



# Tax Legislative Update for 2020

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SOUTH CAROLINA DEPARTMENT OF REVENUE

POLICY DIVISION

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# TAX LEGISLATIVE UPDATE FOR 2020

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

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**DISCLAIMER:**

This is intended to be a summary of the main points of the legislation; it is not an interpretation by the Department. It is written in general terms for widest possible use and may not contain all the specific requirements or provisions of authority. It is intended as a guide only, and the application of its contents to specific situations will depend on the particular circumstances involved. It does not represent official Department policy. Please refer to the full text of the legislation for specific details and requirements.

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's website at [scstatehouse.gov](http://scstatehouse.gov).

## **LIST OF BILLS BY SUBJECT CATEGORY**

A list of significant changes in tax laws (both permanent and temporary) enacted during the 2020 legislative session is provided below. Temporary provisos are enacted in the State budget and are only effective for the State fiscal year (July 1 – June 30). Unless reenacted, temporary provisos expire on June 30, 2021.

Also included are reminders of provisions which were enacted in a prior year but are being phased in or are effective in 2020 and thereafter. These provisions are indicated as “reminders” in the chart below.

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

### **INCOME TAXES, BANK TAXES, and CORPORATE LICENSE FEES**

<b>BILL #</b>	<b>ACT #</b>	<b>SUBJECT</b>
76, Sec. 1	138	Energy Efficient Manufactured Home – Credit Extended
76, Sec. 3	138	High Growth Small Business Job Creation Act (“Angel Investor Credit”) – Repeal of Act Extended and Carryforwards after Credit Repeal
314	45	Service as Preceptor for Clinical Rotations – New Credit and New Deduction - <b>Reminder</b>
545, Sec. 2	147	Federal Paycheck Protection Program Loans for Small Businesses due to COVID-19 – SC Tax Treatment for 2020
545, Sec. 3	147	Internal Revenue Code Conformity
1043, Sec.6.A	265	Increase in Purchases of South Carolina Agricultural Products – New Credit - <b>Reminder</b>
3147, Sec. 1	272	Military Individual - Earned Income and Retirement Income – New Deduction - General Retirement and Age 65 and Older Deduction – Amended - <b>Reminder</b>
3411, Part IB, Sec. 1A, Proviso 1A.9	135	Teaching Supplies and Materials – Reimbursement Amount Not Taxable or Refundable Income Tax Credit – <b>Reenacted Temporary Proviso</b>
3411, Part IB, Sec. 1A, Proviso 1A.10	135	Teacher of the Year Awards – Not Subject to South Carolina Income Tax - <b>Reenacted Temporary Proviso</b>
3411, Part IB, Sec.117, Proviso 117.121	135	Retail Facilities Revitalization Act – Repeal of Act Suspended - <b>Reenacted Temporary Proviso</b>
3411, Part IB, Sec. 118, Proviso 118.10	135	Consumer Protection Services – Individual Income Tax Deduction – <b>Reenacted Temporary Proviso</b>
3485, Sec. 1	172	Credit for Rehabilitation of Certified Historic Structures – State Historic Preservation Grant Fund and Fee Schedule Created
3485, Sec. 2	172	Department of Archives and History – New Check-Off
3516, Sec. 15	40	Motor Fuel User Fee Credit – New Refundable Credit - <b>Reminder</b>
3516, Sec. 16	40	South Carolina Earned Income Credit – New Credit - <b>Reminder</b>

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

3516, Sec. 17	40	Two-Wage Earner Credit – Credit Increased - <b>Reminder</b>
3595	15	Industry Partnership Fund Credit – Credit Amounts Amended - <b>Reminder</b>
3998	137	South Carolina Housing Tax Credit - New Tax Credit

**PROPERTY TAXES**

<b>BILL #</b>	<b>ACT #</b>	<b>SUBJECT</b>
207, Sec. 1	145	Resident in a Nursing Home or a Community Residential Care Facility – Eligibility for 4% Assessment Ratio
207, Sec. 2	145	Low-Income Housing Property Tax Exemption - Amended
207, Sec. 3	145	Tax Increment Financing for Redevelopment Projects in Municipalities – Amended
545, Sec. 1	147	SCDOR Form PT-100 – Use by County Auditor
975, Sec.5	183	Consolidation of Clarendon County School Districts 1 and 3 – Millage
1121	184	Consolidation of Hampton County School Districts 1 and 2 – Millage
3411, Part IB, Sec. 1, Proviso 1.47	135	Index of Taxpaying Ability – Imputed Value for Owner-Occupied Residential Property - <b>Reenacted Temporary Proviso</b>
3411, Part IB, Sec. 109, Proviso 109.12	135	Notification of Protest to Affected County and School District – <b>Reenacted Temporary Proviso</b>
3411, Part IB, Sec. 113, Proviso 113.8	135	Agricultural Use Exemption for Timberland – Impact of Additional County Requirements - <b>Reenacted Temporary Proviso</b>
3411, Part IB, Sec. 117, Proviso 117.37	135	Personal Property Tax Relief Fund - <b>Reenacted Temporary Proviso</b>
3411, Part IB, Sec. 117, Proviso 117.121	135	Retail Facilities Revitalization Act – Repeal of Act Suspended - <b>Reenacted Temporary Proviso</b>
3411, Part IB, Sec.117, Proviso 117.128	135	Improvements to Property Damaged by Catastrophic Weather Event – Time for Improvements for Eligible Events - <b>Reenacted Temporary Proviso</b>
3516, Sec. 19	40	Manufacturing Property – New Partial Exemption - <b>Reminder</b>
3596	173	Agricultural Use Property - Rollback Tax Period Reduced
3695	126	Adjustments to Vehicle Valuations and Motorcycles for High Mileage
3755, Sec. 3	174	Delinquent Tax Sale in 2019 - Redemption Period Extended
4715, Sec. 8	223	Boats and Watercraft – Property Taxes and New Registration and Titling Procedures – <b>Reminder</b>

## SALES and USE TAXES

BILL #	ACT #	SUBJECT
76, Sec. 2	138	Certain Energy Efficient Manufactured Homes – Exemption Extended
3411, Part IB, Sec. 50 and 117. Proviso 50.20 and 117.127	135	Navy Base Intermodal Facility and State Ports Authority – Distribution Facility Eligibility - <b>Reenacted Temporary Proviso</b>
3411, Part IB, Sec. 109, Proviso 109.13	135	Clothing Used in Perishable Prepared Food Manufacturing Facilities – <b>Reenacted Temporary Proviso</b>
3411, Part IB, Sec. 117, Proviso 117.36	135	Private Schools – Use Tax Exemption - <b>Reenacted Temporary Proviso</b>
3411, Part IB, Sec. 117, Proviso 117.56	135	Respiratory Syncytial Virus Medicines Exemption – Effective Date - <b>Reenacted Temporary Proviso</b>
3411, Part IB, Sec. 117, Proviso 117.60	135	Viscosupplementation Therapies – Sales and Use Tax Suspended - <b>Reenacted Temporary Proviso</b>

## MISCELLANEOUS

BILL #	ACT #	SUBCATEGORY	SUBJECT
		<b>Administrative and Procedural</b>	
3411, Part IB, Secs. 41 and 117, Provisos 41.2 and 117.85	135		3% Reduction on Interest Rate on Tax Refunds – <b>Reenacted Temporary Proviso</b>
3411, Part IB, Sec. 109, Proviso 109.6	135		Voluntary Website Posting of Tax Return Information for Candidates and Gubernatorial Appointees - <b>Reenacted Temporary Proviso</b>
		<b>Miscellaneous Taxes</b>	
3411, Part IB, Sec. 1, Proviso 1.14	135		Local Government School Buses – Motor Fuel User Fee Exemption - <b>Reenacted Temporary Proviso</b>
3411, Part IB, Sec. 33, Proviso 33.10	135		Nursing Home Bed Franchise Fee – Suspension - <b>Reenacted Temporary Proviso</b>
3411, Part IB, Sec. 118, Proviso 118.7	135		Admissions Tax Rebate – Motorsports, Tennis, and Soccer Facilities - <b>Reenacted Temporary Proviso</b>
3516, Sec. 2	40		Motor Fuel User Fee – Rate Change - <b>Reminder</b>
		<b>Other Items</b>	
3516. Sec. 3	40		Motor Carrier Road Tax – Rate Change - <b>Reminder</b>
4431	176		South Carolina Business License Tax Standardization Act – New

**MISCELLANEOUS (CONTINUED)**

<b>BILL #</b>	<b>ACT #</b>	<b>SUBCATEGORY</b>	<b>SUBJECT</b>
		<b>Regulatory</b>	
993, Sec. 1	167		Winery – Fair and Special Function Permit
993, Sec. 2	167		Brewery Sales for Off-Premises Consumption – Volume Restriction Increased
993, Sec. 3	167		Fair and Special Function Beer and Wine Permit – New Notice Requirement
1099	169		Beer Manufacturers, Brewers, and Importers - Prohibited Acts
4963, Sec. 1	161		Wine Samples Provided to Retailers by Producers and Wholesalers
4963, Sec. 2	161		Alcoholic Beverage Samples Provided to Retailers by Producers and Wholesalers

# INCOME TAXES, BANK TAXES, AND CORPORATE LICENSE FEES

Senate Bill 545, Section 3 (Act No. 147)

## **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 through December 31, 2019, and includes the effective date provisions contained therein.

Extension of Federal Expiring Provisions. Code Section 12-6-40(A)(1)(c) provides that if during 2020 the federal government extends, without otherwise amending, Internal Revenue Code provisions that expired during 2020, then these sections or portions of sections which have been adopted by South Carolina will be extended in the same manner that they are for federal income tax purposes.

Federal "Taxpayer Certainty and Disaster Relief Act" Section 204(a) as it Impacts Internal Revenue Code Section 170 - Not Adopted for Individual Taxpayers. In an uncodified provision, Act No. 147 provides that South Carolina does not adopt Section 204(a) of the federal Taxpayer Certainty and Disaster Tax Relief Act of 2019 (Division Q of the Further Consolidated Appropriations Act of 2020; P.L. 116-94) as it pertains to individuals. Section 204(a), in part, temporarily suspends the individual charitable deduction limitation for charitable contributions associated with qualified disaster relief. A qualified charitable contribution is any charitable contribution (as defined in Internal Revenue Code Section 170(c)) if the contribution is paid January 1, 2018 through February 18, 2020, and made for relief in qualified disaster areas provided in Section 204.

Effective Date: September 28, 2020

Senate Bill 545, Section 2 (Act No. 147)

## **Federal Paycheck Protection Program Loans for Small Businesses due to COVID-19 – SC Tax Treatment for 2020**

In an uncodified provision, Act No. 147 provides that for tax year 2020, to the extent loans under the federal paycheck protection program (Public Law 116-136, Title I, Section 1102) are forgiven and excluded from gross income for federal income tax purposes under Public Law 116-136, Title 1, Section 1106, those loans are excluded for South Carolina income tax purposes. Further, to the extent the federal government allows the deduction of expenses associated with the forgiven paycheck protection program loans, these expenses will be allowed as a deduction for South Carolina income tax purposes.

See SC Information Letter #20-28, “Federal Payroll Protection Program Loans for Small Businesses due to COVID-19,” for additional information on the tax treatment of the paycheck protection program loan and the forgiveness of the loan for tax year 2020.

Effective Date: September 28, 2020

House Bill 3485, Section 2 (Act No. 172)

### **Department of Archives and History – New Check-Off**

Code Section 12-6-5060, providing for various voluntary contributions to certain funds and organizations on the South Carolina individual income tax return, has been amended to provide for a designation for a taxpayer to make a contribution to the Department of Archives and History. The funds are only to be used by the agency to purchase or preserve collections with significant historical value to South Carolina.

Effective Date: Applies to tax years beginning after 2019.

House Bill 3998 (Act No. 137)

### **South Carolina Housing Tax Credit - New Tax Credit**

The “Workforce and Senior Affordable Housing Act” has been enacted to add Code Section 12-6-3795 to provide a tax credit to eligible owners of residential low-income rental buildings. The credit amount for a qualified project is equal to the federal low-income housing credit allowed under Internal Revenue Code Section 42, “Low-Income Housing Credit.” A building owner must obtain a housing credit allocation from the South Carolina Housing and Finance Development Authority and certify certain information to be eligible to claim the credit.

The new South Carolina housing tax credit applies to projects placed in service after January 1, 2020 and before December 31, 2030. A sole proprietor, partnership, corporation, limited liability company or association taxable as a business entity subject to South Carolina income tax, bank tax, or insurance premium tax is eligible for the credit. The certification process and credit requirements are summarized below.

Eligibility Process and Credit Certification. To be eligible for the credit, a project must receive an “eligibility statement” issued by the South Carolina Housing and Finance Authority. The eligibility statement certifies that a given project qualifies for the credit. The Authority may not issue the eligibility statement until the taxpayer provides a report detailing how the credit will benefit tenants at the project, including, reduced rent, or why the state credit is necessary to undertake the project.

Pursuant to the Act, the Authority shall promulgate rules establishing criteria upon which the eligibility statements are issued which must include consideration of evidence of local support for the project.

Credit Amount and Carryforward. The eligibility statement will specify the amount of the credit allowed for each project. The credit is equal to the federal housing tax credit allowed for the project as provided in Internal Revenue Code Section 42. The credit may be used against individual or corporate income taxes under Code Sections 12-6-510 and 12-6-530; corporate license fees under Chapter 20, Title 12; bank taxes under Chapter 11, Title 12; or insurance premium and retaliatory taxes under Chapter 7, Title 38. The total tax credit for any tax year cannot exceed the taxpayer's income tax liability. Any unused credit may be carried forward five years. The taxpayer may not apply the credit against any prior years' tax liability.

Credit Allocation. The credit (and any recaptured credit explained below) must be allocated among some or all of the partners, members, or shareholders of the entity owning the project in any manner agreed to, regardless of whether such persons are allocated or allowed any portion of the federal housing tax credit.

Credit Recapture. If a portion of any federal housing tax credit taken on a project is required to be recaptured, the taxpayer claiming any South Carolina credit for that project also is required to recapture a portion of any South Carolina credit.

Definitions. For purposes of this Act, "qualified project," "project," and "median income" are defined as follows:

Qualified Project. A "qualified project" is a qualified low-income building as defined in Internal Revenue Code Section 42 that is located in South Carolina and receives approval for tax credits from the South Carolina Housing and Finance Development Authority.

Project. A project is a housing project that has restricted rents that do not exceed 30% of income for at least 40% of its units occupied by persons or families having incomes of 60% or less of the median income, or at least 20% of the units occupied by persons or families having incomes of 50% or less of the median income.

Median Income. Median income means those incomes that are determined by the federal Department of Housing and Urban Development guidelines and adjusted by family size.

Credit Expiration. The tax credit is allowed for qualified projects placed in service after January 1, 2020 and before December 31, 2030.

Effective Date: Applies to qualified projects that receive an eligibility statement after May 14, 2020

Senate Bill 76, Section 1 (Act No. 138)

**Energy Efficient Manufactured Home – Credit Extended**

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

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

Effective Date: May 26, 2020

Senate Bill 76, Section 3 (Act No. 138)

**High Growth Small Business Job Creation Act (“Angel Investor Credit”) – Repeal of Act Extended and Carryforwards after Credit Repeal**

The South Carolina “High Growth Small Business Job Creation Act (Title 11, Chapter 44) was enacted in 2013 (Act No. 80) to improve the availability of early stage capital for emerging high-growth enterprises in South Carolina. To further this goal, the Act encourages individual angel investors to invest in early stage, high-growth, job-creating businesses by providing an angel investor an income tax credit of 35% of its qualified investment. Act No. 80 of 2013 contained a repeal provision stating that the Act is repealed on December 31, 2019. Any carryforward will continue to be allowed until the 10 year period is completed.

Under this Act, the angel investor credit is extended as it existed on December 31, 2019. The provisions of Chapter 44, Title 11, are re-enacted and are repealed on December 31, 2025. Any credit carry forward shall continue to be allowed until the 10 year time period in Code Section 11-44-40(B) is completed.

See SC Revenue Ruling #14-6 for more information regarding the angel investor credit.

Effective Date: Tax years beginning after 2019

House Bill 3485, Section 1 (Act No. 172)

**Credit for Rehabilitation of Certified Historic Structures – State Historic Preservation Grant Fund and Fee Schedule Created**

Code Section 12-6-3535, providing two similar income tax credits to taxpayers making historic rehabilitation expenditures in South Carolina (one for taxpayers that qualify for the federal rehabilitation credit in Internal Revenue Code Section 47 and for individual taxpayers that do not qualify for the federal rehabilitation credit), has been amended.

Subsection (G) has been added to provide that a taxpayer claiming a credit under Code Section 12-6-3535 must pay a preliminary and a final fee to the South Carolina Department of Archives and History for the State Historic Preservation Grant Fund. The fee schedules are listed and are based on 0% to .5% of estimated and 0% to 1% of actual expenses. Prior to this amendment, subsection (E) provided for the Department of Archives and History to establish fees needed to administer the certification process.

Effective Date: Applies to tax years beginning after 2019.

**REENACTED TEMPORARY PROVISOS**

**The following temporary provisos were enacted in a prior legislative session and were reenacted by the General Assembly in 2020. Temporary provisos are effective for the State fiscal year July 1, 2020 through June 30, 2021, and will expire June 30, 2021, unless reenacted by the General Assembly in the next legislative session.**

House Bill 3411, Part IB, Section 118, Proviso 118.10 (Act No. 135)

**Consumer Protection Services – Individual Income Tax Deduction**

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

The deduction is available to (1) a taxpayer who filed a return (paper or electronic) with the Department for any tax year from 1998 through 2012 or (2) a person whose personally identifiable information was on the return of another eligible person, including minor dependents. The deduction is not available to an individual who deducted the same actual cost as a business expense.

House Bill 3411, Part IB, Section 1A, Proviso 1A.9 (Act No. 135)

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

This temporary proviso allows public school teachers identified in the *Professional Certified Staff*, certified special school classroom teachers, certified media specialists, certified guidance counselors, and career specialists who are employed by a school district, charter school, or lead teachers employed in a publically funded full day 4K classroom approved by South Carolina First Steps to School Readiness, a \$275 reimbursement designed to offset expenses incurred for teaching supplies and materials. 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 2020 tax return. The credit is the lesser of \$275 or the amount spent on teacher supplies and materials. The return or amended return claiming the credit must be filed on or before June 30, 2021, and may include expenses incurred after December 31, 2020. Note: Any person who receives the reimbursement provided by this proviso is not eligible for the income tax credit allowed by this proviso.

House Bill 3411, Part IB, Section 1A, Proviso 1A.10 (Act No. 135)

**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.

House Bill 3411, Part IB, Section 117, Proviso 117.121 (Act No. 135)

**Retail Facilities Revitalization Act – Repeal of Act Suspended**

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

Under this temporary proviso, the repeal of the South Carolina Retail Facilities Revitalization Act as to sites for which written notification of election of mode of credit has been provided to the Department prior to July 1, 2016, and for which a building permit has been issued prior to July 1, 2016, is suspended for fiscal year 2020 - 2021.

## **REMINDERS**

**The following provisions were enacted prior to 2020 but are being phased in or are effective in 2020 and thereafter. The provisions are summarized below for informational purposes.**

House Bill 3147, Section 1 (Act No. 272)

### **Military Individual - Earned Income and Retirement Income – New Deduction - General Retirement and Age 65 and Older Deduction – Amended**

Code Section 12-6-1170 provides an income tax deduction for an individual with retirement income and an income tax deduction for persons 65 and older. Code Section 12-6-1171 has been added to provide an income tax deduction for (a) an individual under age 65 with South Carolina earned income and military retirement income or (b) an individual age 65 and older with military retirement income. With the addition of Code Section 12-6-1171, Code Section 12-6-1170 has been amended to provide for a reduction in the deduction allowed by an amount claimed under Code Section 12-6-1171. A summary of new Code Section 12-6-1171 and the related amendment to Code Section 12-6-1170 is provided below.

#### **I. Summary of New Code Section 12-6-1171.**

- A. Individual Under Age 65 with South Carolina Earned Income and Military Retirement Income. Code Section 12-6-1171(A)(1) provides that an individual who has military retirement income may deduct an amount of his “South Carolina earned income” from South Carolina taxable income equal to the amount of military retirement income that is included in South Carolina taxable income. For purposes of this item, South Carolina earned income has the same meaning as provided in Code Section 12-6-3330. The deduction amount is phased in as follows:

<b>Tax Year Beginning In</b>	<b>Deduction Amount Not to Exceed</b>
2016	\$ 5,900
2017	\$ 8,800
2018	\$11,700
2019	\$14,600
2020 and thereafter	\$17,500

In the case of married taxpayers who file a joint federal income tax return, the deduction is calculated separately as though they had not filed a joint return, so that each individual’s deduction is based on the same individual’s retirement income and earned income.

- B. Individual Age 65 and Older with Military Retirement Income. Code Section 12-6-1171(A)(2) provides that beginning in the year in which an individual reaches age 65, an individual who has military retirement income may deduct his military retirement income that is included in South Carolina taxable income. The deduction amount is phased in as follows:

<b>Tax Year Beginning In</b>	<b>Deduction Amount Not to Exceed</b>
2016	\$18,000
2017	\$21,000
2018	\$24,000
2019	\$27,000
2020 and thereafter	\$30,000

A surviving spouse receiving military retirement income that is attributable to the deceased spouse shall apply this deduction in the same manner that the deduction applied to the deceased spouse. If the surviving spouse also has other retirement income, an additional retirement deduction is allowed.

- C. Definitions of Retirement Income. For purposes of Code Section 12-6-1171, the term “retirement income” means the total of all otherwise taxable income not subject to a penalty for premature distribution received by the taxpayer or the taxpayer’s surviving spouse in a taxable year from a qualified military retirement plan. For purposes of a surviving spouse, “retirement income” also includes a retirement benefit plan and dependent indemnity compensation related to the deceased spouse’s military service.

II. Summary of Code Section 12-6-1170 and New Code Section 12-6-1170(C) for Military Individuals.

- A. Code Section 12-6-1170(A) – General Retirement Income Deduction. Code Section 12-6-1170(A) continues to provide an annual income tax deduction from South Carolina taxable income for retirement income to the owner of a qualified retirement account. The qualifying taxpayer receiving retirement income may deduct up to \$3,000 of such retirement income annually until reaching age 65, and deduct up to \$10,000 of such retirement income annually at age 65 and thereafter. In addition, a surviving spouse is allowed a deduction for income received from his or her retirement plan, if any, and a separate deduction for retirement income that is attributable to the deceased spouse, if any.
- B. Code Section 12-6-1170(B) – Deduction for Age 65 and Older. Code Section 12-6-1170(B) continues to provide an income tax deduction of up to \$15,000 against any South Carolina taxable income of a resident individual who is 65 or older by the end of the tax year. Taxpayers filing a joint return are allowed a deduction of up to \$15,000 when only one spouse is 65 or older, and up to \$30,000 when both spouses are 65 or older, by the end of the tax year. Amounts deducted as retirement income under Code Section 12-6-1170(A) reduce the \$15,000 deduction. Amounts deducted as a surviving spouse under Code Section 12-6-1170(A) do not reduce this \$15,000 deduction.

C. New Code Section 12-6-1170(C) – Military Individuals Claiming a Deduction Under Code Section 12-6-1171. Code Section 12-6-1170(C) has been added to provide modifications to the amounts allowed under the general provisions of Code Section 12-6-1170(A) and (B). It provides:

1. If a taxpayer claims a deduction under Code Section 12-6-1171, then the deduction allowed under Code Section 12-6-1170 must be reduced by the amount the taxpayer deducts under Code Section 12-6-1171. This reduction does not apply if the deduction claimed under Code Section 12-6-1171 is claimed by a surviving spouse.
2. In the case of married taxpayers who file a joint federal income tax return, this reduction applies to each individual separately, so that the reduction only applies to the amount the individual claiming the deduction pursuant to Code Section 12-6-1171 otherwise could have claimed under Code Section 12-6-1170 if the individual had not filed a joint return.

Effective Date: Tax years beginning after 2015

House Bill 3516, Section 15 (Act No. 40)

### **Motor Fuel User Fee Credit – New Refundable Credit**

Code Section 12-6-3780 has been added to allow a resident taxpayer a refundable income tax credit for preventative maintenance costs associated with a private passenger motor vehicle or motorcycle registered in South Carolina during the year, subject to certain limitations.

The credit is the lesser of: (1) the resident taxpayer's preventative maintenance expenses; or (2) the resident taxpayer's actual motor fuel user fee increase incurred for that motor vehicle as a result of increases in the motor fuel user fee pursuant to Code Section 12-28-310(D).

Other credit requirements and provisions include:

1. A resident taxpayer may claim the credit for up to two private passenger motor vehicles. The credit is calculated separately for each vehicle.
2. The credit must be claimed on the resident taxpayer's income tax return.
3. The Department may require any documentation it deems necessary to implement the provisions of this section.

4. A maximum aggregate amount of credit is available per tax year as follows:

<b>Tax Year</b>	<b>Total Credit Allowed for All Taxpayers</b>
2018	\$40 million
2019	\$65 million
2020	\$85 million
2021	\$110 million
2022 and thereafter, if reauthorized	\$114 million

If the Revenue and Fiscal Affairs Office estimates that the total amount of credits claimed will exceed the maximum amount of aggregate credit allowed, it shall certify to the Department a pro rata adjustment to the credit otherwise provided.

For purposes of this credit, “private passenger motor vehicle,” “motor fuel expenditures,” and “preventative maintenance” are defined as follows:

1. “Private passenger motor vehicle” is defined in Code Section 56-3-630. Code Section 56-3-630 provides, in part, that a private passenger motor vehicle is a motor vehicle designed, used, and maintained for the transportation of ten or fewer persons and trucks having an empty weight of 9,000 pounds or less and a gross weight of 11,000 pounds or less.
2. “Motor fuel expenditures” are purchases of motor fuel within South Carolina to which the motor fuel user fee imposed pursuant to Code Section 12-28-310(D) applies.
3. “Preventative maintenance” includes costs incurred within South Carolina for new tires, oil changes, regular vehicle maintenance, and the like.

Expiration of Credit: Unless reauthorized by the General Assembly, the credit may not be claimed for any tax year beginning after 2022.

Additional Information: See SC Revenue Ruling #17-6 for more information regarding the credit.

Effective Date: Tax years beginning after 2017

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

### **South Carolina Earned Income Credit – New Credit**

Code Section 12-6-3632 has been added to provide a full-year resident individual a nonrefundable South Carolina earned income tax credit. The credit is equal to 125% of the federal earned income tax credit allowed the taxpayer under Internal Revenue Code Section 32.

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

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

Effective Date: Tax years beginning after 2017

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

**Two-Wage Earner Credit – Credit Increased**

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

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

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

Effective Date: Tax years beginning after 2017

Senate Bill 1043, Section 6.A (Act No. 265)

**Increase in Purchases of South Carolina Agricultural Products – New Credit**

Code Section 12-6-3378 has been added to provide a credit against income tax or withholding tax for eligible taxpayers who increase their purchases of agricultural products certified by the South Carolina Department of Agriculture as South Carolina grown.

Credit Amount. The amount of credit for each taxpayer is determined by the Coordinating Council for Economic Development (“Council”) at the Department of Commerce, but cannot exceed \$100,000 per taxpayer in any tax year. The Council has sole discretion in allocating the credits and must consider certain criteria provided in the statute in awarding credits. The credit may be allocated on a monthly, quarterly, or annual basis. The maximum amount of tax credits allowed to all qualifying taxpayers for each calendar year from 2018 to 2027 is listed below:

<b>Calendar Year</b>	<b>Total Credit Allowed for All Taxpayers</b>
2018	\$500,000
2019	\$1,000,000
2020	\$1,500,000
2021 through 2027	\$2,000,000

Credit Duration. The tax credit is available for tax years 2018 through 2027.

Effective Date: Tax years beginning after 2017

Senate Bill 314 (Act No. 45)

**Service as Preceptor for Clinical Rotations – New Credit and New Deduction**

Overview. Code Section 12-6-3800 has been added to provide an income tax credit for eligible physicians, advanced practice registered nurses, or physician assistants who serve as a preceptor for qualifying clinical rotations required by a medical school, physician assistant program, or advanced practice nursing program. Code Section 12-6-1140(14) has been added to provide a deduction for additional rotations after the taxpayer has reached the credit maximum. Below is a summary of the credit and the deduction.

A. Preceptor Credit

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

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

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

Credit for Advanced Practice Registered Nurse and Physician Assistant Preceptors. Code Section 12-6-3800(C) provides a credit for each clinical rotation an advanced practice registered nurse or physician assistant serves as preceptor for a qualifying advanced practice nursing program-required clinical rotation or physician assistant program-required clinical rotation. The credit amount is as follows:

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

Phase In. The credit is phased in over five years in equal and cumulative installments beginning in tax year 2020. The phased-in credit amounts are provided below and reflect completion of the maximum of four allowed rotations during the year.

<b>Eligible Taxpayer: Physician Preceptor</b>				
	<b>If 50% or More of Practice is Medicaid, Medicare, and Self Pay:</b>		<b>If 30% or More of Practice is Medicaid, Medicare, and Self Pay:</b>	
<b>Tax Year</b>	<b>Credit Per Rotation (x)</b>	<b>Maximum Credit Per Year (4x)</b>	<b>Credit Per Rotation (x)</b>	<b>Maximum Credit Per Year (4x)</b>
2020	\$200	\$800	\$150	\$600
2021	\$400	\$1,600	\$300	\$1,200
2022	\$600	\$2,400	\$450	\$1,800
2023	\$800	\$3,200	\$600	\$2,400
2024	\$1,000	\$4,000	\$750	\$3,000
2025	\$1,000	\$4,000	\$750	\$3,000
2026	Credit Repealed			

<b>Eligible Taxpayer: Advanced Practice Registered Nurse or Physician Assistant Preceptor</b>				
	<b>If 50% or More of Practice is Medicaid, Medicare, and Self Pay:</b>		<b>If 30% or More of Practice is Medicaid, Medicare, and Self Pay:</b>	
<b>Tax Year</b>	<b>Credit Per Rotation (x)</b>	<b>Maximum Credit Per Year (4x)</b>	<b>Credit Per Rotation (x)</b>	<b>Maximum Credit Per Year (4x)</b>
2020	\$150	\$600	\$100	\$400
2021	\$300	\$1,200	\$200	\$800
2022	\$450	\$1,800	\$300	\$1,200
2023	\$600	\$2,400	\$400	\$1,600
2024	\$750	\$3,000	\$500	\$2,000
2025	\$750	\$3,000	\$500	\$2,000
2026	Credit Repealed			

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

**B. Deduction Allowed for Taxpayers Who Maximize the Credit**

If a taxpayer earns the maximum annual credit amount allowed by Code Section 12-6-3800(B) or (C), and the taxpayer serves as preceptor for additional rotations that otherwise would have qualified for the credit, then the taxpayer may claim a deduction in an amount equal to the amount that the credit would have equaled. The taxpayer may earn this deduction up to six times a tax year. The deduction is also subject to phase in. Code Section 12-6-1140(14) has been added to provide for this deduction.

**C. Other Requirements and Limitations of the Credit and Deduction**

Other requirements and limitations include:

1. A preceptor must provide a minimum of two program-required clinical rotations within a calendar year.
2. The preceptor cannot be otherwise compensated for serving as a preceptor.
3. The credit and deduction are not cumulative and may not be combined.

D. Definitions

“Preceptor” means a physician, advanced practice nurse practitioner, or physician assistant who provides supervision and instruction during student clinical training experiences, is otherwise not compensated for doing so, and provides a minimum of two required clinical rotations within a calendar year. Code Section 12-6-3800(A)(3). Definitions are also provided for: “independent institution of higher learning,” “medical school-required clinical rotation,” “physician assistant program-required clinical rotation,” and “advanced practice nursing program-required clinical rotation.”

E. Reporting by Department

By March 31 of each year the credit is allowed, the Department is required to report to the Senate Finance Committee, the House of Representatives Ways and Means Committee, and the Governor the number of taxpayers claiming the credit, the total amount of credits allowed, and the number of hours that the recipient taxpayers served as preceptors. Code Section 12-6-3800(F).

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

Repeal Date: January 1, 2026

Effective Date: Applies to tax years 2020 through 2025

House Bill 3595 (Act No. 15)

**Industry Partnership Fund Credit – Credit Amounts Amended**

Code Section 12-6-3585 allows a taxpayer to claim a credit against income taxes, bank taxes, license fees, insurance premium taxes, or any combination, for contributions made to the Industry Partnership Fund (“Fund”) at the South Carolina Research Authority (“SCRA”) or an SCRA-designated affiliate, or both, pursuant to Code Section 13-17-88(E).

Code Section 12-6-3585(A) has been amended to change the credit amounts for contributions to the Fund, or an SCRA-designated affiliate, or both, to \$250,000 for a single taxpayer, not to exceed an aggregate credit of \$9 million for all taxpayers. Prior to this amendment, the limit for a single taxpayer was \$2 million, and the aggregate limit for all taxpayers was \$6 million. The \$9 million annual aggregate credit amount is phased in over three years beginning with tax year 2019 as follows.

<b>Tax Year Beginning In</b>	<b>Annual Credit Allowed for a Single Taxpayer</b>	<b>Annual Total Credit Allowed for All Taxpayers</b>
2019	\$250,000	\$7 million
2020	\$250,000	\$8 million
2021	\$250,000	\$9 million

Code Section 12-6-3585(E), which defines “taxpayer,” was amended to provide that any member of the SCRA board of trustees or the SC Launch!, Inc. board of directors may not claim the credit.

Code Section 12-6-3585(F) has been amended to provide that a taxpayer who is certified by the SCRA as having priority entitlement to the credit for an applicable year must make a commitment satisfactory to SCRA, at such time as SCRA may deem appropriate, but not later than April 1 of such year, to make the contribution during such year.

Effective Date: Applies to tax years beginning after 2018, except that the amendment to Code Section 12-6-3585(F) takes effect January 1, 2020.

# PROPERTY TAXES

House Bill 3596 (Act No. 173)

## **Agricultural Use Property - Rollback Tax Period Reduced**

Code Section 12-43-220(d)(4) provides that when real property is being valued, assessed, and taxed for agricultural use and then has a change in use to a non-agricultural purpose, it is subject to additional taxes, which are referred to as “rollback taxes.”

This section has been amended to reduce the period of applicable rollback taxes from five years to three years and to specify that the change in use of the property to a non-agricultural purpose is evidenced by actions taken by the owner of the real property which is inconsistent with agricultural use.

Effective Date: January 1, 2021, and applies for agricultural real property changed to another use after 2020.

Senate Bill 207, Section 1 (Act No. 145)

## **Resident in a Nursing Home or a Community Residential Care Facility – Eligibility for 4% Assessment Ratio**

Code Section 12-43-220(c)(2) allows for a 4% special property tax assessment ratio on owner-occupied residential property if the taxpayer makes a timely application, the property is occupied by the owner of the residence, and the property is not rented in excess of 72 days. Subitem (ix) has been added to allow owners to retain the 4% assessment ratio, and applicable exemptions, if they are a patient at a nursing home or community residential care facility, as defined in Code Section 44-7-130.

To be eligible, the owner must (a) otherwise continue to qualify for the 4% assessment ratio, (b) have the intention of returning to the property, and (c) not have rented the property in excess of 72 days. The owner is allowed to retain the 4% assessment ratio and applicable exemptions for as long as the owner meets the above requirements.

Effective Date: Applies to property tax years beginning after 2020.

Senate Bill 207, Section 2 (Act No. 145)

## **Low-Income Housing Property Tax Exemption - Amended**

Code Section 12-37-220(B)(11)(e) exempts from ad valorem property taxes all property of nonprofit housing corporations or instrumentalities of these corporations which are devoted to providing housing for low or very low income residents, if the safe harbor provisions of Internal Revenue Service Revenue Procedure 96-32 are satisfied.

The code section has been amended to provide that an instrumentality of a nonprofit housing corporation no longer has to be “solely” owned by that corporation for the exemption to apply. Further, for purposes of this exemption, the property of nonprofit housing corporations or their instrumentalities includes all leasehold interests in and improvements to the property owned by an entity that provides housing accommodations to persons of low or very low income, and in which a wholly owned affiliate or instrumentality of a nonprofit housing corporation is the general partner, managing member, or the equivalent. The nonprofit housing corporation or its instrumentalities must continue to satisfy the safe harbor provisions of Internal Revenue Service Revenue Procedure 96-32 to qualify for the exemption.

Effective Date: Applies to property tax years beginning after 2020.

Senate Bill 545, Section 1 (Act No. 147)

**SCDOR Form PT-100 – Use by County Auditor**

Code Section 12-39-70, which provides for the classification of property which is appraised and assessed by the county auditor, has been amended to provide that the county auditor must use the Department’s Form PT-100 “Business Personal Property Return.”

Effective Date: Applies to property tax returns due after December 31, 2020.

House Bill 3755, Section 3 (Act No. 174)

**Delinquent Tax Sale in 2019 - Redemption Period Extended**

If real property is sold at a delinquent tax sale, the defaulting taxpayer, any grantee of the owner, or any mortgage or judgement creditor generally has 12 months to pay the delinquent taxes, any penalties, interest or costs, and to redeem the property.

This uncodified provision provides that if the real property was sold at a delinquent tax sale in 2019, and the 12 month redemption period as provided in Code Section 12-51-90(A) has not expired as of September 30, 2020, then the redemption period for the real property is extended for 12 additional months.

If the property is redeemed during the 12 month extension, additional interest shall accrue in the same manner and rate as interest accrues in the original redemption period, as set forth in Code Section 12-51-90(B). The provisions of Chapter 51, Title 12, must be administered to account for the 12 month extension, including, but not limited to, the extension of affected deadlines.

Effective Date: September 30, 2020

Senate Bill 207, Section 3 (Act No. 145)

**Tax Increment Financing for Redevelopment Projects in Municipalities – Amended**

Tax increment financing allows tax revenues attributable to increases in the value of the property in a “redevelopment project area,” which is designated by a municipality, to be used to finance redevelopment projects that will improve the redevelopment project area. The definition of “redevelopment project” in Code Section 31-6-30(6) has been amended to clarify that all or part of a redevelopment project’s property tax revenues generated in the tax increment financing district can be used to provide or support both publicly and privately owned affordable housing in the district, or to provide infrastructure projects to support publicly or privately owned affordable housing in the district. The definition previously only allowed for support to publicly owned affordable housing in the district or infrastructure projects that supported privately owned affordable housing in the district.

Effective Date: September 28, 2020

Senate Bill 1121 (Act 184)

**Consolidation of Hampton County School Districts 1 and 2 – Millage**

Effective July 1, 2021, Hampton County School Districts 1 and 2 are abolished. The powers and duties of the two school districts’ respective boards of trustees will devolve on the board of trustees of a consolidated school district to be known as Hampton County School District.

For purposes of determining the 2021 property tax millage levy of the new Hampton County School District, the millage levy will be determined and calculated by the Department of Revenue based on the 2020 levy of Hampton County School Districts 1 and 2 and the value of a mill in each district. The millage levy for 2022, 2023, and 2024 must be the millage levy for the previous year. The allowed millage levy for 2021, 2022, 2023, and 2024 may be increased if necessary to comply with educational mandates imposed by state or federal law.

Beginning in 2025, the new board of trustees is authorized to impose an annual tax levy, exclusive of any millage imposed for bond debt service. Upon approval of the county governing body, Hampton County School District may raise its millage by two mills or less over the millage levied for the previous year in addition to any millage needed to adjust for the Education Finance Act inflation factor and sufficient to meet the requirements of Code Section 59-21-1030 (level of financial effort per pupil required for each school district). Any increase above the two mill increase for operations, may be levied only after a majority of the registered electors of the new consolidated district vote in favor of a millage increase in a referendum called by the county governing body and conducted by the county election commission at the same time as the general election. If these provisions conflict with the provisions of Code Section 6-1-320, relating to millage rate increase limitations, the provisions of Code Section 6-1-320 control.

Effective Date: October 28, 2020

Senate Bill 975, Section 5 (Act No. 183)

**Consolidation of Clarendon County School Districts 1 and 3 – Millage**

Effective July 1, 2021, Clarendon County School District 1 and Clarendon County School District 3 are abolished. The powers and duties of the two school districts' respective boards of trustees will devolve on the board of trustees of a consolidated school district to be known as Clarendon County School District 4.

For purposes of determining the 2021 property tax millage levy of new School District 4, the millage levy will be determined and calculated by the Department based on the 2020 levy of School Districts 1 and 3 and the value of a mill in each district. The millage levy for 2022 must be the millage levy for the previous year. The allowed millage levy calculated for 2021 and 2022 may be increased by the Department if necessary to comply with educational mandates imposed by state or federal law.

Beginning in 2023, the new board of trustees is authorized to impose an annual tax levy, exclusive of any millage imposed for bond debt service. Upon certification to the county auditor of the tax levy to be imposed, the auditor will levy, and the county treasurer will collect, the certified millage upon all taxable property in School District 4. School District 4 may raise its millage by two mills or less over the millage levied for the previous year in addition to any millage needed to adjust for the Education Finance Act inflation factor and sufficient to meet the requirements of Code Section 59-21-1030 (level of financial effort per pupil required for each school district). Any increase for operations above the two mill increase, may be levied only after a majority of the registered electors of the new district vote in favor of a millage increase in a referendum called by the district school board and conducted by the county election commission. If these provisions conflict with the provisions of Code Section 6-1-320, relating to millage rate increase limitations, the provisions of Code Section 6-1-320 control.

Effective Date: March 4, 2020

House Bill 3695 (Act No. 126)

**Adjustments to Vehicle Valuations and Motorcycles for High Mileage**

Code Section 12-37-2680, which provides for valuation of motor vehicles for personal property tax purposes to be determined from guides or manuals provided to county auditors by the Department, has been amended to address the following:

1. The current guides or manuals must include appropriate adjustments to those values to reflect high mileage for all motor vehicles in such guides or manuals.

2. If the Department determines that there is no high mileage adjustment reasonably available for motorcycles or motorcycle three-wheel vehicles from a specific source, then the high mileage threshold requirements for these vehicles are deemed to be two-thirds of the average of adjustments for other private passenger motor vehicles for which information is available as determined by the Department.

Effective Date: March 24, 2020

## **REENACTED TEMPORARY PROVISOS**

**The following temporary provisos were enacted in a prior legislative session and were reenacted by the General Assembly in 2020. Temporary provisos are effective for the State fiscal year July 1, 2020 through June 30, 2021, and will expire June 30, 2021, unless reenacted by the General Assembly in the next legislative session.**

House Bill 3411, Part IB, Section 109, Proviso 109.12 (Act No. 135)

### **Notification of Protest to Affected County and School District**

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

House Bill 3411, Part IB, Section 1, Proviso 1.47 (Act No. 135)

### **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 pursuant to Code Section 12-43-220(c) from all property taxes imposed for school operating purposes. School districts are reimbursed for lost revenue based on a three-tier formula set forth in 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 three-tier formula and not to include the supplement distribution. The Department shall not include sales ratio data in its calculation of the index of taxpaying ability. The methodology for the calculation of value for classes of property other than exempt owner-occupied residential property is not affected by this temporary proviso.

House Bill 3411, Part IB, Section 113, Proviso 113.8 (Act No. 135)

### **Agricultural Use Exemption for Timberland – Impact of Additional County Requirements**

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

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

House Bill 3411, Part IB, Section 117, Proviso 117.37 (Act No. 135)

### **Personal Property Tax Relief Fund**

This temporary proviso provides that if a county imposes a personal property tax exemption sales tax in an effort to reduce ad valorem taxes on personal motor vehicles and a 2% sales tax rate on gross proceeds of sales is 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). Note: As of the date of this publication, no county has reduced the ad valorem taxes on personal motor vehicles by imposing this sales tax.

House Bill 3411, Part IB, Section 117, Proviso 117.121 (Act No. 135)

### **Retail Facilities Revitalization Act – Repeal of Act Suspended**

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

Under this temporary proviso, the repeal of the South Carolina Retail Facilities Revitalization Act as to sites for which written notification of election of mode of credit has been provided to the Department prior to July 1, 2016, and for which a building permit has been issued prior to July 1, 2016, is suspended for fiscal year 2020 - 2021.

House Bill 3411, Part IB, Section 117, Proviso 117.128 (Act No. 135)

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

This temporary proviso provides that any improvements made to real property or personal property used as a residence, such as a mobile home or manufactured housing unit, damaged during the catastrophic weather event in October 2015, Hurricane Matthew of 2016, or Hurricane Florence of 2018, after the event and before June 30, 2021, is not considered an improvement and does not require a re-appraisal.

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

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

## **REMINDERS**

**The following provisions were enacted prior to 2020 but are being phased in or are effective in 2020 and thereafter. The provisions are summarized below for informational purposes.**

House Bill 4715, Section 8 (Act No. 223)

### **Boats and Watercraft – Property Taxes and New Registration and Titling Procedures**

Act No. 223 (“the Act”) establishes new procedures for the issuance of certificates of number (i.e., registrations) and titles for boats, boat motors, and watercraft. The Act amends Title 50, Chapter 23 (See Code Sections 50-23-11, 50-23-70, 50-23-340, 50-23-345, 50-23-370, and new Code Sections 50-23-12 and 50-23-35) and adds new Article 26 to Chapter 37 of Title 12. These new procedures will affect the Department of Natural Resources (“DNR”), county auditors, county treasurers, and taxpayers.

Certificates of number and titles for boats, boat motors, and watercraft are administered by DNR. Since the filing and payment of property taxes is intertwined with these new registration and titling procedures, a brief summary of the procedures is provided below. Questions concerning these registration and titling procedures should be directed to DNR.

Under the Act, the registration period for boats, boat motors, and watercraft will be changed from a three-year period to an annual period for all certificates of number issued or renewed after January 1, 2020. Any certificate of number awarded prior to January 1, 2020 will remain in effect for the full three-year term unless terminated or discontinued by DNR.

Beginning January 1, 2020, each county auditor annually must mail watercraft certificate of number renewal notices to owners of watercraft in the county as determined by DNR at least 45 days prior to expiration of the certificate. Code Section 50-23-370.

Under new Code Section 12-37-3200, which is effective January 1, 2020, the tax year for a boat, boat motor, or watercraft begins with the last day of the month in which DNR issues a certificate of number, and ends on the last day of the month in which the certificate of number expires or is due to expire. DNR must not issue a certificate of number until the property taxes have been paid on the boat, boat motor, or watercraft for the year for which the registration is to be issued.

All property taxes are due and payable 120 days from the date of purchase. Code Section 12-37-3200. When a boat, boat motor, or watercraft is first taxable in a county, the owner must file with the auditor of the county in which the taxpayer resides, a property tax return setting forth the county, school district, special or tax district, and municipality in which the boat, boat motor, or watercraft is principally located prior to filing an application for a certificate of number. Code Section 12-37-3220.

The county auditor must prepare a tax notice for all boats, boat motors, and watercraft owned by the same person and titled at the same time for each tax year. Code Section 12-37-3210. The notice must:

1. Describe the boat, boat motor, or watercraft by name, model, and identification number;
2. Set forth the assessed value of the boat, the millage, the taxes due on each boat, and the tax year; and
3. Contain information concerning a taxpayer's appeal rights.

The county auditor shall determine the assessed value of boats, boat motors, and watercraft and shall calculate the amount of taxes due on the property. Code Section 12-37-3230. The county treasurer or other official shall issue the taxpayer a paid receipt once all charges on the tax bill, including the taxes, have been paid. Code Section 12-37-3210. No certificate of number may be issued by DNR unless the application is accompanied by the receipt, or notice from the county treasurer, by other means satisfactory to DNR, of payment of the tax. Code Section 12-37-3210.

Note: The provisions of Article 26 do not apply to a boat, boat motor, or watercraft exempt from ad valorem taxation pursuant to Code Section 12-37-220(B)(38)(a) (watercraft and motors which have an assessment of not more than \$50), or classified as a primary or secondary residence under Code Section 12-37-224(B).

Effective Date: January 1, 2020

House Bill 3516, Section 19 (Act No. 40)

**Manufacturing Property – New Partial Exemption**

Code Section 12-37-220(B)(52) has been added to exempt from ad valorem property taxes 14.2857% of the property tax value of manufacturing property assessed for property tax purposes pursuant to Code Section 12-43-220(a)(1), both real and personal. If the exemption is applied to real property, then it must be applied to the property tax value as it may be adjusted downward to reflect the 15% cap on value provided in Section 6, Article X of the South Carolina Constitution.

The exemption amount is phased in over six equal and cumulative percentage installments, as follows:

Property Tax Year Beginning In	Exemption Amount
2018	2.38095%
2019	4.7619%
2020	7.14285%
2021	9.5238%
2022	11.90475%
2023 and thereafter	14.2857%

The revenue loss resulting from the exemption must be reimbursed and allocated to the political subdivisions of South Carolina, including school districts, in the same manner as the Trust Fund for Tax Relief, not to exceed \$85 million per year. For any year in which the reimbursements are projected by the Revenue and Fiscal Affairs Office to exceed the reimbursement cap, the exemption amount shall be proportionately reduced so as not to exceed the reimbursement cap. Property exempted from property taxes in the manner provided in Code Section 12-37-220(B)(52), as discussed above, is considered taxable property for purposes of bonded indebtedness pursuant to Section 15, Article X of the South Carolina Constitution.

See SC Revenue Ruling #18-13 for more information about the exemption.

Effective Date: Property tax years beginning after 2017

# SALES AND USE TAXES

Senate Bill 76, Section 2 (Act No. 138)

## **Certain Energy Efficient Manufactured Homes – Exemption Extended**

Code Section 12-36-2110(B) allows an exemption on the sale of a manufactured home designated by the United States Environmental Protection Agency and the United States Department of Energy as meeting or exceeding each agency's energy saving efficiency requirements or designated as meeting or exceeding such requirements under each agency's ENERGY STAR program. The exemption was effective from July 1, 2009 through July 1, 2019. Act No. 91 extended the exemption for sales of qualifying manufactured homes until June 30, 2020.

This Act extends the exemption for sales of qualifying manufactured homes to July 1, 2024.

Effective Date: May 26, 2020

## **REENACTED TEMPORARY PROVISOS**

**The following temporary provisos were enacted in a prior legislative session and were reenacted by the General Assembly in 2020. Temporary provisos are effective for the State fiscal year July 1, 2020 through June 30, 2021, and will expire June 30, 2021, unless reenacted by the General Assembly in the next legislative session.**

House Bill 3411, Part IB, Section 109, Proviso 109.13 (Act No. 135)

## **Clothing Used in Perishable Prepared Food Manufacturing Facilities**

This temporary proviso exempts from sales and use tax certain clothing required by Current Good Manufacturing Practices as set forth in 21 C.F.R. Section 111.10, as it may be amended, used at perishable prepared food manufacturing facilities as defined by the North American Industry Classification System 311991 to prevent health hazards.

Clothing eligible for this exemption includes outer garments, gloves of an impermeable material, hairnets, headbands, beard covers, caps, hair covers or other effective hair restraints, and other attire required pursuant to 21 C.F.R. Section 110.10 for persons working in direct contact with food, food contact surfaces, and food packaging materials to protect against contamination of food in perishable prepared food manufacturing facilities.

House Bill 3411, Part IB, Sections 50 and 117, and Proviso 50.20 and 117.127 (Act No. 135)

### **Navy Base Intermodal Facility and State Ports Authority – Distribution Facility Eligibility**

Proviso 50.20 provides that the Navy Base Intermodal Facility owned by Palmetto Railways, a division of the Department of Commerce, shall be considered a distribution facility for the purpose of sales and use tax exemptions associated with the purchase of equipment and construction materials.

Proviso 117.127 provides that the State Ports Authority shall be considered a distribution facility for the purpose of sales and use tax exemptions associated with the purchase of equipment and construction materials.

Note: Exemptions implicated by these provisos include Code Section 12-36-2120(51) and (67).

House Bill 3411, Part IB, Section 117, Proviso 117.60 (Act No. 135)

### **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 3411, Part IB, Section 117, Proviso 117.56 (Act No. 135)

### **Respiratory Syncytial Virus Medicines Exemption – Effective Date**

Act No. 69, Section 3.PP, of 2003 amended Code Section 12-36-2120(28)(a) to add an 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 3411, Part IB, Section 117, Proviso 117.36 (Act No. 135)

### **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. 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. 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.

## **MISCELLANEOUS (Summarized by Subject Matter)**

### **OTHER ITEMS**

House Bill 4431 (Act No. 176)

#### **South Carolina Business License Tax Standardization Act - New**

The South Carolina Business License Tax Standardization Act was enacted in Article 1, Chapter 1 of Title 6. While this tax related legislation is not under the jurisdiction of the Department, a brief description of new Code Sections 6-1-400, 6-1-410, and 6-1-420 is provided below for general information purposes.

Code Section 6-1-400 defines taxing jurisdiction as a county or municipality levying a business license tax and provides when the tax is due, how the tax rates are determined, how the tax is calculated, and when taxpayers are entitled to refunds. It also provides for a standard business license application and a portal for reporting, calculating, and paying the tax.

Code Section 6-1-410 provides the procedures by which a county or municipality may issue a notice of assessment to a taxpayer for failure to pay a business license tax and defines the procedures by which the taxpayer may request an adjustment of the assessment, and if not resolved, appeal the notice of final assessment.

Code Section 6-1-420 provides conditions and limitations by which a taxing jurisdiction may contract with third parties to assist them with collecting property or business license taxes, when they can agree to pay these third parties contingent fees and provides a private right of action for violations of this section.

Effective Date: January 1, 2022 for Code Sections 6-1-400 and 6-1-410;  
September 30, 2020 for Code Section 6-1-420.

## REGULATORY

### Senate Bill 1099 (Act No. 169)

#### **Beer Manufacturers, Brewers, and Importers - Prohibited Acts**

Code Section 61-4-940 restricts certain dealings between beer manufacturers, brewers, importers, wholesalers, and retailers. Code Section 61-4-942 was added and provides additional restrictions so as to prohibit a manufacturer, brewer, or importer of beer from requiring a wholesaler of beer to undertake certain actions. Notwithstanding any existing beer distribution agreement to the contrary, a beer manufacturer, brewer, or importer shall not:

1. Coerce or require a wholesaler to gather or submit sales records, retail placement, price, discount, rebate, or other details for beer brands not manufactured, brewed, or imported by the manufacturer, brewer, or importer;
2. Mandate wholesaler employee hiring decisions or payment rates, including incentives;
3. Require a wholesaler to pay or contribute marketing, advertising, or other funds for control or expenditure by the manufacturer, brewer, or importer; however, a wholesaler may agree, in writing and in advance of the payment or contribution, to spend or contribute wholesaler funds for a specified marketing or advertising plan or opportunity;
4. Ship, invoice, or initiate an electronic funds transfer payment for any quantity of beer exceeding any order or forecast submitted by a wholesaler, or include in a beer sales invoice charges for any items other than beer, freight, fuel, cooperage, dunnage, pallets, and related deposits;
5. Invoice or initiate an electronic funds transfer payment for point-of-sale advertising specialties or other items; however, a manufacturer, brewer, or importer may place an order and invoice or initiate an electronic funds transfer payment for point-of-sale advertising specialties or other items pursuant to a specific written agreement between the wholesaler and the manufacturer, brewer, or importer made prior to the placement of an order;
6. Attribute risk of loss, ownership, or other financial interest to a wholesaler for beer not in the wholesaler's possession; or
7. Require a wholesaler to pay for development, installation, or use of any software owned or mandated by the manufacturer, brewer, or importer; however, a wholesaler may be required to maintain data in a format compatible with data format standards adopted by a manufacturer, brewer, or importer.

Effective Date: September 30, 2020

House Bill 4963, Section 1 (Act No. 161)

**Wine Samples Provided to Retailers by Producers and Wholesalers**

Code Section 61-4-360 was added and provides that notwithstanding any other provision of law, (including Code Section 61-4-735(B)), a producer or wholesaler may give a sample of wine to a retailer who has not purchased the brand (as defined under 27 C.F.R. Section 6.11) from a producer or wholesaler in the past 365 days. A producer or wholesaler may not give a retail establishment more than 3 liters of any brand of wine annually. If a particular product is not available in a size within this quantity limitation, a producer or wholesaler may provide the next larger size to a retailer. Samples must be clearly marked "Sample - Not for resale."

In addition, Code Section 61-4-360 does not allow samples to be sold or provided to any employees under the age of 21, or to any retailer's customers. The producer or wholesaler must remove all bottles at the conclusion of the sampling.

Effective Date: September 28, 2020

House Bill 4963, Section 2 (Act No. 161)

**Alcoholic Beverage Samples Provided to Retailers by Producers and Wholesalers**

Code Section 61-6-1650 was added and provides that notwithstanding any other provision of law, a producer or wholesaler may give a sample of wine in excess of 16% alcohol, cordial, or distilled spirit to a retailer who has not purchased the brand (as defined under 27 C.F.R. Section 6.11) from a producer or wholesaler in the past 365 days. A producer or wholesaler may not give a retail establishment more than 3 liters of any brand of wine in excess of 16% alcohol, cordial, or distilled spirit annually. If a particular product is not available in a size within this quantity limitation, a producer or wholesaler may provide the next larger size to a retailer. Samples of each bottle or other container must be clearly marked "Sample - Not for resale."

In addition, Code Section 61-6-1650 does not allow samples to be sold or provided to any employees under the age of 21, or to any retailer's customers. The producer or wholesaler must remove all bottles at the conclusion of the sampling.

Effective Date: September 28, 2020

Senate Bill 993, Section 2 (Act No. 167)

**Brewery Sales for Off-Premises Consumption – Volume Restriction Increased**

Code Section 61-4-1515, which allows breweries to sell beer to consumers which is brewed on the permitted premises, has been amended to increase the maximum amount of beer that may be sold to an individual per day for off-premises consumption to the equivalent of 576 ounces in total from the equivalent of 288 ounces in total.

Effective Date: September 29, 2020 and expires May 31, 2021.

Senate Bill 993, Section 1 (Act No. 167)

**Winery – Fair and Special Function Permit**

Code Section 61-4-730(A) provides that permitted wineries that produce and sell wine produced on their premises with at least 60% of the juice from fruit and berries that are grown in South Carolina may sell the wine at retail, wholesale, or both.

Code Section 61-4-730(A) has been amended to further provide that such a winery is eligible for a special permit pursuant to Code Section 61-4-550 for sales at fairs and special functions. The amendment further provides that the gross income from wine sold at events for which a special permit has been issued must not exceed 10% of a permitted winery's gross income per year from wine sales, and that income must be derived from sales at events that are promotional in nature.

Effective Date: September 29, 2020

Senate Bill 993, Section 3 (Act No. 167)

**Fair and Special Function Beer and Wine Permit – New Notice Requirement**

Code Section 61-4-550, which authorizes the Department to issue one-day beer and wine permits running for a period not exceeding 15 days, for a fee of \$10 per day, for locations at fairs and special functions, has been amended to add a new notification requirement for the applicant of a fair and special function permit.

Code Section 61-4-550(E) provides that beginning January 1, 2021 an applicant who has been issued a fair and special function permit under Code Section 61-4-550 must notify the State Law Enforcement Division and all local law enforcement with jurisdiction over the fair or special function site that alcohol will be served at the site. This notification must be made by the applicant at least 24 hours before the fair or special function begins.

Effective Date: September 29, 2020

## **REENACTED TEMPORARY PROVISOS**

**The following temporary provisos were enacted in a prior legislative session and were reenacted by the General Assembly in 2020. Temporary provisos are effective for the State fiscal year July 1, 2020 through June 30, 2021, and will expire June 30, 2021, unless reenacted by the General Assembly in the next legislative session.**

### **ADMINISTRATIVE and PROCEDURAL MATTERS**

House Bill 3411, Part IB, Sections 41 and 117, Provisos 41.2 and 117.85 (Act No. 135)

#### **3% Reduction on Interest Rate on Tax Refunds**

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

1. Temporary Proviso 41.2 decreases by 2% the interest rate for tax refunds paid during the current fiscal year. The revenue resulting from this 2% reduction must be used for operations of the State's Guardian ad Litem Program.
2. Temporary Proviso 117.85 decreases by 1% the interest rate for tax refunds paid during the current fiscal year. 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.

House Bill 3411, Part IB, Section 109, Proviso 109.6 (Act No. 135)

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

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

## **MISCELLANEOUS TAXES**

House Bill 3411, Part IB, Section 1, Proviso 1.14 (Act No. 135)

### **Local Government School Buses – Motor Fuel User Fee Exemption**

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

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

House Bill 3411, Part IB, Section 33, Proviso 33.10 (Act No. 135)

### **Nursing Home Bed Franchise Fee – Suspension**

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

**Admissions Tax Rebate – Motorsports, Tennis, and Soccer Facilities**

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

**REMINDERS**

**The following provisions were enacted prior to 2020 but are being phased in or are effective in 2020 and thereafter. The provisions are summarized below for informational purposes.**

**MISCELLANEOUS TAXES**

House Bill 3516, Section 2 (Act No. 40)

**Motor Fuel User Fee – Rate Change**

Code Section 12-28-310(A) imposes a user fee of sixteen cents per gallon on:

1. All gasoline, gasohol, or blended fuels containing gasoline that are used or consumed for any purpose in South Carolina; and
2. All diesel fuel, substitute fuels, or alternative fuels, or blended fuels containing diesel fuel that are used or consumed in South Carolina in producing or generating power for propelling motor vehicles.

Code Section 12-28-310(D) has been added to provide for a user fee increase by two cents a gallon each year for six years as follows:

<b>Date of Rate Change</b>	<b>New User Fee Rate Per Gallon</b>
July 1, 2017	18 cents
July 1, 2018	20 cents
July 1, 2019	22 cents
July 1, 2020	24 cents
July 1, 2021	26 cents
July 1, 2022	28 cents

Note: The inspection fee imposed under Code Section 12-28-2355(A) at the rate of one-quarter cent per gallon, and the environmental impact fee imposed under Code Section 12-28-2355(B) at the rate of one-half cent per gallon, remain unchanged.

Effective Date: July 1, 2017

## **OTHER ITEMS**

House Bill 3516, Section 3 (Act No. 40)

### **Motor Carrier Road Tax – Rate Change**

Code Section 56-11-410 imposes a road tax on every motor carrier for the privilege of using the streets and highways of South Carolina. The road tax is calculated on the amount of gasoline or other motor fuel used by the motor carrier in its operations in South Carolina, provided the motor carrier is allowed a credit against the road tax for the South Carolina motor fuel user fee imposed by Code Section 12-28-310 and paid by the carrier for operations within and without South Carolina.

Prior to July 1, 2017, the road tax was sixteen cents per gallon. Code Section 56-11-410(A) was amended so that the road tax is imposed at the same rate as the motor fuel user fee imposed by Code Section 12-28-310. Therefore, the road tax will increase two cents a gallon each year for six years as follows:

<b>Date of Rate Change</b>	<b>New Road Tax Rate Per Gallon</b>
July 1, 2017	18 cents
July 1, 2018	20 cents
July 1, 2019	22 cents
July 1, 2020	24 cents
July 1, 2021	26 cents
July 1, 2022	28 cents

Effective Date: July 1, 2017

# LIST OF TEMPORARY PROVISOS

Temporary provisos were enacted as part of the 2020 continuing resolution in House Bill 3411 (Act No.135). They are effective only for the current State fiscal year (July 1, 2020 – June 30, 2021). They expire on June 30, 2021, unless reenacted by the General Assembly.

The following is 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.

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

## **NEW PROVISOS**

None

## **REENACTED PROVISOS**

### **Income Taxes**

- Proviso 1A.9 Teaching Supplies and Materials - Reimbursement Amount Not Taxable or Refundable Income Tax Credit
- Proviso 1A.10 Teacher of the Year Awards - Not Subject to South Carolina Income Tax
- Proviso 117.121 Retail Facilities Revitalization Act – Repeal of Act Suspended
- Proviso 118.10 Consumer Protection Services – Individual Income Tax Deduction

### **Property Taxes**

- Proviso 1.47 Index of Taxpaying Ability – Imputed Value for Owner-Occupied Residential Property
- Proviso 109.12 Notification of Protest to Affected County and School District
- Proviso 113.8 Agricultural Use Exemption for Timberland – Impact of Additional County Requirements
- Proviso 117.37 Personal Property Tax Relief Fund
- Proviso 117.121 Retail Facilities Revitalization Act – Repeal of Act Suspended
- Proviso 117.128 Improvements to Property Damaged by Catastrophic Weather Event – Time for Improvements for Eligible Events

### **Sales and Use Taxes**

- Provisos 50.20 Navy Base Intermodal Facility and State Ports Authority – Distribution Facility and 117.127 Eligibility
- Proviso 109.13 Clothing Used in Perishable Prepared Food Manufacturing Facilities – New Exemption

### **Sales and Use Taxes (Continued)**

- Proviso 117.36 Private Schools – Use Tax Exemption
- Proviso 117.56 Respiratory Syncytial Virus Medicines Exemption – Effective Date
- Proviso 117.60 Viscosupplementation Therapies – Sales and Use Tax Suspended

### **Miscellaneous (Administrative and Procedural, and Miscellaneous Taxes)**

#### Administrative and Procedural Matters:

- Provisos 41.2 3% Reduction on Interest Rate on Tax Refunds  
and 117.85
- Proviso 109.6 Voluntary Website Posting of Tax Return Information for Candidates and  
Gubernatorial Appointees

#### Miscellaneous Taxes:

- Proviso 1.14 Local Government School Buses – Motor Fuel User Fee Exemption
- Proviso 33.10 Nursing Home Bed Franchise Fee – Suspension
- Proviso 118.7 Admissions Tax Rebate – Motorsports, Tennis, and Soccer Facilities