other similar provisions are not summarized. There may be instances where some tax or incentive related legislation briefly summarized 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 can be obtained from the South Carolina Legislature website at http://www.scstatehouse.gov/.

LIST OF BILLS BY SUBJECT CATEGORY

A list of significant changes in tax and regulatory laws (both permanent and temporary) enacted during the 2015 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 re-enacted, temporary provisos expire on June 30, 2016.

This list is divided by subject matter with the bills listed in numeric order. The list of bills with a link to the full text of each act is on the Department's website, www.dor.sc.gov.

INCOME TAXES, BANK TAXES, WITHHOLDING and CORPORATE LICENSE FEES

BILL #	ACT #	SUBJECT
350	46	Community Economic Development Act – Termination of Act Postponed
389	60	Business Development Corporations – Taxation of Banks
397	5	Internal Revenue Code Conformity
3701 – Proviso 1A.10	91	Teacher Supplies and Materials – Reimbursement Amount Not Taxable or Refundable Income Tax Credit – **Reenacted Temporary Proviso**
3701 – Proviso 1A.11	91	Teacher of the Year Awards – Not Subject to South Carolina Income Tax – **Reenacted Temporary Proviso**
3701 – Proviso 109.13	91	"Angel Investors" Credit – Application Date Extended- **New Temporary Proviso**
3701 – Proviso 117.122	91	ABLE Savings Expense Fund – Tax Exempt Account for Disability Expenses - **New Temporary Proviso**
3701 – Proviso 118.11	91	Consumer Protection Services – Individual Income Tax Deduction– **Reenacted Temporary Proviso**
3725 – Sec. 1	68	Certified Historic Structure and Certified Historic Residential Structure Credits – Amended
3725 – Sec. 2 - 4	68	Abandoned Building Credit – Amended
4230 – Sec. 9	92	Exceptional Needs Children Tuition Funding Credits - **New Temporary Proviso**

PROPERTY TAXES and FEES IN LIEU OF PROPERTY TAXES

BILL #	ACT #	SUBJECT
78	59	Forfeited Lands Emergency Development Act – New
153	23	Disabled Veteran Vehicle Exemption – Surviving Spouse Eligibility
379	87	Property Tax Recodification and Reform
3701 – Proviso 1.53	91	Index of Taxpaying Ability – Imputed Value for Owner-Occupied Residential Property – **Reenacted Temporary Proviso**
3701 – Proviso 117.38	91	Personal Property Tax Relief Fund Not Funded – **Reenacted Temporary Proviso**
3725 – Sec. 2 - 4	68	Abandoned Building Credit – Amended

SALES AND USE TAXES

BILL #	ACT #	SUBJECT
3568 – Sec. 1	69	Construction Materials Used by Nonprofit Corporations – New Exemption
3568 – Sec. 2	69	Parts or Supplies Used to Repair Aircraft – Amended
3568 – Sec. 3	69	Children's Clothing Sold to a Private Charitable Organization – New Exemption
3701 – Proviso 117.37	91	Private Schools – Use Tax Exemption – **Reenacted Temporary Proviso**
3701 – Proviso 117.57	91	Respiratory Syncytial Virus Medicines Exemption – Effective Date – **Reenacted Temporary Proviso**
3701 – Proviso 117.61	91	Viscosupplementation Therapies – Sales and Use Tax Suspended – **Reenacted Temporary Proviso**

MISCELLANEOUS

BILL #	ACT #	SUBCATEGORY	SUBJECT
		Administrative & Procedural	
526	85		Tax Amnesty Period - Procedure for Establishing and Administering
3701 – Proviso 93.7	91		2% Reduction on Interest Rate on Tax Refunds – **Reenacted Temporary Proviso**
3701 - Proviso 109.6	91		Voluntary Website Posting of Tax Return Information for Candidates and Gubernatorial Appointees – **Reenacted Temporary Proviso**
3701 – Proviso 117.87	91		Additional 1% Reduction on Interest Rate on Tax Refunds – **Reenacted Temporary Proviso**
		Miscellaneous Taxes	
78	59		Deed Recording Fee – "Value" of Realty in Possession of Forfeited Land Commission
3701 – Proviso 1.15	91		Local Government School Buses – Motor Fuel Tax Exemption – **Reenacted Temporary Proviso**
3701 – Proviso 33.10	91		Nursing Home Bed Franchise Fee – Suspension – **Reenacted Temporary Proviso**
3701 – Proviso 109.7	91		Admissions Tax Exemption for Payment to Nonprofit Athletic Booster Organizations for Right to Purchase Athletic Event Season Tickets – **Reenacted Temporary Proviso**
3701 – Proviso 118.8	91		Admissions Tax Rebate - Motorsports Entertainment Complex Facility – **Reenacted Temporary Proviso**
		Other	
196 – Sec. 4	7		Human Trafficking Resource Center Hotline – New Notice Requirements and Fines
		Regulatory	
179	73		Powdered or Crystalline Alcohol
3701 – Proviso 117.109	91		Donation of Alcoholic Liquors - **Reenacted Temporary Proviso**

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

Senate Bill 397 (Act No. 5)

Internal Revenue Code Conformity

Conformity Date. Code Section 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, as amended through December 31, 2014, and includes the effective date provisions contained therein.

Extension of Expiring Federal Provisions. Code Section 12-6-40(A)(1)(c) provides that if during 2015 the federal government extends, without otherwise amending, Internal Revenue Code provisions expired on December 31, 2014, then these sections or portions of sections which have been adopted by South Carolina will be extended in the same manner they are for federal income tax purposes.

Effective Date: March 27, 2015

House Bill 4230, Section 9 (Act No. 92)

Exceptional Needs Children Tuition Funding Credits

Overview. This temporary proviso provides two credits for funding tuition for exceptional needs children enrolled in eligible schools that have been approved by the Education Oversight Committee. These credits are available for contributions made between July 1, 2015 and June 30, 2016, unless the legislature reenacts this proviso in the next legislative session.

One credit is a refundable credit for parents who pay tuition for their exceptional needs child to attend an eligible independent school. The other credit is a nonrefundable credit for a person (i.e., individual, corporation, partnership, or other similar entity) making qualifying contributions to an eligible nonprofit scholarship funding organization. The nonprofit scholarship funding organization receiving these contributions will award grants for the cost of tuition, up to $10,000, for qualifying students with exceptional needs to attend an eligible independent school.

The cumulative amount of tax credits authorized under this proviso may not exceed $12 million. The cumulative total amount of tax credits authorized for individuals making contributions of tuition to eligible schools for children within their custody may not exceed $4 million.
If the credits claimed by all taxpayers exceed the limited amount, the Department shall allow the credits on a first come, first serve basis.

To assist parents and contributors, the Education Oversight Committee, created under Title 59, Chapter 6, shall publish a list of the approved schools and qualifying nonprofit scholarship funding organizations on its website by September 1. (See www.eoc.sc.gov and click on "Educational Credit for Educational Needs Children" on the right side of the page.) Every nonprofit scholarship funding organization must apply to the Department by August 1, to be considered an eligible organization whose contributors are allowed the tax credit by this proviso. The terms "nonprofit scholarship funding organization," "independent school," and "eligible school" are defined in the proviso.

Below is a brief summary of the two tax credits.

1. Nonrefundable Credit for Contributions to Nonprofit Scholarship Funding Organizations. An individual, partnership, corporation, or other similar entity is allowed a credit against income or bank taxes for the amount of cash and the monetary value of any publicly traded securities contributed to a nonprofit scholarship funding organization if: (a) the person does not designate a specific child or school as the beneficiary of the contribution and (b) the contribution is used to provide grants for tuition to exceptional needs children enrolled in eligible schools. The credit is limited to 60% of a taxpayer's total income tax or bank tax liability for the tax year the contribution is made.

   Other conditions of the credit are:

   a. If the individual, partnership, corporation, or similar entity deducts the contribution on the taxpayer's federal income tax return and claims this credit, then the taxpayer must add back the amount of the deduction for South Carolina income tax purposes.

   b. A corporation or entity entitled to the credit may not transfer this credit to another entity unless all of the assets of the entity are transferred in the same transaction.

2. Refundable Credit for Contributions as Tuition for Parents or Guardians. An individual is allowed a refundable income tax credit for the amount of cash and the monetary value of any publicly traded securities the individual contributes as tuition to an eligible school for an exceptional needs child within his custody or care, up to $10,000 per child. If the child, however, also receives a scholarship from a nonprofit scholarship funding organization then the individual may only claim a credit equal to the difference of $10,000 or the cost of tuition, whichever is less, and the amount of the scholarship.

   Note: If an individual deducts the contribution on his federal income tax return and claims this credit, then the individual must add back the amount of the deduction for South Carolina income tax purposes.

For purposes of this proviso, "qualifying student," "exceptional needs child," and "tuition" are defined as follows:

Qualifying student. A qualifying student is a student who is: (a) an "exceptional needs child," (b) eligible to be enrolled in a South Carolina secondary or elementary public school at the kindergarten level or above for the current school year, and (c) a South Carolina resident.

Exceptional needs child. An "exceptional needs child" is:

(a)(i) a child who has been evaluated under the criteria of South Carolina Regulation 43-243.1, and determined eligible as a child with a disability who needs special education and related services, in accordance with Section 300.8 of the Federal Individuals with Disabilities Education Act (20 U.S.C.A. Section 1400 *et. seq.*) or

(ii) a child who has been diagnosed within the last three years by a licensed speech-language pathologist, psychiatrist, or medical, mental health, psychoeducational, or other comparable licensed healthcare provider as having a neurodevelopmental disorder, a substantial sensory or physical impairment such as deaf, blind, or orthopedic disability, or some other disability or acute or chronic condition that significantly impedes the student's ability to learn and succeed in school without specialized instructional or services tailored to the child's unique needs; and

(b) a child whose parents or legal guardian must believe that the services provided by the school district of legal residence do not sufficiently meet the needs of the child.

Tuition. Tuition is the total amount of money charged for the cost of a qualifying student to attend an independent school including, but not limited to, fees for attending the school, textbook fees, and school related transportation (i.e., transportation to and from school only).

This temporary proviso sets forth detailed requirements and procedures pertaining to independent schools and nonprofit scholarship funding organizations. These include: (a) the requirements for independent schools to be considered eligible schools by the Education Oversight Committee and responsibilities of the Education Oversight Committee, (b) a nonprofit scholarship funding organization's operational requirements and application process to the Department to be considered an eligible organization whose contributors are allowed the tax credit, (c) the Department's authority to oversee a nonprofit scholarship funding organization, and (d) applicable appeal processes.

Effective Date: This temporary proviso is effective for State fiscal year July 1, 2015 through June 30, 2016. It will expire June 30, 2016, unless reenacted by the General Assembly in the next legislative session.

House Bill 3701, Part 1B, Section 117, Proviso 117.122 (Act No. 91)

ABLE Savings Expense Fund – Tax Exempt Account for Disability Expenses

Under Internal Revenue Code Section 529A, if a State establishes and maintains a qualified ABLE program, certain income earned on ABLE accounts and distributions out of ABLE accounts for qualified disability expenses are exempt from tax. South Carolina has adopted Internal Revenue Code Section 529A.

This proviso provides that for the current fiscal year, the South Carolina ABLE Savings Expense Fund is established in the Office of the State Treasurer. Individuals qualifying for the accounts must be defined as entitled to such benefits based on blindness or disability under Title II or Title XVI of the Social Security Act or individuals with a disability certification. The disability certification must state that "the individual has a medically determinable physical or mental

impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months," or that the individual is blind. The certification must include the diagnosis and be signed by a physician.

Note: As of the date of this summary, the State Treasurer is reviewing the process of establishing the South Carolina ABLE Savings Expense Fund.

Effective Date: This temporary proviso is effective for State fiscal year July 1, 2015 through June 30, 2016. It will expire June 30, 2016, unless reenacted by the General Assembly in the next legislative session.

House Bill 3725, Sections 2 through 4 (Act No. 68)

Abandoned Building Credit – Amended

Title 12, Chapter 67, providing a tax credit for a qualifying taxpayer rehabilitating an abandoned building in South Carolina, has been amended as follows:

1. The credit installment period for the credit was shortened to 3 years from 5 years. Code Section 12-67-140(B)(3)(a).

2. A credit installment may now be used against the taxpayer's entire tax liability. Code Section 12-67-140(B)(5), limiting the credit to 50% of the taxpayer's tax liability, has been deleted.

3. The credit has been expanded to allow it to be claimed against insurance premium taxes. The credit can continue to be used against income taxes, corporate license fees, bank franchise taxes, and savings and loan income taxes. Code Section 12-67-140(A)(1).

4. Code Section 12-67-160 was added to provide that a taxpayer may apply to the county or municipality in which the building is located for certification that the building is an abandoned building or state-owned abandoned building, as defined in Code Section 12-67-120. The taxpayer may conclusively rely upon this certification. A copy must be included with the first tax return for which the credit is claimed.

5. Code Section 12-67-120(8) was added to define "state-owned abandoned building." A state-owned abandoned building is an abandoned building and its ancillary service buildings or a project consisting of one or more abandoned buildings, the aggregate size of which is greater than 50,000 square feet, that has been abandoned for more than five years, and, prior to the taxpayer's acquisition of such building, was most recently owned by the State, or an agency, instrumentality, or political subdivision of the State. For purposes of this definition, the taxpayer includes any entity under common control or common ownership with the taxpayer.

See SC Revenue Ruling #15-7 and SC Information Letter #15-9.

Effective Date: June 9, 2015

House Bill 3725, Section 1 (Act No. 68)

Certified Historic Structure and Certified Historic Residential Structure Credits – Amended

Code Section 12-6-3535, providing two similar income tax credits to taxpayers making historic rehabilitation expenditures in South Carolina, has been amended as follows:

1. Code Section 12-6-3535(A) provides that a taxpayer allowed the federal income tax credit under Internal Revenue Code Section 47 for making qualified rehabilitation expenditures for a certified historic structure located in South Carolina is allowed a credit of 10% of the expenditures that qualify for the federal credit. Code Section 12-6-3535(A)(2) was added to allow a taxpayer to elect a 25% tax credit in lieu of the 10% tax credit, not to exceed $1 million for each certified historic structure.

2. Code Section 12-6-3535(A)(1) provides that the credit is allowed against income taxes and license fees imposed by Title 12. This subsection was amended to add that the credit can be claimed against "a combination" of income taxes and license fees imposed by Title 12.

3. Code Section 12-6-3535(C)(1) has been amended to provide that the credit may be claimed in equal installments over 3 years. Previously, the credit was claimed over a 5 year period.

4. Code Section 12-6-3535(C)(2) now provides that the credit earned by a general partnership, limited partnership, limited liability company, or "other pass through entity, as defined in Section 12-6-545," must be passed through to its partners and may be allocated among partners, including without limitation an allocation of the entire credit to one partner, in a manner agreed by the partners. The amendment deleted the requirement that the allocation be consistent with Subchapter K of the Internal Revenue Code and replaced the term "other entity taxed as a partnership" with "other pass-through entity, as defined in Code Section 12-6-545."

5. Code Section 12-6-3535(C)(2) was also amended to add that a taxpayer who makes a pass-through election under Internal Revenue Code Section 50(d) may elect to pass the credit claimed to the tenant of the eligible structure or to retain the credit.

Effective Date: June 9, 2015

House Bill 3701, Part 1B, Section 109, Proviso 109.13 (Act No. 91)

"Angel Investor" Credit – Application Date Extended

This temporary proviso provides that the Department establish a schedule for investors pursuing the angel investor tax credit in Title 11, Chapter 44, that includes the ability for taxpayers to submit credit applications to the Department until July 31, 2015, or the date the aggregate credit cap is reached, whichever is earlier. Code Section 11-44-70 provides that an angel investor seeking to claim a tax credit shall submit an application to the Department in the year for which the tax credit is claimed (i.e., by December 31 of the calendar year the investment was made).

Effective Date: This temporary proviso is effective for State fiscal year July 1, 2015 through June 30, 2016. It will expire June 30, 2016, unless reenacted by the General Assembly in the next legislative session.

Senate Bill 350 (Act No. 46)

Community Economic Development Act – Termination of Act Postponed

The Community Economic Development Act, enacted in 2000, authorizes grants to community development corporations and community development financial institutions as provided in Title 34, Chapter 43. It also provides tax credits to investors in such entities pursuant to Code Section 12-6-3530. The amendment postpones the termination of the Act from June 30, 2015 to June 30, 2020.

Effective Date: June 3, 2015

Senate Bill 389 (Act No. 60)

Business Development Corporations – Taxation of Banks

Under Code Section 33-37-70, a South Carolina Business Development Corporation and its subsidiary corporation are not subject to taxes based upon or measured by income which are levied now or later by the State or any corporate license fee imposed by Chapter 20 of Title 12.

Code Section 33-37-70 has been amended to provide that any South Carolina Business Development Corporation or subsidiary of such a corporation applying for and receiving a charter to operate as a bank is subject to all taxes or corporate license fees applicable to banks, including Chapter 11 of Title 12.

Effective Date: June 4, 2015

REENACTED TEMPORARY PROVISOS

The following temporary provisos were enacted in a prior legislative session and were reenacted by the General Assembly in 2015. Temporary provisos are effective for the State fiscal year July 1, 2015 through June 30, 2016, and will expire June 30, 2016, unless reenacted by the General Assembly in the next legislative session.

House Bill 3701, Part IB, Section 118, Proviso 118.11 (Act No. 91)

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 or 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:

1. An individual who is enrolled in the identity theft protection and identity theft resolution services offered free of charge by the State.

2. An individual who deducted the same actual cost as a business expense.

For purposes of this proviso, "identity theft protection" and "identity theft resolution services" are defined as follows:

Identity theft protection. Identity theft protection means products and services designed to prevent an incident of identity fraud or identity theft or otherwise protect the privacy of a person's personal identifying information by precluding a third party from gaining unauthorized acquisition of another's personal identifying information to obtain financial resources or other products, benefits or services.

Identity theft resolution services. Identity theft resolution services means products and services designed to assist persons whose personal identifying information was obtained by a third party, minimizing the effects of the identity fraud or identity theft incident and restoring the person's identity to pre-theft status.

House Bill 3701, Part IB, Section 1A, Proviso 1A.10 (Act No. 91)

Teacher Supplies and Materials – Reimbursement Amount Not Taxable or Refundable Income Tax Credit

This temporary proviso allows for a $275 reimbursement designed to offset expenses for teaching supplies and materials incurred by all certified public school teachers, certified special school classroom teachers, certified media specialists, and certified guidance counselors who are employed by a school district or a charter school as of November 30 of the current fiscal year. The reimbursement is not considered taxable income by South Carolina.

This proviso also provides that any classroom teacher, including a classroom teacher at a South Carolina private school, not eligible for the teacher supply reimbursement described above may claim a refundable income tax credit on his 2015 tax return. The credit is the lesser of $275 or the amount spent on teacher supplies and materials. The return claiming the credit must be filed on or before June 30, 2016. The return can be an original or amended return and may be for expenses made after December 31, 2015.

House Bill 3701, Part IB, Section 1A, Proviso 1A.11 (Act No. 91)

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

This temporary proviso provides for the following teacher of the year awards: (a) a $1,000 award to each district Teacher of the Year, (b) a $25,000 award to the State Teacher of the Year, and (c) a $10,000 award to each of the four Honor Roll Teachers of the Year. These awards are not subject to South Carolina income tax.

PROPERTY TAXES and
FEES IN LIEU OF PROPERTY TAXES

Senate Bill 153 (Act No. 23)

Disabled Veteran Vehicle Exemption - Surviving Spouse Eligibility

Code Section 12-37-220(B)(3), which provides an exemption from property taxes on two private passenger vehicles owned or leased by a disabled veteran, has been extended to the surviving spouse of the disabled veteran, but is limited to one private passenger vehicle owned or leased by the spouse for the spouse's lifetime or until the spouse remarries.

Effective Date: June 1, 2015

House Bill 3725, Sections 2 through 4 (Act No. 68)

Abandoned Building Credit – Amended

Title 12, Chapter 67, providing a property tax credit to a qualifying taxpayer rehabilitating an abandoned building in South Carolina, has been amended. The amendments include:

1. Code Section 12-67-120(8) was added to define "state-owned abandoned building." A state-owned abandoned building is an abandoned building and its ancillary service buildings or a project consisting of one or more abandoned buildings, the aggregate size of which is greater than 50,000 square feet, that has been abandoned for more than five years, and, prior to the taxpayer's acquisition of such building, was most recently owned by the State, or an agency, instrumentality, or political subdivision of the State. For purposes of this definition, the taxpayer includes any entity under common control or common ownership with the taxpayer.

2. Code Section 12-67-160 was added to provide that a taxpayer may apply to the county or municipality in which the building is located for certification that the building is an abandoned building or state-owned abandoned building, as defined in Code Section 12-67-120. The taxpayer may conclusively rely upon this certification.

Effective Date: June 9, 2015

Senate Bill 78 (Act No. 59)

Forfeited Lands Emergency Development Act - New

Title 12, Chapter 59, "Forfeited Lands," provides for the creation of a forfeited land commission for each county to effect the sale of lands forfeited by delinquent taxpayers. This Act, the "Forfeited Lands Emergency Development Act," is summarized below.

Petition Department to Use Emergency Procedures. Code Section 12-59-140 was added to provide that the county council may petition the Department to allow the county's forfeited land commission to utilize emergency procedures if certain legal and other adverse conditions exist. Emergency procedures include establishing a revolving fund to pay for certain expenses and the issuance of special source revenue bonds.

The petition to the Department must provide for: (1) all necessary documentation to support the past and anticipated future adverse impacts, including historical data on the number and percentage of properties bid into the forfeited land commission, (2) the loss of ad valorem tax revenues associated with these properties, (3) the impact of any millage increases imposed by the county to compensate for such lost ad valorem tax revenues, (4) the past and projected future impact on the ability of the county to deliver essential public services, and (5) the past and projected future impact on county development and employment opportunities.

Immediate Family Member Purchase Restrictions. Code Section 12-59-150 was added to provide that an immediate family member of a forfeited land commission member may not purchase land from the forfeited land commission on which his relative serves, unless the sale is through a competitive bid process or a listing open to members of the general public for at least 10 days. An immediate family member is a spouse, parent, sibling, or child of a forfeited land commission member.

Effective Date: June 4, 2015

Senate Bill 379 (Act No. 87)

Property Tax Recodification and Reform

This Act made numerous changes to Title 12, including provisions pertaining to the assessment of property taxes, county auditors, county treasurers, the collection of property taxes, and forfeited lands property. Below is a numeric listing of the Act's 67 sections with a brief explanation of the amendment to, or repeal of, the specific code section.

Chapter 4 – South Carolina Department of Revenue (Act No. 87, Sections 1 and 2)

Code Section	Act §	Explanation
12-4-520(4)	1	Code Section 12-4-520(4), relating to the Department's dealings with county officials, was amended to provide that the Department may annually review the records of county assessors, auditors, treasurers, and tax collectors. The word "may" replaced "shall."
12-4-530	2	Code Section 12-4-530, relating to the Department's investigation and prosecution of property tax matters, was amended to provide that the Department may initiate complaints, investigations, and prosecutions of violations. The word "may" replaced "shall."

Chapter 37 – Assessment of Property Taxes (Act No. 87, Sections 3 through 20)

Code Section	Act §	Explanation
12-37-30	3	Code Section 12-37-30, relating to the assessment of local taxing entity taxes, was amended to provide that the assessment is to be made on the same assessment as made for county taxes, not state taxes.
12-37-266(A)	4	Code Section 12-37-266(A), relating to the homestead exemption for those 65 and over, blind, or disabled for dwellings held in trust, was amended to require that a copy of the trust agreement be provided to qualify for the exemption.
12-37-290	5	Code Section 12-37-290, relating to the homestead exemption for those 65 and over, blind, or disabled, was amended to: (1) increase the exemption amount from $10,000 to $50,000 and (2) transfer duties previously delegated to the Comptroller General to the Department.
12-37-450(A)	6	Code Section 12-37-450(A), which requires that counties and municipalities be reimbursed for revenue lost as a result of the business inventory tax exemption, was amended to: (1) remove the reference to reimbursement amounts attributed to debt service millage and make certain clarifying changes consistent with this change and (2) require that the reimbursement redistribution be attributed to the current tax year millage rates.
12-37-710	7	Code Section 12-37-710, relating to the return and assessment of personal property, was amended to delete "of full age and of sound mind" as a qualification for persons who must file a personal property return.
12-37-715	8	Code Section 12-37-715, which generally prohibits personal property from being taxed more than once in any tax year, was amended to allow newly acquired vehicles to be taxed more than once in a tax year.
13-37-760	9	Code Section 12-37-760, which requires a county auditor to prepare property tax returns for a person who refuses or neglects to do it himself, has been amended to provide that the auditor may prepare such returns. The word "may" replaced "shall."

Code Section	Act §	Explanation
12-37-850 (Repealed)	10	Code Section 12-37-850, which prohibits interference with auditor actions by any court of this State, was repealed.
12-37-890	11	Code Section 12-37-890, which addresses where personal property shall be returned for taxation, was amended to eliminate references to certain animals, vehicles, and bank assets.
12-37-900	12	Code Section 12-37-900, relating to property tax returns, was amended to: (1) clarify that a person required by law to list real property must deliver this information to the county assessor, not the auditor, (2) delete special rules for agricultural products, and (3) delete the authority of the county legislative delegation to waive the penalties for failure to file such return.
12-37-940	13	Code Section 12-37-940, relating to the valuation of certain kinds of personal property, was amended to delete provisions regarding the valuation of money and certain other personal property.
12-37-970	14	Code Section 12-37-970, relating to property required to be assessed and returned to the Department, was amended to remove merchants' inventories.
12-37-2420	15	Code Section 12-37-2420, relating to property tax returns for airline companies, was amended to: (1) change the date of filing from April 15 to April 30 and (2) delete obsolete language.
12-37-2610	16	Code Section 12-37-2610, relating to tax years for motor vehicles, was amended to: (1) replace references to motor vehicle licenses with motor vehicle registrations, (2) remove references and procedures for two-year motor vehicle licenses, (3) provide an exception for certain transfers of motor vehicle registrations, and (4) provide that notices of sales by dealers must be furnished to the Department of Motor Vehicles (DMV) rather than the Department.
12-37-2630	17	Code Section 12-37-2630, relating to motor vehicle taxes, has been amended to require that returns for new motor vehicles be made within 45 days after the motor vehicle is first taxable in a county.
12-37-2660	18	Code Section 12-37-2660, which requires the DMV to furnish the county auditor with a list of license registration applications, was amended to: (1) reduce the time the DMV must provide the list from 90 days to 60 days and (2) require that the list be in the form of electronic media.
12-37-2725	19	Code Section 12-37-2725, relating to the cancellation of license plates and registration certificates upon the transfer of title of a licensed vehicle, was amended to: (1) change the location for returning these items from the county auditor to the DMV and (2) clarify the process for obtaining a tax refund for a portion of the remaining tax year.
12-37-2735 (Repealed)	20	Code Section 12-37-2735, relating to the establishment of the Personal Property Tax Relief Fund, was repealed.

Chapter 39 – County Auditors (Act No. 87, Sections 21 through 30)

Code Section	Act §	Explanation
12-39-10 (Repealed)	21	Code Section 12-39-10, relating to the appointment of the county auditor, was repealed.
12-39-40(A)	22	Code Section 12-39-40(A), which allows the county auditor to appoint a deputy auditor, was amended to require that the appointment be filed with the State Treasurer instead of the Comptroller General.
12-39-60	23	Code Section 12-39-60, relating to the time and place for filing tax returns to the county auditor, was amended to: (1) change the deadline for receiving tax returns from April 15 to April 30 and (2) clarify that the county auditor may provide public notice of the location for receiving tax returns.
12-39-120	24	Code Section 12-39-120, which gives the county auditor the authority to enter buildings to value property, was clarified to provide that the auditor's determination is of the value of taxable personal property located in the building, not the value of the building itself.
12-39-160	25	Code Section 12-39-160, relating to special levies, was amended to provide that the county auditor may report the amount of property subject to special levies to certain other entities. The word "may" replaced "shall."
12-39-190	26	Code Section 12-39-190, which requires the county auditor to enter taxes on the duplicate retained in his own office, was amended to eliminate the requirement that the auditor enter the taxes in the number of columns that the Department directs.
12-39-200	27	Code Section 12-39-200, relating to forms for county duplicates, was amended to allow the Department to determine the types of acceptable format for county duplicates.
12-39-220	28	Code Section 12-39-220, relating to assessments of real property omitted from the duplicate or return, was amended to: (1) replace certain references to the county auditor with references to the county assessor and to clarify the functions of the county assessor, (2) require the assessor to immediately appraise the omitted real property, including additions and improvements, and notify the county auditor who must list it for taxation, (3) eliminate the 20% penalty for omitted property and make it subject to all applicable penalties, (4) provide that adjustments determined by the assessor for omitted property may not extend back further than 3 years from the year the adjustments are determined, or a prior year before the year the improvement was made, whatever period is shorter, and (5) provide a definition of "improvement," as "a change to any real estate or structure which betters the value thereof while not constituting regular maintenance."
12-39-260(A)	29	Code Section 12-39-260(A), which addresses records of sales and conveyances, was amended to provide that the county auditor may, but is not required to, keep a record of all sales and conveyances of real property made in the county.

Code Section	Act §	Explanation
12-39-270	30	Code Section 12-39-270, relating to the county auditor's abatement book, was amended to remove a requirement that annual settlements between the county auditor and treasurer be according to the record in the abatement book.

Chapter 43 – County Equalization and Reassessment (Act No. 87, Section 31)

Code Section	Act §	Explanation
12-43-220(c)	31	Code Section 12-43-220(c)(2)(iv)(B), relating to proof of eligibility for the 4% property tax assessment ratio for legal residences, was amended to require that applicants also provide the county assessor copies of motor vehicle registrations for all vehicles registered at the same address as the legal residence.

Chapter 45 – County Treasurers and Collection of Taxes (Act No. 87, Sections 32 through 41)

Code Section	Act §	Explanation
12-45-10 (Repealed)	32	Code Section 12-45-10, relating to the appointment of county treasurers, has been repealed.
12-45-35(A)	33	Code Section 12-45-35(A), which allows the county treasurer to appoint a deputy treasurer, was amended to require that the appointment be filed with the State Treasurer instead of the Department.
12-45-70(C)	34	Code Section 12-45-70(C), relating to the collections of taxes, was amended to replace all references to the Department of Public Safety with the Department of Motor Vehicles.
12-45-90	35	Code Section 12-45-90, relating to forms of payment of taxes, was amended to eliminate certain obscure forms of payment.
12-45-120	36	Code Section 12-45-120, relating to the return of delinquent personal taxes, was amended to replace reference to "chattel tax" with "personal tax."
12-45-180(A)	37	Code Section 12-45-180(A), relating to the collection of delinquent taxes, was amended to provide that the office authorized and directed to collect delinquent taxes may also waive penalties in cases where a return was improperly postmarked.
12-45-185	38	Code Section 12-45-185, which allows the county treasurer to waive penalties for delinquent taxes, was amended to allow the treasurer to notify the county auditor of such waivers, if necessary.
12-45-260	39	Code Section 12-45-260, which provides that the county treasurer provide financial reports to the chief administrative officer of the county, was amended to: (1) eliminate the requirement that such reports be provided on the 15th day of each month and (2) make it optional that the reports be provided on a monthly basis.

Code Section	Act §	Explanation
12-45-300	40	Code Section 12-45-300, which requires the county auditor to list taxes, assessments, and penalties the treasurer has been unable to collect, was amended to: (1) delete the requirement that the county auditor make marginal notations as to why the taxes or other charges could not be collected and (2) delete the requirement that the treasurer sign and swear to the list before the auditor.
12-45-420	41	Code Section 12-45-420, which allows a committee composed of the county auditor, county treasurer, and county assessor to waive, dismiss, or reduce penalties in the case of an error by the county, was amended to require majority vote by the committee for such waiver, dismissal, or reduction.

Chapter 49 – Enforced Collection of Taxes Generally (Act No. 87, Sections 42 through 54)

Code Section	Act §	Explanation
12-49-10	42	Code Section 12-49-10, relating to liens and suits for the collection of taxes, was amended to clarify that Title 12, Chapter 49 applies to debts payable to the county, not the State.
12-49-20	43	Code Section 12-49-20, relating to liens in the collection of delinquent taxes, was amended to move the authority of the county sheriff to collect delinquent taxes to the county tax collector.
12-49-85(D)	44	Code Section 12-49-85(D), relating to uncollectible property taxes from derelict mobile homes, was amended to: (1) move authority over this provision from the county auditor to the county assessor and (2) provide that once the mobile home is disposed of, it is removed from the applicable county tax records.
12-49-910	45	Code Section 12-49-910, which provided for the seizure of property subject to a tax lien, was amended to remove the authority of the county sheriff to levy and seize property of a defaulting taxpayer.
12-49-920	46	Code Section 12-49-920, which provided for the possession of seized property of a defaulting taxpayer, was amended to remove the authority of the county sheriff to possess the seized property.
12-49-930	47	Code Section 12-49-930, relating to the removal or destruction of personal property subject to a tax lien, was amended to remove reference to the county sheriff's possession of such personal property.
12-49-940	48	Code Section 12-49-940, relating to the disposal of personal property seized due to a tax lien, was amended to remove the authority of the county sheriff to advertise the property for sale.
12-49-950	49	Code Section 12-49-950, which provides for mandatory bidding on personal property subject to a tax lien by the forfeited land commission for the county, was amended to allow bids to be made on behalf of the commission.

Code Section	Act §	Explanation
12-49-960	50	Code Section 12-49-960, which requires delivery to a successful purchaser of personal property sold at a tax sale, was amended to remove reference to delivery by the county sheriff.
12-49-1110(14)	51	Code Section 12-49-1110, which provides statutory definitions relating to the rights of real property mortgagees, was amended to change the definition of "tax title" from "a deed for real property and a bill of sale for personal property" to "a deed for real property or a bill of sale for personal property."
12-49-1150	52	Code Section 12-49-1150, relating to the mortgagee's notice of a tax sale of real property, was amended to require that the mortgagee include tax map numbers for each mortgage.
12-49-1220(C)	53	Code Section 12-49-1220(C), relating to the procedures for providing notice of tax sale of mobile or manufactured homes, was amended to replace a reference to the county auditor with the county department responsible for registering manufactured housing.
12-49-1270(B)	54	Code Section 12-49-1270(B), relating to the rights and remedies of a lienholder in a tax sale, was amended to replace reference to the county auditor with reference to the county assessor.

Chapter 51 – Alternate Procedure for Collection of Property Taxes (Act No. 87, Sections 55 through 57)

Code Section	Act §	Explanation
12-51-40(c) and (e)	55	Code Section 12-51-40, relating to the alternate procedure for collection of property taxes, was amended as follows: (1) Code Section 12-51-40(c) was amended to reflect a change in procedure for getting a mobile home to qualify as real property and (2) Code Section 12-51-40(e) was amended to allow a county to contract with another governmental entity to collect outstanding county property taxes.
12-51-55	56	Code Section 12-51-55, relating to bids on behalf of the forfeited land commission, was amended to remove the provisions for the application of funds when the property is not redeemed.
12-51-80	57	Code Section 12-51-80, relating to the settlement of tax sale proceeds for applicable millage levying entities, was amended to increase the time for the settlement from 30 days after the tax sale to 45 days.

Chapter 59 – Forfeited lands (Act No. 87, Sections 58 through 66)

Code Section	Act §	Explanation
12-59-30 (Repealed)	58	Code Section 12-59-30, relating to the transfer of titles from the State to the county forfeited land commission, was repealed.
12-59-40	59	Code Section 12-59-40, relating to the county forfeited land commission, was amended to: (1) include land forfeited to county tax collectors in lands authorized for sale by the county forfeited land commission and (2) remove the State as holder of property held and sold by the county forfeited land commission.
12-59-50	60	Code Section 12-59-50, relating to the former owner of forfeited lands, was amended to remove the reference to state taxes (the reference to county taxes remains).
12-59-70	61	Code Section 12-59-70, relating to sales by the county forfeited land commission, was amended to remove reference to the sheriff submitting title to the commission and replace it with reference to the tax collector.
12-59-80	62	Code Section 12-59-80, relating to the assignment of bids by the county forfeited land commission, was amended to designate a procedure for accepting bids for the sale of forfeited property.
12-59-90	63	Code Section 12-59-90, relating to tax sales of forfeited lands, was amended to replace “county sheriff” with “county tax collector.”
12-59-100	64	Code Section 12-59-100, relating to the transfer of proceeds of a delinquent tax sale by the county forfeited land commission to the county treasurer and to the deposit of these funds, was amended to: (1) delete the provision that the county treasurer deposit these funds into the county general fund at the close of the fiscal year and (2) delete references to State interests in these proceeds, but to include all applicable taxing entities with an interest in the proceeds.
12-59-110 (Repealed)	65	Code Section 12-59-110, relating to fees and costs of the county sheriff for services provided to the county forfeited land commission was repealed.
12-59-120	66	Code Section 12-59-120, which provides for the county forfeited land commission’s access to tax records, was amended to replace “county sheriff” with “county tax collector.”

Chapter 60 – South Carolina Revenue Procedures Act (Act No. 87, Section 67)

Code Section	Act §	Explanation
12-60-1760	67	Code Section 12-60-1760, relating to actions against county officials, was amended to: (1) replace "county auditor" with "county" in regard to who is obligated to ratably apportion fees, expenses, damages, and costs resulting from defending a court action and (2) replace "county auditor or treasurer" with "county" as to who may cause a municipality to be made a party to any action involving a municipal levy.

Effective Date: June 11, 2015

REENACTED TEMPORARY PROVISOS

The following temporary provisos were enacted in prior legislative sessions and were reenacted by the General Assembly in 2015. Temporary provisos are effective for the State fiscal year July 1, 2015 through June 30, 2016, and will expire June 30, 2016, unless reenacted by the General Assembly in the next legislative session.

House Bill 3701, Part IB, Section 1, Proviso 1.53 (Act No. 91)

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, prepared by the Department, 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.

Code Section 12-37-220(B)(47) exempts 100% of the fair market value of owner-occupied residential property receiving a 4% assessment ratio from all property taxes imposed for school operating purposes. School districts are reimbursed for lost revenue based on a 3-tier formula set forth in Code Section 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 3-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 3701, Part IB, Section 117, Proviso 117.38 (Act No. 91)

Personal Property Tax Relief Fund Not Funded

This temporary proviso provides that the Personal Property Tax Relief Fund established under Code Section 12-37-2735 to help counties fund the reduction of ad valorem taxes on personal motor vehicles is suspended.

This proviso continues to provide 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 the 2% sales tax rate on gross proceeds of sales is insufficient to offset the property tax not collected, sufficient amounts must be credited to the Trust Fund for Tax Relief established under Code Section 11-11-150 to provide reimbursement to offset the shortfall in the manner provided in Code Section 4-10-540(A).

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

Act No. 87 of 2015, Section 20 repealed the Personal Property Tax Relief Fund established under Code Section 12-37-2735.

SALES AND USE TAXES

House Bill 3568, Section 1 (Act No. 69)

Construction Materials Used by Nonprofit Corporations – New Exemption

Code Section 12-36-2120 has been amended to add an exemption for construction materials used by an entity organized under Internal Revenue Code Section 501(c)(3) as a nonprofit corporation to build, rehabilitate, or repair a home for the benefit of an individual or family in need. An individual or family in need is an individual or family whose income is less than or equal to 80% of the county median income.

Effective Date: January 1, 2016

House Bill 3568, Section 3 (Act No. 69)

Children's Clothing Sold to a Private Charitable Organization – New Exemption

Code Section 12-36-2120 has been amended to add an exemption for children's clothing sold to a private charitable organization exempt from federal and state income tax (except private schools) for the sole purpose of distribution by that organization to needy children. Needy children are children eligible for free meals under the National School Lunch Program of the United States Department of Agriculture. "Clothing" means items that are exempt as clothing or footwear, under the annual sales tax holiday exemption in Code Section 12-36-2120(57)(a)(i) and (iii).

Effective Date: January 1, 2016

House Bill 3568, Section 2 (Act No. 69)

Parts or Supplies Used to Repair Aircraft – Amended

Code Section 12-36-2120(52) has been expanded to provide that parts and supplies used by persons engaged in the business of repairing or reconditioning aircraft are exempt from sales and use tax. The requirement that the aircraft be owned by or leased to the federal government or a commercial carrier has been deleted. The exemption continues to provide that it does not apply to tools or other equipment that are not attached to or do not become a part of the aircraft.

Effective Date: January 1, 2016

REENACTED TEMPORARY PROVISOS

The following temporary provisos were enacted in prior legislative sessions and were reenacted by the General Assembly in 2015. Temporary provisos are effective for the State fiscal year July 1, 2015 through June 30, 2016, and will expire June 30, 2016, unless reenacted by the General Assembly in the next legislative session.

House Bill 3701, Part IB, Section 117, Proviso 117.61 (Act No. 91)

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 3701, Part IB, Section 117, Proviso 117.57 (Act No. 91)

Respiratory Syncytial Virus Medicines Exemption - Effective Date

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

House Bill 3701, Part IB, Section 117, Proviso 117.37 (Act No. 91)

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 Section 501(c)(3). This exemption does not apply to purchases subject to sales tax. 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. This use tax exemption is also applicable to purchases occurring after 1995; however, no refund is due any taxpayer on purchases exempted by this provision.

REMINDER

The following provision was enacted in a prior year but is effective in 2015. It is summarized below for informational purposes.

House Bill 3747 (Act No. 235 of 2012)

Certain Injectable Medications and Injectable Biologics - Exemption Phased-In

Code Section 12-36-2120(80) has been added to exempt injectable medications and injectable biologics, so long as the medication or biologic is administered by or pursuant to the supervision of a physician in an office which is under the supervision of a physician, or in a Center for Medicare or Medicaid Services certified kidney dialysis facility.

For purposes of this exemption, "biologics" means the products that are applicable to the prevention, treatment, or cure of a disease or condition of human beings and that are produced using living organisms, materials derived from living organisms, or cellular, subcellular, or molecular components of living organisms.

This exemption will be phased in based on the annual general fund growth as determined by the Board of Economic Advisors ("BEA").

Effective Date: For sales beginning July 1 following the February 15 forecast meeting the 2% growth requirement.

Notes: On February 19, 2014, the BEA notified the Department that the requirements had been met to implement this exemption. Accordingly, for July 1, 2014 – June 30, 2015, 50% of the gross proceeds of qualifying sales or purchases are exempt from the State and local sales and use taxes.

On or after July 1, 2015, qualifying sales or purchases are fully exempt from the State and local sales and use taxes. See SC Information Letter #14-4.

MISCELLANEOUS
(Summarized by Subject Matter)

ADMINISTRATIVE and PROCEDURAL MATTERS

Senate Bill 526 (Act No. 85)

Tax Amnesty Period - Procedure for Establishing and Administering

Code Section 12-4-397 was enacted to allow the Department to establish a tax amnesty period. The Department must notify the General Assembly of the amnesty period at least 60 days before the amnesty period start date.

Note: As of the date of this summary, the Department has no planned commencement date for a tax amnesty period.

Upon establishment of an amnesty period, the Department shall grant amnesty to a taxpayer who files a request for an amnesty form and voluntarily:

1. Files all delinquent tax returns and pays in full all taxes due,

2. Files an amended tax return to correct an incorrect or insufficient original return and pays all taxes due, or

3. Pays in full all previously assessed tax liabilities due within an extended amnesty period (period beginning at the close of the amnesty period and ending at a time determined by the Department). The Department may set up installment agreements as long as all taxes are paid within the extended amnesty period.

In addition to taxpayers filing delinquent or amended returns, the statute provides the following specific types of taxpayers who may or may not participate in the tax amnesty period:

1. A taxpayer who has an appeal pending with respect to an assessment made by the Department is eligible to participate in the amnesty program if the taxpayer pays all taxes owed. Payment of the outstanding liability does not constitute a forfeiture of appeal or an admission of liability for the disputed assessment.

2. A taxpayer with compromised liabilities under Code Section 12-4-320(3) may be eligible for relief at the Department's discretion.

3. A taxpayer who is the subject of a state tax-related criminal investigation or criminal prosecution will not be granted amnesty.

Other administrative provisions of the tax amnesty period include:

Penalty and Interest Waiver. During the amnesty period, the Department shall have the discretion to waive the penalties and interest, or a portion of them, imposed pursuant to Title 12, "Taxation"; Title 27, "Property and Conveyances"; and Title 61, "Alcohol and Alcoholic Beverages" for a taxpayer who voluntarily files delinquent returns and pays all taxes owed. The Department shall not waive penalties and interest attributable to any one filing period if the taxpayer has outstanding liabilities for other periods.

Collection Fee. An overdue tax debt, as defined in Code Section 12-55-30, remaining unpaid may have an additional 10% collection assistance fee imposed at the Department's discretion. This collection assistance fee initially may be imposed on any overdue tax debt at the close of the extended amnesty period and may only be imposed for a period of one year after the close of the extended amnesty period.

Rescission of Grant of Amnesty. The Department may on the basis of mutual mistake of fact, fraud, or misrepresentation rescind the grant of amnesty.

Penalty for False Returns or Tax Evasion. A taxpayer who files false or fraudulent returns or attempts in any manner to defeat or evade a tax under the amnesty program is subject to applicable civil penalties, interest, and criminal prosecution.

No Criminal Investigation or Prosecution. If a taxpayer is granted amnesty, the Department shall not initiate a criminal investigation or refer the taxpayer to the Office of the Attorney General for criminal prosecution for the tax or tax periods covered by the granting of amnesty.

Effective Date: June 8, 2015

MISCELLANEOUS TAXES

Senate Bill 78, Section 2 (Act No. 59)

Deed Recording Fee – "Value" of Realty in Possession of Forfeited Land Commission

Chapter 24 of Title 12 imposes a deed recording fee for the recording of a deed that transfers realty to another person based on the realty's value as determined by Code Section 12-24-30. Code Section 12-24-30(B) allows a deduction from value for the amount of any lien or encumbrance existing on the land, tenement, or realty before the transfer and remaining on the land, tenement, or realty after the transfer. Code Section 12-59-140(E)(6), pertaining to the county forfeited land commission, has been added to provide that deductions from value pursuant to Code Section 12-24-30(B) shall include any lien or encumbrance on realty in possession of a forfeited land commission which may subsequently be waived or reduced after the transfer under a signed contract or agreement between the lien hold and the buyer existing before the transfer.

Effective Date: June 4, 2015

OTHER ITEMS

Senate Bill 196, Section 4 (Act No. 7)

Human Trafficking Resource Center Hotline – New Notice Requirements and Fines

Code Section 16-3-2100 was enacted to require specific information be posted about the National Human Trafficking Resource Center Hotline in certain listed business establishments to assist victims of human trafficking. These establishments include any hotel, motel, room or accommodation furnished to transients for which fees are charged, certain adult businesses, urgent care centers, truck stops, bus stations, and rest areas. The establishments in which the notice requirements apply, and do not apply, are listed in Code Section 16-3-100(A) and (F).

The Department (DOR), the State Law Enforcement Division (SLED), and the Department of Transportation (DOT) are to provide each establishment with the notice. The responsible agency depends on the regulatory control or authority each department exercises over the establishment. The departments shall post a sample notice on their website which must be accessible for download. The business must download and post the notice in 16 point font or larger. The South Carolina Human Trafficking Task Force, DOR, and DOT shall finalize the notice design no later than 120 days after the effective date of this Act. Establishments required to post the notice must be in compliance no later than 6 months after this action.

In addition, the DOR, SLED or DOT, as appropriate, are required to issue written warnings to establishments that fail to post the notice and to assess fines of not more than $50 per violation. Each day that the establishment remains in violation is considered a separate and distinct violation.

Effective Date: April 2, 2015

REGULATORY LEGISLATION

Senate Bill 179 (Act No. 73)

Powdered or Crystalline Alcohol

Code Section 61-6-20, which defines alcoholic liquors or alcoholic beverages, has been amended to include powdered or crystalline alcohol when hydrolyzed and to limit those terms to substances used as a beverage for human consumption.

Code Section 61-6-4157, which provides that it is a misdemeanor to use, purchase, sell, possess or offer powdered alcohol, has been expanded to include crystalline alcohol. Powdered or crystalline alcohol is alcohol prepared or sold in a powdered or crystalline form that contains any amount of alcohol when hydrolyzed for either direct use or reconstitution for human consumption. Using powdered or crystalline alcohol for commercial uses is permissible only when specifically approved by state law or for bona fide research purposes by certain companies and institutions.

Effective Date: June 5, 2015

REENACTED TEMPORARY PROVISOS

The following temporary provisos were enacted in prior legislative sessions and were reenacted by the General Assembly in 2015. Temporary provisos are effective for the State fiscal year July 1, 2015 through June 30, 2016, and will expire June 30, 2016, unless reenacted by the General Assembly in the next legislative session.

ADMINISTRATIVE and PROCEDURAL MATTERS

House Bill 3701, Part IB, Section 93, Proviso 93.7 (Act No. 91)

2% Reduction on Interest Rate on Tax Refunds

This temporary proviso decreases by 2% the interest rate for tax refunds paid during the current fiscal year. The revenue resulting from this reduction must be used for operations of the State's Guardian ad Litem Program.

House Bill 3701, Part IB, Section 117, Proviso 117.87 (Act No. 91)

Additional 1% Reduction on Interest Rate on Tax Refunds

This temporary proviso decreases by 1% the interest rate for tax refunds paid during the current fiscal year, in addition to the 2% reduction reauthorized in Temporary Proviso 93.7 (for a total 3% interest rate reduction). Of the revenue resulting from this 1% reduction, $300,000 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. The revenue resulting from the 2% reduction continues to be used for operations of the State's Guardian ad Litem Program.

House Bill 3701, Part IB, Section 109, Proviso 109.6 (Act No. 91)

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

This temporary proviso provides that the Department must 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 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 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 TAXES

House Bill 3701, Part IB, Section 118, Proviso 118.8 (Act No. 91)

Admissions Tax Rebate – Motorsports Entertainment Complex Facility

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.

House Bill 3701, Part IB, Section 109, Proviso 109.7 (Act No. 91)

Admissions Tax Exemption for Payment to Nonprofit Athletic Booster Organizations for Right to Purchase Athletic Event Season Tickets

Article 17, Chapter 21 of Title 12 provides for an admissions tax of 5% on paid admissions to places of amusement within South Carolina. Code Section 12-21-2420(4) provides that the admissions tax applies to paid admissions to all athletic events of any institution above the high school level.

This temporary proviso provides that any amount that an accredited college or university requires a season ticket holder to pay to a nonprofit athletic booster organization to receive the right to purchase athletic event tickets is exempt from admissions tax. The nonprofit athletic booster organization must be exempt from federal income taxation.

House Bill 3701, Part IB, Section 1, Proviso 1.15 (Act No. 91)

Local Government School Buses - Motor Fuel Tax Exemption

This temporary proviso provides that motor fuel used in school buses operated by school districts, other governmental agencies, and "head start" agencies is exempt from the State motor fuel tax.

Note: Motor fuel used in school buses owned by the state is exempt from the State motor fuel tax under Code Section 12-28-710(12).

House Bill 3701, Part IB, Section 33, Proviso 33.10 (Act No. 91)

Nursing Home Bed Franchise Fee – Suspension

This temporary proviso reenacts the suspension of the nursing home bed franchise fee imposed on February 1, 2002, but subsequently suspended July 1, 2002.

REGULATORY

House Bill 3701, Part IB, Section 117, Proviso 117.109 (Act No. 91)

Donation of Alcoholic Liquors

This temporary proviso provides that a wholesaler may donate beer, wine, and alcoholic liquors to a nonprofit organization that has a license, including a temporary license, to serve the applicable beverage. This provision only applies if the event hosted by the nonprofit organization creates an economic impact on State revenues.

LIST OF TEMPORARY PROVISOS

Temporary provisos were enacted as part of the 2015 annual budget - House Bill 3701, Part IB (Act No. 91). They are effective only for the current State fiscal year (July 1, 2015 – June 30, 2016). They expire on June 30th, unless reenacted by the General Assembly.

The following is a list of new provisos enacted during this legislative session and a list of provisos that were enacted in prior fiscal years and reenacted during this legislative session. A brief summary of the provisos can be found in this publication under the applicable subject matter categories.

NEW PROVISOS

Income Taxes

Proviso 109.13	"Angel Investors" Credit – Application Date Extended
Proviso 117.122	ABLE Savings Expense Fund – Tax Exempt Account for Disability Expenses
Act 92, Sec. 9[1]	Exceptional Needs Children Tuition Funding Credits

REENACTED PROVISOS

Income Taxes

Proviso 1A.10	Teacher Supplies and Materials - Reimbursement Amount Not Taxable or Refundable Income Tax Credit
Proviso 1A.11	Teacher of the Year Awards – Not Subject to South Carolina Income Tax
Proviso 118.11	Consumer Protection Services – Individual Income Tax Deduction

Property Taxes

Proviso 1.53	Index of Taxpaying Ability - Imputed Value for Owner-Occupied Residential Property
Proviso 117.38	Personal Property Tax Relief Fund Not Funded

Sales and Use Taxes

Proviso 117.37	Private Schools - Use Tax Exemption
Proviso 117.57	Respiratory Syncytial Virus Medicines Exemption - Effective Date
Proviso 117.61	Viscosupplementation Therapies - Sales and Use Tax Suspended

[1]House Bill 4230 (Act 92), a supplemental appropriations bill, contained this temporary proviso. Act 92, Section 10, provides that it will be combined with House Bill 3701 (Act 91), the 2015 annual budget bill.

Miscellaneous (Administrative, Miscellaneous Taxes, Other, and Regulatory)

Administrative:

Proviso 93.7	2% Reduction on Interest Rate on Tax Refunds
Proviso 109.6	Voluntary Website Posting of Tax Return Information for Candidates and Gubernatorial Appointees
Proviso 117.87	Additional 1% Reduction on Interest Rate on Tax Refunds

Miscellaneous Taxes:

Proviso 1.15	Local Government School Buses - Motor Fuel Tax Exemption
Proviso 33.10	Nursing Home Bed Franchise Fees - Suspension
Proviso 109.7	Admissions Tax Exemption for Payment to Nonprofit Athletic Booster Organizations for Right to Purchase Athletic Event Season Tickets
Proviso 118.8	Admissions Tax Rebate – Motorsports Entertainment Complex Facility

Regulatory:

Proviso 117.109	Donation of Alcoholic Liquors

A complete copy of this legislation can be obtained from the South Carolina Legislature website at http://www.scstatehouse.gov/.