



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

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SC INFORMATION LETTER #26-23

SUBJECT: Tax Legislative Update for 2026

DATE: October 1, 2026

AUTHORITY: S.C. Code Ann. § 12-4-320 (2014)
SC Revenue Procedure #09-3

SCOPE: An Information Letter is a written statement issued to the public to announce general information useful in complying with the laws administered by the Department. An Information Letter has no precedential value.

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

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DISCLAIMER:

This update is intended to be a summary of the major parts of the recently enacted legislation; it is not the Department’s interpretation of the meaning or effect of any particular piece of legislation. This update 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 circumstances. It does not represent official Department policy. You should always refer to the full text of the legislation for specific details and requirements.

There may be instances where some tax or incentive related legislation summarized herein is under the jurisdiction of another state agency or political subdivision rather than the Department of Revenue. In these cases, questions concerning the legislation should be made directly to the agency or political subdivision having primary responsibility for the administration of these acts.

TEXT OF LEGISLATION:

A complete copy of the legislation discussed can be obtained from the South Carolina Legislature’s website at scstatehouse.gov.

LIST OF BILLS BY SUBJECT CATEGORY

The following is a list of significant changes in tax laws (both permanent and temporary) enacted during the 2026 legislative session. Temporary provisos are enacted in the State budget and are only effective for the fiscal year (July 1 – June 30) following enactment. Although many provisos are reenacted in subsequent years, temporary provisos expire on June 30, 2027 unless reenacted.

Also included are reminders of provisions which were enacted in a prior year but are being phased in or are effective in 2026 and thereafter. These provisions are indicated as “reminders” in the chart below.

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

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

BILL #	ACT #	SUBJECT
32	162	Pregnancy Resource Tax Credit
556	225	Renewable Natural Gas Tax Credit
688, Sec. 9	243	Corporate License Fee Exclusion
853, Secs. 1, 2, 3, and 4	227	Abandoned Buildings Tax Credit
3551	183	Poll Worker Pay
4216, Sec. 1	110	Income Tax Rates
4216, Sec. 2	110	Internal Revenue Code Sections Not Adopted
4216, Sec. 3	110	South Carolina Income Adjusted Deduction
4216, Sec. 4	110	Income Tax Filing
4216, Sec. 5	110	Nonresident Income Tax Filing
4216, Sec. 6	110	Withholding Tables
4216, Sec. 7	110	Earned Income Tax Credit
5126, Part IB, Sec. 1, Proviso 1.127	259	Tax Credit Study Committee – New Temporary Proviso
5126, Part IB, Sec. 1A, Proviso 1A.9	259	Teaching Supplies and Materials – Reimbursement Amount Not Taxable or Refundable Income Tax Credit – Reenacted Temporary Proviso
5126, Part IB, Sec. 1A, Proviso 1A.10	259	Teacher of the Year Awards – Not Subject to South Carolina Income Tax – Reenacted Temporary Proviso
5126, Part IB, Sec. 50, Proviso 50.23	259	Job Development Tax Credit Program – Reenacted Temporary Proviso

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

BILL #	ACT #	SUBJECT
5126, Part IB, Sec. 63, Proviso 63.9	259	Governor's Law Enforcement Officer of the Year Awards – Not Subject to South Carolina Income Tax – Reenacted Temporary Proviso
5126, Part IB, Sec. 73, Proviso 73.8	259	SC Broadband Office and SC Digital Opportunity – Reenacted Temporary Proviso
5126, Part IB, Sec. 109, Proviso 109.15	259	Income Tax Withholding at Highest Individual Income Tax Rate – Reenacted Temporary Proviso
5126, Part IB, Sec. 109, Proviso 109.17	259	Emergency Commodity Assistance Program – Reenacted and Revised Temporary Proviso
5126, Part IB, Sec. 117, Proviso 117.110	259	Retail Facilities Revitalization Act – Repeal of Act Suspended – Reenacted Temporary Proviso
5126, Part IB, Sec. 117, Proviso 117.159	259	Abandoned Textile Mills Credit – Effective Date of Notice of Intent to Rehabilitate – Reenacted Temporary Proviso
5126, Part IB, Sec. 117, Proviso 117.191	259	Tax Rate – Reenacted Temporary Proviso
5126, Part IB, Sec. 118, Proviso 118.10	259	Consumer Protection Services – Individual Income Tax Deduction – Reenacted Temporary Proviso

PROPERTY TAXES

BILL #	ACT #	SUBJECT
436	165	Taxation of Commercial Aircraft
439	122	Manufacturing Property Tax Exemption
688, Secs. 6, 7, and 8	243	Business Personal Property
853, Sec. 5	227	Abeyance of Tax Exemption
3841	140	Property Tax – Decedent's Estate
3858	109	Taxation on Boats
4477	149	Heirs' Property Tax Relief
5126, Part IB, Sec. 1, Proviso 1.37	259	Index of Taxpaying Ability – Imputed Value for Owner-Occupied Residential Property – Reenacted Temporary Proviso
5126, Part IB, Sec. 92D, Proviso 92D.1	259	Improvements to Property Damaged by Catastrophic Weather Event – Time for Improvements for Eligible Events – Reenacted and Revised Temporary Proviso
5126, Part IB, Sec. 109, Proviso 109.11	259	Notification of Protest to Affected County and School District – Reenacted Temporary Proviso

PROPERTY TAXES (CONTINUED)

BILL #	ACT #	SUBJECT
5126, Part IB, Sec. 109, Proviso 109.14	259	Manufacturing Property Tax Reduction Disallowed – Utilities – Reenacted Temporary Proviso
5126, Part IB, Sec. 113, Proviso 113.6	259	Agricultural Use Exemption for Timberland – Impact of Additional County Requirements – Reenacted Temporary Proviso
5126, Part IB, Sec. 117, Proviso 117.37	259	Personal Property Tax Relief Fund – Reenacted Temporary Proviso
5126, Part IB, Sec. 117, Proviso 117.110	259	Retail Facilities Revitalization Act – Repeal of Act Suspended – Reenacted Temporary Proviso
5126, Part IB, Sec. 117, Proviso 117.156	259	Millage Calculation – Adjustments for 2020 Census – Reenacted Temporary Proviso
5126, Part IB, Sec. 117, Proviso 117.189	259	Political Subdivision Reimbursement – Reenacted Temporary Proviso
5126, Part IB, Sec. 117, Proviso 117.217	259	Slash Notation – New Temporary Proviso
5126, Part IB, Sec. 117, Proviso 117.220	259	Homestead Exemption – New Temporary Proviso
5126, Part IB, Sec. 117, Proviso 117.222	259	Property Tax Bill Payments – Third-Party Authorization – New Temporary Proviso
5126, Part IB, Sec. 118, Proviso 118.26	259	Delinquent Tax Penalty – New Temporary Proviso

SALES and USE TAXES

BILL #	ACT #	SUBJECT
866	228	Municipal Tax Relief
4589	203	Education Capital Improvements Sales and Use Tax
5093, Sec. 1	240	Gross Proceeds Exclusion for Emergency Services IP Network
5093, Sec. 2	240	Admissions Tax Exemption for Local Chambers of Commerce
5093, Sec. 3	240	Sales Tax Exemption – Data Centers
5122	242	Sales Tax Exemption – Internet and Communications Service Providers Equipment
5126, Part IB, Sec. 44, Proviso 44.10	259	South Carolina Agriculture Tax Exemption Card (SCATE Card) – Fee Authorized for Card – Reenacted Temporary Proviso
5126, Part IB, Sec. 88, Proviso 88.5	259	Navy Base Intermodal Facility – Distribution Facility Eligibility – Reenacted Temporary Proviso
5126, Part IB, Sec. 109, Proviso 109.16	259	Farm Fuels – Sales Tax Exemption – Reenacted Temporary Proviso

SALES and USE TAXES (CONTINUED)

BILL #	ACT #	SUBJECT
5126, Part IB, Sec. 109, Proviso 109.19	259	Farm Machinery – New Temporary Proviso
5126, Part IB, Sec. 117, Proviso 117.36	259	Private Schools – Use Tax Exemption – Reenacted Temporary Proviso
5126, Part IB, Sec. 117, Proviso 117.54	259	Respiratory Syncytial Virus Medicines Exemption – Effective Date – Reenacted Temporary Proviso
5126, Part IB, Sec. 117, Proviso 117.58	259	Viscosupplementation Therapies – Sales and Use Tax Suspended – Reenacted Temporary Proviso
5126, Part IB, Sec. 117, Proviso 117.135	259	Agribusiness Facilities – Material Handling and Construction Material Exemptions – Reenacted Temporary Proviso
5126, Part IB, Sec. 117, Proviso 117.163	259	Festival Craftsmen – Not Making Sales at Retail – Reenacted Temporary Proviso
5208	217	Sales Tax Exemption - SNAP

MISCELLANEOUS

BILL #	ACT #	SUBJECT
Administrative and Procedural		
163	208	Cryptocurrency
222	164	Utility Terrain Vehicles
5126, Part IB, Secs. 41 and 117, Provisos 41.2 and 117.81	259	3% Reduction on Interest Rate on Tax Refunds – Reenacted Temporary Proviso
5126, Part IB, Sec. 109, Proviso 109.6	259	Voluntary Website Posting of Tax Return Information for Candidates and Gubernatorial Appointees – Reenacted Temporary Proviso
5126, Part IB, Sec. 109, Proviso 109.12	259	Certain License or Permit Applications – Electronic Filing Option under Penalties of Perjury – Reenacted Temporary Proviso
5126, Part IB, Sec. 109, Proviso 109.13	259	Advance Referendum Notification by Election Commission to SCDOR – Reenacted Temporary Proviso
Miscellaneous Taxes		
287	97	Electronic Nicotine Delivery System Regulation
4303	234	Cigarettes for Heating
5126, Part IB, Sec. 1, Proviso 1.12	259	Local Government School Buses – Motor Fuel User Fee Exemption – Reenacted Temporary Proviso

MISCELLANEOUS (CONTINUED)

BILL #	ACT #	SUBJECT
Miscellaneous Taxes		
5126, Part IB, Sec. 33, Proviso 33.10	259	Nursing Home Bed Franchise Fee – Suspension – Reenacted Temporary Proviso
5126, Part IB, Sec. 49, Proviso 49.19	259	Local Film Carry Forward – Reenacted Temporary Proviso
5126, Part IB, Sec. 49, Proviso 49.24	259	Post-Production Carry Forward – New Temporary Proviso
5126, Part IB, Sec. 117, Proviso 117.158	259	Athletic Admissions Tax Revenue – Reenacted Temporary Proviso
5126, Part IB, Sec. 118, Proviso 118.7	259	Admissions Tax Rebate – Motorsports, Tennis, and Soccer Facilities – Reenacted Temporary Proviso
5126, Part IB, Sec. 118, Proviso 118.22	259	Admissions Tax – New Temporary Proviso

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

House Bill 4216, Section 1 (Act No. 110)

Income Tax Rates

Section 12-6-510(C) is amended to change the previous three income tax brackets to two brackets and to reduce the top marginal individual income tax rates. For tax years beginning after 2025, the tax on the South Carolina taxable income of individuals, estates, trusts, and any other entity that is not taxed at corporate rates or exempted from income tax is computed as follows:

Taxable Income	2026 Tax Computation
\$0 - \$29,999	1.99% times taxable income
\$30,000 or more	(5.21% times taxable income) minus \$966

The taxable income amounts in the brackets will be adjusted each year using the Chained Consumer Price Index for All Consumers, as provided in Section 12-6-520 of the South Carolina Code.

Beginning with the 2027 tax year, the top marginal income tax rate of 5.21% will be decreased if the Board of Economic Advisors (BEA) determines individual income tax revenues collected, minus amounts credited to the Trust Fund for Tax Relief, are projected to increase by at least 5% in the fiscal year that begins during the tax year when compared with the current fiscal year amounts.

If the 5% threshold is met, the rate will be permanently and cumulatively reduced by a percentage that the BEA projects will result in a reduction in individual income tax revenues collected equal to the greater of \$200 million or 25% of the recurring income tax revenue surplus for the fiscal year that begins during the tax year. If the 5% threshold is not projected to result in increased collections of \$200 million in the fiscal year, the reduction is limited to the projected amount of increased collections. Any reductions in the tax rate are rounded up to the nearest hundredth of a percent.

This rate reduction will continue until the top marginal tax rate reaches 1.99%. Once the top marginal rate reaches 1.99%, the two brackets will be reduced to one bracket with a rate that will apply to all South Carolina taxable income. Beginning with the first tax year after the top marginal rate reaches 1.99%, the rate will continue to be decreased in the same manner until the rate equals 0%.

The Executive Director of the Revenue and Fiscal Affairs Office, or his designee, will notify the Department of Revenue of the projected percentage adjustment upon the issuance of the initial forecast and if subsequent modifications to the forecast change the projected percentage adjustment. The forecast in effect on February 15 of the fiscal year will be the final forecast used to determine the percentage adjustment for the tax year beginning in that fiscal year.

Effective Date: May 30, 2026 and first applies to tax years beginning after 2025.

House Bill 4216, Section 2 (Act No. 110)

Internal Revenue Code Sections Not Adopted

Section 12-6-50, which lists the Internal Revenue Code (IRC) Sections not adopted by South Carolina, is amended to include IRC Section 63(b) through (g). These are the deductions subtracted from federal adjusted gross income (AGI) to arrive at federal taxable income. As a result of decoupling from these federal deductions, the calculation for South Carolina taxable income will begin with federal AGI instead of federal taxable income.

Effective Date: May 30, 2026 and first applies to tax years beginning after 2025.

House Bill 4216, Section 3 (Act No. 110)

South Carolina Income Adjusted Deduction

Section 12-6-1140 is amended to add a new South Carolina Income Adjusted Deduction (SCIAD). The SCIAD is based on the federal filing status, and may be reduced based on the taxpayer's federal AGI, as follows:

Filing Status	AGI	SCIAD
Single or Married Filing Separately	\$0 to \$40,000	\$15,000
	\$40,001 to \$94,999	\$15,000 reduced by fraction: $(AGI - 40,000)/55,000$
	\$95,000 or more	\$0
Head of Household	\$0 to \$60,000	\$22,500
	\$60,001 to \$142,499	\$22,500 reduced by fraction: $(AGI - 60,000)/82,500$
	\$142,500 or more	\$0
Married Filing Jointly or Surviving Spouse	\$0 to \$80,000	\$30,000
	\$80,001 to \$189,999	\$30,000 reduced by fraction: $(AGI - 80,000)/110,000$
	\$190,000 or more	\$0

Any reduction amount which is not a multiple of \$10 is rounded down to the next lowest \$10. The SCDOR will provide an online calculator tool to assist taxpayers in calculating their SCIAD.

Effective Date: May 30, 2026 and first applies to tax years beginning after 2025.

House Bill 4216, Section 4 (Act No. 110)

Income Tax Filing

The individual income tax filing requirements in Section 12-6-4910(1) are amended based on the SCIAD and the deduction for taxpayers age 65 and older. Returns are required for:

1. Individuals under age 65 who file as Single or Married Filing Separately and have South Carolina gross income over \$15,000;
2. Individuals under age 65 who file as Head of Household and have South Carolina gross income over \$22,500;
3. Individuals who file as Married Filing Jointly, are both under age 65, and have South Carolina gross income over \$30,000;
4. Individuals age 65 and older who file as Single or Married Filing Separately and have South Carolina gross income over \$30,000;
5. Individuals age 65 and older who file as Head of Household and have South Carolina gross income over \$37,500;
6. Individuals who file as Married Filing Jointly with only one spouse age 65 and older who have South Carolina gross income over \$45,000; and
7. Individuals who file as Married Filing Jointly with both spouses age 65 and older who have South Carolina gross income over \$60,000.

Effective Date: May 30, 2026 and first applies to tax years beginning after 2025.

House Bill 4216, Section 5 (Act No. 110)

Nonresident Income Tax Filing

For a nonresident individual, the SCIAD must be reduced in the same proportion as South Carolina adjusted gross income is to federal adjusted gross income.

Effective Date: May 30, 2026 and first applies to tax years beginning after 2025.

House Bill 4216, Section 6 (Act No. 110)

Withholding Tables

The SCDOR will consult with the Revenue and Fiscal Affairs Office to adjust withholding tables to reflect the amended tax tables and tax rates. Adjustments to withholding tables must be made in accordance with fiscal responsibility.

Effective Date: May 30, 2026 and first applies to tax years beginning after 2025.

House Bill 4216, Section 7 (Act No. 110)

Earned Income Tax Credit

The South Carolina Earned Income Tax Credit is a nonrefundable individual income tax credit calculated at 125% of the federal earned income tax credit allowed under IRC Section 32. Section 12-6-3632 is amended to limit the credit allowed in a year to a maximum of \$200.

Effective Date: May 30, 2026 and first applies to tax years beginning after 2025.

House Bill 3551 (Act No. 183)

Poll Worker Pay

Section 12-6-1120 is amended to add an exclusion from South Carolina gross income for amounts paid to managers and clerks of elections to the extent they are not subject to Federal Insurance Contribution Act (FICA) tax under IRC Sections 3121(b)(7)(F)(iv) and 3121(u)(2)(B)(ii)(V). The exclusion amount is determined under section 218(c)(8)(B) of the Social Security Act and is published in the Federal Register by the Commissioner of Social Security no later than November 1 of the preceding year. The exclusion amount for the 2026 tax year is \$2,500.

Effective Date: May 18, 2026, and applies to tax years beginning after 2025.

Senate Bill 32 (Act No. 162)

Pregnancy Resource Tax Credit

The Pregnancy Resource Act adds Section 12-6-3383, establishing a new, nonrefundable income tax credit for taxpayers who make voluntary cash contributions to eligible charitable organizations. The credit is available for tax years beginning after 2024 and is repealed on December 31, 2030.

An eligible charitable organization is a pregnancy resource center, crisis pregnancy center, maternity home, or residential program for human trafficking victims that provides services for:

1. the prevention and diversion of children from custody with the Department of Social Services;
2. the safety, care, and well-being of children in custody of the Department of Social Services;
3. the express purpose of creating permanency for children through adoption;
4. the prevention of abuse, neglect, abandonment, exploitation, or trafficking of children; or
5. the provision of assistance related to carrying a pregnancy to term, preventing abortion, and promoting healthy childbirth.

Eligible charitable organizations must be exempt from federal taxation under Internal Revenue Code (IRC) Section 501(c)(3) and must file their publicly available Internal Revenue Service filings annually with the Secretary of State. Each year, the organization will certify to the SCDOR that:

1. it is an eligible charitable organization pursuant to Section 12-6-3383(A)(2), including that it is exempt from federal income taxation under IRC Section 501(c)(3) and that no more than 20% of the contributions received related to the credit will be spent on administrative purposes;
2. the organization does not provide, pay for, or provide coverage of abortions and does not financially support any other entity that provides, pays for, or provides coverage of abortions.

For recertification in years after the initial certification year, the organization must also provide the number and total amount of voluntary cash contributions from the previous tax year along with a copy of a compilation, review, or compliance audit of the organization's financial statements relating to the grants received, conducted by a certified public accounting firm.

The annual certification application must be signed by an officer of the organization under penalty of perjury. The organization must notify the SCDOR of any changes during the year that may affect their eligibility for the credit.

The SCDOR will review the certification applications and will notify organizations if they qualify as an eligible charitable organization for the purpose of the credit. The SCDOR will publish a list of eligible charitable organizations at **dor.sc.gov/pregnancy-resource-tax-credit**.

Taxpayers who make voluntary cash contributions to an eligible charitable organization will apply for credits with the SCDOR. On the application, the taxpayer must provide the name of the eligible charitable organization and the dollar amount of contributions made or to be made. The SCDOR will review applications in the order in which they are received. Within 30 days after receiving an application, the SCDOR will allocate available credits based on the dollar amount of contributions certified in the application and will notify the taxpayer of the allocated credit amount.

The contribution to the eligible charitable organization must be made within 60 days of the SCDOR notification of the credit allocation. The taxpayer will be required to submit documentation to the SCDOR showing the contribution was made within the required 60-day period. If the taxpayer does not provide documentation of the contributions, or if the final contribution amount is lower than the amount provided on the original application, the SCDOR will adjust the amount of credit allocated to the taxpayer. Any credits cancelled during this adjustment will be made available for reallocation to other taxpayers. Allocations will be made on a first-come, first-served basis in the order in which applications are received. Only credits allocated by the SCDOR may be claimed on a donor's income tax return.

The South Carolina Department of Revenue (SCDOR) may allocate a total aggregate of \$3.5 million in credits to taxpayers during a calendar year. No more than 25% of the credits allocated during a calendar year may be allocated to a single eligible charitable organization. Credits not allocated before June 1, 2026, may be allocated without regard to the 25% per eligible charitable organization restriction for the same calendar year. For the 2025 and 2026 tax years, credit

allocations will take place after June 1, 2026, and therefore will not be limited to 25% per eligible charitable organization.

If, due to the \$3.5 million aggregate credit limit, the SCDOR is unable to allocate the full amount of certified credits the taxpayer requested on the application, the SCDOR will notify the taxpayer within 30 days after the application of the reduced amount of credits being allocated to the taxpayer.

The amount of credit a taxpayer can claim in a tax year is limited to 50% of the taxpayer's total South Carolina income tax liability. Unused credits can be carried forward for five consecutive years. Any credits earned before the repeal date can continue to be carried forward for the remaining carryforward period.

Effective Date: May 18, 2026, and applies to tax years beginning after 2024.

Senate Bill 556 (Act No. 225)

Renewable Natural Gas Tax Credit

Section 12-6-3830 adds a new, nonrefundable credit against corporate income tax or license fees, or both, for 25% of the costs incurred by a taxpayer for the purchase and installation of equipment used to produce renewable natural gas for commercial purposes. A taxpayer may use up to the lesser of 25% of the credit or \$5 million in a single tax year.

The credit is claimed in the year in which the equipment is placed into service and may include all expenditures incurred for the purchase and installation of the equipment, including related engineering, permitting, and other necessary services. The South Carolina Energy Office will certify the costs incurred by a taxpayer qualify for the credit. Taxpayers must submit a request to the Energy Office by January 31 for all qualifying equipment placed in service in the previous calendar year. Within 30 days of receiving the credit request, the Energy Office must notify the taxpayer whether they qualify for the credit and, if so, the amount of credit allocated. The taxpayer may claim the credit for the tax year that contains the December 31 of the previous calendar year.

The credit is available for tax years beginning after 2025 and ending before the 2030 tax year. Unused credits earned prior to the end of 2030 may be carried forward for 15 years from the year in which they were earned.

The credit may be transferred to another person who is eligible to utilize the credit. The transferee will be subject to the credit limitations and carryforward requirements.

If a regulated utility receives the credit, regardless of whether it is transferred, the utility must pass on the credit to the benefit of ratepayers through its next rate proceeding or as otherwise directed by the Public Service Commission. If a facility receiving credits ceases operation, fails to maintain commercial production, or removes qualifying equipment from service within five years of the date the equipment is placed in service, the taxpayer will be required to repay a prorated portion of the credits previously claimed.

Effective Date: May 19, 2026

Senate Bill 853, Sections 1, 2, 3, and 4 (Act No. 227)

Abandoned Buildings Tax Credit

Title 12, Chapter 67 provides a credit for qualifying taxpayers who rehabilitate an abandoned building in South Carolina. The definitions of “abandoned building” in Section 12-67-120(1) and “building site” in Section 12-67-120(2) are amended to remove the requirements that a building must have been used for income producing purposes before being abandoned. The definition of “rehabilitation expenses” in Section 12-67-120(6) is amended to clarify that demolition expenses are not considered a rehabilitation expense for the credit if the abandoned building is demolished and the demolished building is on the National Register for Historic Places. The “state-owned abandoned building” definitions from Section 12-67-120(8) and the procedures in Section 12-67-160(B) for certifying a state-owned abandoned building site are removed.

Section 12-67-130(B) is amended to provide that the credit applies for abandoned building sites or portions put into operation for income producing purposes and meeting the other requirements of Chapter 67.

Section 12-67-140(B) is amended to provide that the taxpayer must file the Notice of Intent to Rehabilitate before obtaining a building permit. Previously, the taxpayer was required to file the Notice before incurring its first rehabilitation expenses. If a taxpayer does not provide the Notice before obtaining the building permit, only those rehabilitation expenses incurred after the Notice is provided will qualify for the credit.

Section 12-67-140(B)(5) is amended to provide that a taxpayer who transfers the building site, or any phase or portion, may transfer all or part of the remaining credit associated with the rehabilitation expenses incurred with the transferred site to the transferee. Additionally, a taxpayer may not pledge, assign, hypothecate, or otherwise collateralize any portion of the credit as security for debt in any way.

Section 12-67-160(A) is amended to clarify that the municipality or county in which an abandoned building is located may provide a certification for multiple abandoned buildings or sites in the municipality or county.

Effective Date: May 19, 2026

Senate Bill 688, Section 9 (Act No. 243)

Corporate License Fee Exclusion

Section 12-20-50 is amended to add an exclusion from paid-in or capital surplus subject to the annual corporate license fee. A corporation whose corporate headquarters, as defined in Section 12-6-3410, is in South Carolina may exclude the first \$50 million of equity contributions from a qualifying entity. To qualify, the corporation must obtain a certificate from the South Carolina Research Authority certifying that the exclusions result from equity contributions from a qualifying entity.

A qualifying entity includes:

1. a venture capital fund as defined in 17 C.F.R. Section 275.203(l)-1;
2. an angel or accredited investor as defined in 17 C.F.R. Section 230.501; and
3. a private investment firm that does not solicit capital from investors, excluding another qualifying entity or the general public, and meets one of the exemptions outlined in the Investment Company Act of 1940.

Corporations claiming the exclusion must keep detailed books and records and must submit an annual report to the SCDOR that contains:

1. the name of each qualifying entity;
2. the date of the equity contribution;
3. the manner in which the qualifying entity qualifies;
4. the amount of paid-in or capital surplus for each year that is attributable to each qualifying entity; and
5. any other information the SCDOR may require.

Effective Date: July 1, 2026, and applies to tax years beginning after July 1, 2026.

NEW TEMPORARY PROVISOS

The following new temporary provisos are effective for the State fiscal year July 1, 2026 through June 30, 2027, and will expire June 30, 2027, unless reenacted by the General Assembly in the next legislative session.

House Bill 5126, Part IB, Section 1, Proviso 1.127 (Act No. 259)

Tax Credit Study Committee

The federal One Big Beautiful Bill Act of 2025 (P.L. 119-21) established a Federal Scholarship Tax Credit (FSTC) for certain cash contributions up to \$1,700 to Scholarship Granting Organizations (SGOs). South Carolina has elected to participate in the FSTC for 2027.

Under this temporary proviso, the South Carolina Department of Education will convene a study committee to examine and propose recommendations for alignment of the FSTC with the South Carolina Educational Credit for Exceptional Needs Children and Education Scholarship Trust Fund. The study committee will consist of the following individuals:

1. one member appointed by the Governor, who will serve as Chair of the committee;
2. one member appointed by the Superintendent of Education;
3. one member appointed by the Chairman of the Senate Finance Committee;
4. one member appointed by the Chairman of the House Ways and Means Committee;
5. one member appointed by the Chairman of the Senate Education Committee;
6. one member appointed by the Chairman of the House Education and Public Works Committee; and
7. one member appointed by the Director of the South Carolina Department of Revenue.

The study committee must submit recommendations on implementation of the scholarship program to the Governor, the Speaker of the House of Representatives, and the President of the Senate no later than December 1, 2026, or 60 days after publication of federal guidance on the FSTC program, whichever comes later.

REENACTED OR REVISED TEMPORARY PROVISOS

The following temporary provisos were enacted in a prior legislative session and were reenacted by the General Assembly in 2026. Temporary provisos are effective for the State fiscal year July 1, 2026 through June 30, 2027, and will expire June 30, 2027, unless reenacted by the General Assembly in the next legislative session.

House Bill 5126, Part IB, Section 118, Proviso 118.10 (Act No. 259)

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 5126, Part IB, Section 1A, Proviso 1A.9 (Act No. 259)

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

This temporary proviso allows a \$400 expense reimbursement for teaching supplies and materials purchased by employees of a school district or charter school who are:

1. certified or non-certified public school teachers identified in the Professional Certified Staff (PCS);

2. certified special school classroom teachers;
3. certified media specialists;
4. certified guidance counselors; or
5. career specialists.

The reimbursement also applies to lead teachers employed in a publicly funded full day 4K classroom approved by South Carolina First Steps to School Readiness. The reimbursement is not considered South Carolina taxable income.

This proviso also allows any classroom teacher not eligible for the teacher supply reimbursement described above, including a classroom teacher at a South Carolina private school, to claim a refundable income tax credit on his/her 2026 tax return. The credit is the lesser of \$400 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, 2027, and may include expenses incurred after December 31, 2026.

A teacher may not receive the reimbursement provided by this proviso and also claim the income tax credit.

House Bill 5126, Part IB, Section 1A, Proviso 1A.10 (Act No. 259)

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

This temporary proviso provides for various teacher of the year awards. The awards made according to this proviso are not subject to South Carolina income tax.

House Bill 5126, Part IB, Section 117, Proviso 117.110 (Act No. 259)

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. By its terms Act No. 285 of 2006 was automatically repealed on July 1, 2016.

This temporary proviso suspends the repeal of the South Carolina Retail Facilities Revitalization Act for fiscal year 2026-2027 for sites where written notification of election of mode of credit was provided to the Department prior to July 1, 2016 and a building permit was issued prior to July 1, 2016.

House Bill 5126, Part IB, Section 63, Proviso 63.9 (Act No. 259)

Governor's Law Enforcement Officer of the Year Awards – Not Subject to South Carolina Income Tax

This temporary proviso provides for an advisory committee created by the Department of Public Safety to select a state law enforcement officer of the year, a county law enforcement officer of the year, and a municipal law enforcement officer of the year. Each winner is recognized by the Office of the Governor and receives a \$10,000 award. These awards are not subject to South Carolina income tax.

House Bill 5126, Part IB, Section 109, Proviso 109.15 (Act No. 259)

Income Tax Withholding at Highest Individual Income Tax Rate

This temporary proviso requires the Department to clarify that any income tax withholding provision requiring withholding at the rate of 7% means withholding at the maximum individual income tax rate.

This affects the provisions requiring withholding on:

1. prizes or winnings of \$500 or more (Section 12-8-530);
2. rent or royalty payments to nonresidents (Section 12-8-540);
3. distributions by a trust or estate to a nonresident beneficiary (Section 12-8-570);
4. purchases of real property from a nonresident seller (Section 12-8-580); and
5. wages paid to an individual who fails to provide a taxpayer identification number or social security number (Section 12-8-595).

This change was made permanent effective July 2, 2024 with 2024 Act No. 215.

House Bill 5126, Part IB, Section 117, Proviso 117.159 (Act No. 259)

Abandoned Textile Mills Credit – Effective Date of Notice of Intent to Rehabilitate

The South Carolina Textiles Communities Revitalization Act (Chapter 65, Title 12) was enacted in 2008 to create an incentive for the renovation, improvement, and redevelopment of abandoned textile mill sites in South Carolina.

Section 12-65-30(A) provides qualifying taxpayers a credit against either income taxes or real property taxes for the rehabilitation of an abandoned textile mill site in South Carolina.

A Notice of Intent to Rehabilitate (Notice) filed by June 30, 2025 shall be effective as of the effective date designated by the taxpayer in the Notice for any project involving an abandoned textile mill of:

1. between 50,000 and 55,000 square feet (if the rehabilitation began by June 30, 2022); or
2. between 130,000 and 135,000 square feet;

and with estimated rehabilitation expenses of:

1. between \$3,000,000 and \$3,500,000; or
2. between \$5,500,000 and \$6,500,000.

This effective date may be earlier than the date of the Notice. Any rehabilitation expenses incurred on or after the effective date designated by the taxpayer shall be eligible for income tax credits under Section 12-65-30(A)(2), provided all other applicable statutory requirements are satisfied.

House Bill 5126, Part IB, Section 50, Proviso 50.23 (Act No. 259)

Job Development Tax Credit Program

The state agencies responsible for managing, reporting, approving, and auditing the Job Development Credit program may increase fees charged to companies within the program as necessary to cover the operation expenses of the program. These fees will be included in each agency's Fines and Fees Annual Report.

House Bill 5126, Part IB, Section 73, Proviso 73.8 (Act No. 259)

SC Broadband Office and SC Digital Opportunity

Under this temporary proviso, grant funds provided by the Broadband Office under the American Rescue Plan Act (ARPA) and Infrastructure Investment and Jobs Act (IIJA) will be treated as contributions of capital of the recipients for South Carolina tax purposes.

House Bill 5126, Part IB, Section 109, Proviso 109.17 (Act No. 259)

Emergency Commodity Assistance Program

The U.S. Department of Agriculture (USDA) and South Carolina Department of Agriculture issue direct payments to eligible agricultural producers of eligible commodities to help mitigate impacts of increased input costs and falling commodity prices. Under this temporary proviso, payments from state or federal agricultural producer commodity assistance programs are exempt from state income taxes for the fiscal year July 1, 2026 through June 30, 2027.

House Bill 5126, Part IB, Section 117, Proviso 117.191 (Act No. 259)

Tax Rate

Under this temporary proviso, Section 12-6-510(B)(2) and (3), phasing in the income tax rate reduction, is suspended for the current fiscal year. The top marginal income tax rate is 6% for the 2025 tax year. Under 2026 Act No. 110, the top marginal income tax rate is 5.21% for the 2026 tax year.

PROPERTY TAXES

House Bill 3858 (Act No. 109)

Taxation on Boats

Section 6 of the Act amends Section 12-37-220(B) to add a property tax exemption for 42.8571% of the fair market value of watercraft as defined in Section 50-23-5. This exemption amount is phased-in in three equal and cumulative percentage installments, applicable for property tax years after 2026, and does not apply to a boat or watercraft classified as a primary or secondary residence as provided in Section 12-37-224. A boat or watercraft that qualifies for both the exemption set forth in Section 12-37-220(B)(38)(b) and in Section 12-37-220(B)(54) is only eligible for the higher effective exemption (the exemptions cannot be combined and are not cumulative). Section 12-37-220(B)(38)(b) is repealed on January 1, 2030, and any ordinance adopted pursuant to this statute is null and void and will not apply to any property tax year beginning after 2029.

Section 17 of the Act amends Section 12-37-3230 to provide that a boat or watercraft and any outboard motor affixed to a boat or watercraft must be assessed as a single unit, provided that a boat or watercraft only powered by an outboard motor of less than five horsepower, or its equivalent, must be assessed only on the value of the hull of the boat or watercraft.

Additionally, the Act revises the following statutes to remove references to boat motors to allow for such craft to be assessed as a single unit: Section 12-37-3210(A); Section 12-37-220(B)(38); Section 12-37-714; Section 12-37-3220; Section 12-37-3240; and Section 12-37-3200.

Effective Date: January 1, 2027 and first applies to property tax years beginning after 2026.

Senate Bill 853, Section 5 (Act No. 227)

Abeyance of Tax Exemption

Section 12-37-220(B)(11)(e) provides a property tax exemption for all property of nonprofit housing corporations or their instrumentalities when the property is devoted to providing housing to low or very low income residents. The nonprofit housing corporation or instrumentalities and the property must satisfy the safe harbor provisions of Internal Revenue Service (IRS) Revenue Procedure 96-32. An eligible property includes all leasehold interests in 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 wholly owned instrumentality of a nonprofit housing corporation is the general partner, managing member, or equivalent.

For property tax years 2026 and 2027, the Department will not grant final approval of any application for an exemption under that subsection filed on or after June 30, 2026. The Department will hold applications in abeyance to be evaluated after June 30, 2027.

If property is owned entirely by a nonprofit housing corporation, either directly or through a wholly owned instrumentality, that is devoted to providing housing to low or very low income residents and that satisfies the safe harbor provisions of IRS Revenue Procedure 96-32, the Department may process and grant final approval of exemption applications.

No applicant acquires a vested right to an exemption by filing an application, by expending funds in reliance on the exemption, or by receiving any preliminary determination from the Department.

Effective Date: May 19, 2026

House Bill 3841 (Act No. 140)

Property Tax – Decedent’s Estate

Section 12-43-220(c) provides for a special 4% assessment ratio for a legal residence owned and occupied by the owner of the property. Subitem (9) is added to provide that if an owner receiving the special assessment rate dies, the property will continue to receive the special assessment rate until the decedent’s estate is closed, upon the recording of a deed or deed of distribution out of the estate, or after December 31 of the year following the date of death, whichever occurs first. The subitem does not apply if the property is rented for more than 72 days in or following the calendar year of the decedent’s death or if a change of use occurs.

Section 12-37-460 is added to provide that, when an owner of real property dies, the property continues to receive any property tax exemption it was receiving at the time of death until the decedent’s estate is closed, upon the recording of a deed or deed of distribution out of the estate, or after December 31 or the year following the date of death, whichever occurs first. This section does not apply if the property becomes ineligible for the exemption for any reason other than the death.

Effective Date: May 15, 2026 and applies to property tax years beginning after 2025.

House Bill 4477 (Act No. 149)

Heirs’ Property Tax Relief

Section 12-37-3150 defines an assessable transfer of interest in real property for purposes of determining when a parcel of real property must be appraised. Section 12-37-3150(B)(16) is added to provide that an assessable transfer of interest does not include a transfer made to a qualified family member who has legal claim to heirs’ property to clear the title of the property, whereby both the grantor and grantee owned an interest in the property prior to the transfer.

“Heirs’ property” is real property owned by one or more individuals as tenants in common, which was inherited from a relative and for which no formal probate or recorded conveyance transferred clear title to the current owners. “Qualified family member” means a person related to the prior owner by blood, marriage, or adoption including, but not limited to, a spouse, child, grandchild, sibling,

niece, nephew, aunt, uncle, cousin, or those identified as heir owners by a court of competent jurisdiction.

A partition of heirs' property, whether voluntary or ordered by a court in a proceeding to clear title, does not disqualify the resulting parcels from the exclusion. Each partitioned parcel will be assessed at its proportional value.

For a transfer to qualify for the exclusion, the qualified family members must submit affidavits to the county assessor certifying under penalty of perjury that:

1. the property qualifies as heirs' property;
2. the transfer is between qualified family members; and
3. the transfer is for the purpose of clearing the title.

Once title on the property is cleared, the property is no longer heirs' property and is not eligible for the exclusion.

Effective Date: May 15, 2026 and applies to property tax years beginning after 2025.

Senate Bill 436 (Act No. 165)

Taxation of Commercial Aircraft

Section 12-43-220(g) is amended to provide that, until June 30, 2027, fee in lieu of tax agreements may include commercial aircraft as part of a qualifying project in support of economic development. Agreements are subject to all other statutory requirements for fee in lieu of tax agreements and must be approved by the Coordinating Council for Economic Development.

Effective Date: May 18, 2026

Senate Bill 688, Sections 6, 7, and 8 (Act No. 243)

Business Personal Property

The property tax exemptions found in Section 12-37-220(B) are amended to add an exemption for the first \$10,000 of the net depreciated value of business personal property owned by a small business. For the purposes of the exemption, a small business:

1. is a commercial retail service, industry entity, or nonprofit corporation, including affiliates;
2. has ownership comprised of taxpayers who pay income taxes in South Carolina;
3. is independently owned and operated; and
4. employs fewer than 100 full-time employees or has gross annual sales of less than \$10 million.

Section 12-37-900 is amended to provide that a taxpayer with less than \$10,000 of net depreciated value of business personal property is not required to pay business personal property taxes if the

taxpayer certifies to the SCDOR annually, under penalty of perjury, that they have less than \$10,000 of net depreciated value of business personal property.

Section 12-37-980 is added to require all business property returns to be filed with the SCDOR. The property is subject to the tax imposed by the taxing jurisdiction in which the property is situated.

Effective Date: July 1, 2026 and first applies to property tax years beginning after 2026.

Senate Bill 439 (Act No. 122)

Manufacturing Property Tax Exemption

Section 12-37-220(B)(52) exempts 42.8571% of the value of manufacturing property from property taxes. The exemption is reimbursed by the State to local governments from the Trust Fund for Tax Relief. Under 2026 Act 122, the reimbursement cap is increased from \$170 million per year to \$300 million per year.

Effective Date: May 15, 2026 and first applies to property tax years beginning after 2024.

NEW TEMPORARY PROVISOS

The following new temporary provisos are effective for the State fiscal year July 1, 2026 through June 30, 2027, and will expire June 30, 2027, unless reenacted by the General Assembly in the next legislative session.

House Bill 5126, Part IB, Section 117, Proviso 117.217 (Act No. 259)

Slash Notation

This temporary proviso requires that, for the property tax year that ends during the current fiscal year, every property tax notice or assessment on real property must include an itemized list of any homestead exemption received by the taxpayer and a notation of State Legislature Aiding in Saving Homes (SLASH), the amount in which the individual's property tax bill was reduced, and the amount, if any, in which the State reimbursed the local taxing jurisdictions on behalf of the individual.

House Bill 5126, Part IB, Section 117, Proviso 117.220 (Act No. 259)

Homestead Exemption

Section 12-37-250 provides a \$50,000 property tax exemption for the dwelling place of a person who has been a South Carolina resident for at least one year and has reached the age of 65, has been

classified as totally and permanently disabled, or is legally blind. Under this temporary proviso, a person who is eligible for the exemption under Section 12-37-250 qualifies for an additional \$25,000 exemption, increasing the total exemption amount to \$75,000. This exemption applies to the same real property taxes to which Section 12-37-250 applies. Local taxing jurisdictions will be reimbursed for the additional exemption in the same manner they are reimbursed for the exemption under Section 12-37-250.

House Bill 5126, Part IB, Section 117, Proviso 117.222 (Act No. 259)

Property Tax Bill Payments – Third-Party Authorization

For taxes billed or due during the 2026-2027 fiscal year, any person including, but not limited to, individuals, corporations, associations, nonprofit organizations, or other entities may pay the property tax bill for any real or personal property located in South Carolina. County treasurers and auditors shall accept payments made on behalf of the property owner of record without requiring proof of authorization from the owner. The payment must include the correct tax notice number, parcel identification number, or other sufficient identifying information as required by the county. Payment by a third-party does not confer any ownership interest, lien rights (beyond standard redemption rights under existing law), or other legal claim to the property, except as existing law may allow as to adverse possession. Counties may continue to apply standard processing, convenience fees, if any, and receipt procedures. This proviso does not authorize a tax collector to change, update, or substitute the mailing address for subsequent tax notices unless the property owner of record or the owner's duly authorized agent expressly requested a change.

House Bill 5126, Part IB, Section 118, Proviso 118.26 (Act No. 259)

Delinquent Tax Penalty

No county or municipality in the State shall impose or collect a delinquent tax penalty on any personal property tax bill that exceeds the amount of the underlying delinquent tax due. Any penalty assessed or collected in violation of this provision shall be refunded to the taxpayer, and no interest shall accrue on such improperly assessed penalty.

REENACTED OR REVISED TEMPORARY PROVISOS

The following temporary provisos were enacted in a prior legislative session and were reenacted by the General Assembly in 2026. Temporary provisos are effective for the State fiscal year July 1, 2026 through June 30, 2027, and will expire June 30, 2027, unless reenacted by the General Assembly in the next legislative session.

House Bill 5126, Part IB, Section 109, Proviso 109.11 (Act No. 259)

Notification of Protest to Affected County and School District

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

House Bill 5126, Part IB, Section 109, Proviso 109.14 (Act No. 259)

Manufacturing Property Tax Reduction Disallowed - Utilities

Under this temporary proviso, in the current fiscal year, property owned by or leased to any utility, including solar farms, is not allowed the property tax reduction percentage for manufacturing property under Section 12-37-220(B)(52).

House Bill 5126, Part IB, Section 1, Proviso 1.37 (Act No. 259)

Index of Taxpaying Ability – Imputed Value for Owner-Occupied Residential Property

The index of taxpaying ability is used to determine state funding for education under the Education Finance Act of 1977, Chapter 20, Title 59. This index is prepared by the Department and shows a local school district's relative fiscal capacity in relation to that of all other districts in the state based on the full market value of all taxable property of the district assessed for ad valorem taxes for the second completed property tax year preceding the fiscal year in which the index is used.

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 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 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 5126, Part IB, Section 113, Proviso 113.6 (Act No. 259)

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 Section 6-27-40.

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

House Bill 5126, Part IB, Section 117, Proviso 117.37 (Act No. 259)

Personal Property Tax Relief Fund

This temporary proviso provides that if a county imposes a personal property tax exemption sales tax in an effort to reduce ad valorem taxes on personal motor vehicles, and a 2% sales tax rate on gross proceeds of sales is not enough to offset the property tax not collected, then amounts must be credited to the Trust Fund for Tax Relief established under Section 11-11-150 to provide full reimbursement to offset the shortfall in the manner provided in 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 5126, Part IB, Section 92D, Proviso 92D.1 (Act No. 259)

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

This temporary proviso provides that for real property or personal property used as a residence, such as a mobile home or manufactured housing unit, which was damaged during the catastrophic weather event in October 2015, Hurricane Matthew of 2016, Hurricane Florence of 2018, or Hurricane Helene of 2024, improvements made after the event and before June 30, 2026 are not considered improvements and may not be reassessed at a higher rate as a result of the assistance provided.

This provision applies if, as a result of the catastrophic weather event, the improvements made to the property were funded by the United States Department of Housing and Urban Development Block Grant - Disaster Recovery program, implemented by the Office of Resilience or its predecessor, the Disaster Recovery Office, the Office of Resilience's Rapid Rebuild Program, or any other program funded by the Disaster Relief and Resilience Reserve Fund. 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.

The property tax value of a property may be reassessed if, due to the catastrophic weather event, a new house is built to replace a damaged mobile home or manufactured housing unit previously taxed as personal property. Any increase to the real property tax value, as a result of the reassessment, may not exceed the value of the most recent personal property tax assessment for the demolished mobile home or manufactured housing unit. The reassessed value will remain the same for the current fiscal year unless an assessable transfer of interest occurs.

House Bill 5126, Part IB, Section 117, Proviso 117.110 (Act No. 259)

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. By its terms Act No. 285 of 2006 was automatically repealed on July 1, 2016.

This temporary proviso suspends the repeal of the South Carolina Retail Facilities Revitalization Act for fiscal year 2026-2027 for sites where written notification of election of mode of credit was provided to the Department prior to July 1, 2016 and a building permit was issued prior to July 1, 2016.

House Bill 5126, Part IB, Section 117, Proviso 117.156 (Act No. 259)

Millage Calculation – Adjustments for 2020 Census

Under this temporary proviso, for the 2026-2027 fiscal year, a municipality is allowed an additional and permanent adjustment to its general operating millage rate increase limitation for population growth for any increase that would have been allowed in Fiscal Year 2021-2022 but was not known because of the delayed release of the 2020 Census. The adjustment must be calculated using July 1, 2020 census population estimates, as originally published based on the 2020 Census, instead of July 1, 2019 population estimates based on the 2010 Census.

Political Subdivision Reimbursement

Section 12-37-220(52) provides an exemption of 42.8571% of the property tax values of certain manufacturing property assessed for property tax purposes under Section 12-43-220(a)(1). Any revenue loss resulting from this exemption must be reimbursed and allocated to political subdivisions of the state, including school districts. Under this temporary proviso, for the property tax year that ends in the current fiscal year, up to \$300,000,000 may be used to reimburse political subdivisions, including school districts. If the funds in excess of \$170,000,000 are needed to make the full reimbursement, the balance may be expended from the Trust Fund for Tax Relief to make the reimbursement in full.

SALES AND USE TAXES

House Bill 5208 (Act No. 217)

Sales Tax Exemption – SNAP

Section 12-36-2120(75) exempts from the state sales and use tax unprepared food that lawfully may be purchased with United States Department of Agriculture food coupons. This act amends the statute to clarify that the unprepared food exemption is not impacted by any demonstration project pursuant to United States Department of Agriculture regulations that would limit the use of food coupons on otherwise eligible items for a limited period of time (e.g. South Carolina’s approved demonstration project – Healthy Food SC).

Effective Date: May 19, 2026

House Bill 5122 (Act No. 242)

Sales Tax Exemption – Internet and Communications Service Providers Equipment

The Act amends the Broadband Accessibility Act by deeming internet access service providers and communications service providers to be manufacturers and creates a sales tax exemption for all supplies, technical equipment, machinery, and electricity sold to internet access service providers and communications service providers for use in producing, broadcasting, or distributing internet access service, communications services, or any combination thereof.

To be eligible for this exemption, internet access providers and communications service providers must apply to the Department no later than January 31 for a refund of state and local sales and use taxes paid on exempt items in the prior calendar year. The Department must calculate the total amount of qualifying refund claims no later than May 1. If the total amount of refund claims exceeds \$10 million for any year, the Department shall issue pro-rata refunds not to exceed \$10 million for any year. Refunds must be paid no later than June 1.

Data centers may not claim this exemption. For purposes of the statute “data center” means a facility, campus of facilities, or array of electronically interconnected facilities under a single electric supply agreement in South Carolina used by an entity or other business enterprise to operate, manage, or maintain a computer, group of computers, or other organized assembly of hardware and software for the primary purpose of storing, retrieving, or transmitting data, that has a peak demand of fifty megawatts or greater, and that becomes a customer of an electric service provider after December 31, 2026. “Data center” does not include facilities owned or operated by a telecommunications company as defined in Section 58-9-2200 or facilities that primarily support telecommunications service or network operations. Peak demand is determined according to the contract between the energy user and the electric service provider. The possibility or occurrence of energy usage which temporarily exceeds fifty megawatts does not cause a commercial data center to fall under this definition where contractual peak demand is less than fifty megawatts.

Effective Date: May 19, 2026 and applies to tax years beginning after 2025.

House Bill 4589 (Act No. 203)

Education Capital Improvements Sales and Use Tax

Section 4-10-470 establishes the Education Capital Improvements Sales and Use Tax Act. Section 1 of the Act amends Section 4-10-470 to expand the counties that may impose the Education Capital Improvements Sales and Use Tax.

Under Section 4-10-470(G), a county that does not meet the collection requirements of Section 4-10-470(A) may impose the Education Capital Improvements Sales and Use Tax if:

1. the county is only imposing the Local Option Sales Tax imposed under Title 4, Chapter 10, Article 1;
2. the county has only imposed that tax for less than ten years as of the date of the imposition of the Education Capital Improvements Sales and Use Tax;
3. the county is encompassed completely by one entire school district; and
4. the county collected less than \$70,000 in state accommodations taxes in the most recent fiscal year for which full collection figures are available.

The approving resolution required by Section 4-10-25 must be adopted by the county's governing body. Once the requirements are met, the county remains eligible to impose the tax.

Additionally, Section 4-10-470(H) allows a county that does not meet the collection requirements of Section 4-10-470(A) to impose the Education Capital Improvements Sales and Use Tax if the county has two school districts which encompasses the entire county area in which the tax is imposed and imposes no local sales and use taxes pursuant to Title 4, Chapter 10 at the time of the referendum. If the Education Capital Improvements Sales and Use Tax is imposed under this subsection, then 10% of the proceeds must be used to provide property tax relief by using the proceeds to offset the existing debt service millage levy on general obligation bonds pursuant to Section 4-10-445 and the tax revenue distributed to each district must be in the proportion agreed to and reflected in the resolution required pursuant to Section 4-10-425. The approving resolution required by Section 4-10-25 must be adopted by the county's governing body. Once a county meets these requirements and imposes the Education Capital Improvements Sales and Use Tax, it remains eligible to impose the tax.

Effective Date: May 18, 2026

House Bill 5093, Section 1 (Act No. 240)

Gross Proceeds Exclusion for Emergency Services IP Network

Section 12-36-90 is amended to exclude from the term "gross proceeds of sales" amounts paid for contracts for services entered into by the State or political subdivisions thereof, for Emergency Services IP Network, also known as ESInet, in support of Next Generation 911 in South Carolina.

Effective Date: July 1, 2026

House Bill 5093, Section 2 (Act No. 240)

Admissions Tax Exemption for Local Chambers of Commerce

Section 12-21-2420 is amended to exempt from admissions tax charges by local chambers of commerce qualified under IRC Section 501(c)(6) by the Internal Revenue Service, which are not organized for profit, and no part of whose earnings inure to the benefit of any private shareholder or individual.

Effective Date: July 1, 2026

House Bill 5093, Section 3 (Act No. 240)

Sales Tax Exemption – Data Centers

Section 12-36-2120(79) exempts from the sales and use tax gross proceeds of sales, or sales price of original or replacement computers, computer equipment, and computer hardware and software purchases used within a datacenter as well as the electricity used by a datacenter and eligible business property to be located and used at the datacenter. Section 12-36-2120(79)(H) is added to define the term “taxpayer” for the purposes of this exemption to include a person who bears a relationship to the taxpayer as described in IRC Section 267(b).

Effective Date: July 1, 2026

Senate Bill 866 (Act No. 228)

Municipal Tax Relief

Title 5 of the S.C. Code is amended to add Chapter 41, Municipal Tax Relief Act. Under this Act, a municipal governing body of a municipality wholly or partially located in a county that does not impose any local taxes under Chapter 10 or Chapter 37, Title 4 or any local law enacted by the General Assembly as of January 1, 2026, may impose a sales and use tax not to exceed 1% of the gross proceeds of sales subject to the sales and use tax imposed by Chapter 36, Title 12. The gross proceeds of sales of items subject to the maximum tax in Chapter 36, Title 12 and the gross proceeds of unprepared food that may lawfully be purchased with USDA food coupons are exempt from the municipal sales and use tax.

If a municipality is only located partially in a qualifying county, then the municipality may only impose the sales and use tax in the portion located in the qualifying county. The municipal sales and use tax is administered and collected by the Department in the same manner that sales and use taxes are collected.

No less than 20% of the revenues collected from the municipal tax must be used to provide a credit against a taxpayer’s municipal ad valorem tax liability for property tax assessed to legal residences subject to the 4% assessment rate under 12-43-220(c). The amount of credit allowed is determined by multiplying the property tax value of the property, before the homestead exemption provided in

Section 12-37-250, by a fraction in which the numerator is the total estimated revenue allotted to the credit during the municipality's applicable fiscal year, and the denominator is the total of all property tax value on legal residence property assessed pursuant to Section 12-43-220(c) in the municipality or portion thereof in which the municipal sales and tax is imposed, included the value exempted through the homestead exemption in Section 12-37-250. The "property tax value" is the fair market value as it may be adjusted downward to reflect the limits imposed under Section 12-37-3140, in the municipality as of January 1 of the applicable property tax year. If there is any unused credit, the unused funds must be used to provide a credit in the same manner over the next three property tax years.

If proceeds are to be used for purposes other than a tax credit, the proceeds may be used for projects located within or without, or both within and without, the boundaries of the municipality. Any revenues not dedicated to tax relief may be used to defray the cost associated with authorized projects, including, but not limited to, debt service on bonds used to pay for authorized projects.

Eligible project types may include:

1. highways, roads, streets, bridges, public parking lots, public parking garages, core government services, and related facilities;
2. administration buildings, civic centers, police stations, and fire stations; or
3. any combination of the projects listed above.

To impose the tax, the governing body of the municipality shall enact an ordinance which contains the ballot question formulated by the municipality and specifies:

1. the purpose for which the proceeds of the tax are to be used;
2. the maximum time for which the tax may be imposed;
3. that at least 20% of the amount collected will be used to provide a nonrefundable credit against existing municipal ad valorem tax liability;
4. if the municipality proposes to issue bonds to provide for the payment of any costs of the projects, the maximum amount of bonds to be issued, whether the tax proceeds are to be pledged to the payment of the bonds, and any other sources of funds to be used for the projects; and
5. if any of the proceeds are to be used for purchases other than a tax credit, the maximum cost of the project or facilities or portion of the project or facilities to be funded from proceeds of the tax or bonds issued as provided in Chapter 41 and the maximum amount of net proceeds expected to be used to pay any cost or debt service on the bonds.

The tax may be imposed in two-year increments, not to exceed eight years from the date of imposition. A tax may be reimposed for a period ending on April 30, not to exceed seven years.

Upon receipt of the ordinance, the municipality must conduct a referendum on the question of imposing the sales and use tax in the municipality, or portion thereof, that is to be subject to the tax. The referendum must be held at the next general election. The referendum must be held at an election after the 2026 General Election, unless the county has never imposed a local tax, in which case the referendum may be at any qualifying general election. The appropriate election commission shall conduct the referendum under South Carolina's election laws, and shall certify the result to the municipal governing body and the Department no later than 30 days after the election.

If the sales and use tax is approved in the referendum, the tax is imposed on May 1 following the date of the referendum. The tax terminates the final day of the maximum time period specified for the imposition. If the reimposition of an existing sales and use tax is approved in a referendum reimposing the tax, the new tax is imposed immediately following the termination of the earlier imposed tax and terminates on the applicable April 30, not to exceed seven years from the date of reimposition. If the certification is not timely made to the Department, the imposition is postponed for 12 months.

The municipal sales and use tax may not be reimposed if the reimposition plus other taxes would cause the cumulative rate of state and local sales and use taxes in any portion of the municipality to exceed 9%.

Effective Date: May 19, 2026

NEW TEMPORARY PROVISOS

The following new temporary provisos are effective for the State fiscal year July 1, 2026 through June 30, 2027, and will expire June 30, 2027, unless reenacted by the General Assembly in the next legislative session.

House Bill 5126, Part IB, Section 109, Proviso 109.19 (Act No. 259)

Farm Machinery

This temporary proviso provides that ATVs and UTVs are considered farm machinery for purposes of sales tax exemptions if they are used in planting, cultivating, or harvesting farm crops for sale. This provision applies even if any administrative interpretation, advisory opinion, or revenue ruling of the Department of Revenue states otherwise.

REENACTED TEMPORARY PROVISOS

The following temporary provisos were enacted in a prior legislative session and were reenacted by the General Assembly in 2026. Temporary provisos are effective for the State fiscal year July 1, 2026 through June 30, 2027, and will expire June 30, 2027, unless reenacted by the General Assembly in the next legislative session.

House Bill 5126, Part IB, Section 44, Proviso 44.10 (Act No. 259)

South Carolina Agriculture Tax Exemption Card (SCATE Card) – Fee Authorized for Card

The agricultural exemption certificate (Form ST-8F) used by farmers to purchase certain items (e.g., farm machinery, fertilizer, feed, containers) exempt from the sales and use tax has been replaced by

a South Carolina Agriculture Tax Exemption (“SCATE”) card issued by the South Carolina Department of Agriculture. The Department of Agriculture began accepting applications and issuing SCATE cards in February 2022. These cards replaced the agricultural exemption certificate effective July 1, 2022. To obtain a SCATE card, a farmer must apply with the Department of Agriculture at SCATEcard.com.

This temporary proviso authorizes the Department of Agriculture to charge up to \$24 for a three-year SCATE card. This provision also authorizes the Department of Agriculture to charge \$5 for any replacement SCATE cards.

House Bill 5126, Part IB, Section 88, Proviso 88.5 (Act No. 259)

Navy Base Intermodal Facility – Distribution Facility Eligibility

This temporary proviso provides that the Navy Base Intermodal Facility owned by the State Ports Authority shall be considered a distribution facility for the purpose of sales and use tax exemptions associated with the purchase of equipment and construction materials.

House Bill 5126, Part IB, Section 117, Proviso 117.135 (Act No. 259)

Agribusiness Facilities – Material Handling and Construction Material Exemptions

This temporary proviso provides that material handling and construction materials for agribusiness facilities that invest at least \$100 million in South Carolina are exempt from state and local sales taxes.

The exemptions implicated by this proviso are in Sections 12-36-2120(51) and 12-36-2120(67). See SC Revenue Ruling #15-2, “Construction Material Exemption for Manufacturing and Distribution Facilities” and SC Revenue Ruling #13-3, “Material Handling Systems and Material Handling Equipment.”

House Bill 5126, Part IB, Section 117, Proviso 117.36 (Act No. 259)

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 IRC Section 501(c)(3). This exemption does not apply to purchases subject to sales tax. This use tax exemption is applicable to purchases occurring after 1995; however, no refund is due any taxpayer on purchases exempted by this provision. See SC Regulation 117-334 for information as to which tax, the sales tax or the use tax, applies when goods are shipped into South Carolina.

House Bill 5126, Part IB, Section 117, Proviso 117.54 (Act No. 259)

Respiratory Syncytial Virus Medicines Exemption – Effective Date

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

House Bill 5126, Part IB, Section 117, Proviso 117.58 (Act No. 259)

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 5126, Part IB, Section 109, Proviso 109.16 (Act No. 259)

Farm Fuels – Sales Tax Exemption

This temporary proviso provides that, for the current fiscal year, chemicals and oils including, but not limited to, grease, lubricants, and coolants used in an exempt farm machine that are essential to the functioning of the exempt machine are exempt fuels used in farm machinery and farm tractors.

House Bill 5126, Part IB, Section 117, Proviso 117.163 (Act No. 259)

Festival Craftsmen – Not Making Sales at Retail

This temporary proviso provides that, in the current fiscal year, a person including, but not limited to, an artist, craft person, or hobbyist, is not engaged in business or making sales at resale if he/she makes sales no more than four times in the fiscal year at a fair, festival, carnival, or event that operates for a period of less than 12 consecutive days. This proviso does not apply to persons who are engaged in the business of making sales at retail for which they are required to obtain a license.

MISCELLANEOUS (Summarized by Subject Matter)

ADMINISTRATIVE and PROCEDURAL MATTERS

Senate Bill 163 (Act No. 208)

Cryptocurrency

Title 37 of the S.C. Code is amended to add Chapter 47 dealing with cryptocurrency. Section 34-47-10 provides definitions of relevant terms. Section 34-47-20 provides that a governing authority shall not accept or require a payment using central bank digital currency and shall not participate in any test of central bank digital currency by the Board of Governors of the Federal Reserve System or branch or agency of the federal government.

Under Section 34-47-30, an individual or business shall not be prevented from accepting digital assets to purchase legal goods or services or from using a self-hosted wallet or hardware wallet to maintain self-custody of digital assets. Digital assets used as a method of payment may not be subject to any additional tax, withholding, assessment, or charge by a state or local government based solely on the use of the digital asset as the method of payment. Digital assets may still be subject to any tax, withholding, assessment, or charge that would have been imposed or collected if the transaction had taken place with United States legal tender.

Under Section 34-47-40, in areas zoned for industrial use, a political subdivision shall not:

1. place restrictions on a digital asset mining business that do not generally apply to businesses in that area;
2. place a specific limit on sound decibels generated from a digital asset mining business other than limits generally imposed for sound pollution in that area; or
3. change the zoning of a digital asset mining business without going through the proper notice and comment.

A digital asset mining business may appeal a change in zoning to the proper court of jurisdiction.

Under Section 34-47-50, a digital asset mining business shall operate in a manner that shall not place any additional stress on the electrical grid for which they are connected. Upon request, a digital asset mining business shall provide a copy of their power purchase agreement to the Public Service Commission demonstrating that the digital asset mining business can reduce power consumption during periods of electrical grid stress.

Under Section 34-47-60, a money transmitter license is not required of an individual or business due to their participation in digital asset mining; operating a node or series of nodes on a blockchain protocol; developing software on a blockchain protocol, even if the software effectuates the exchange of one digital asset for another; or exchanging a digital asset for another digital asset without exchanging digital assets for legal tender or bank deposits. An individual or business shall not be prohibited from operating a node for the purpose of connecting to a blockchain protocol and

participating in the blockchain protocol's operations. A business offering to provide digital asset mining as a service or staking as a service for individuals or to other businesses is not offering a security pursuant to Title 35.

Under Section 34-47-70, nothing in the chapter shall prevent the Attorney General from instituting action alleging fraud against an individual or business fraudulently claiming to be offering digital asset mining as service or staking as a service.

Effective Date: May 19, 2026

Senate Bill 222 (Act No. 164)

Utility Terrain Vehicles

Chapter 2, Title 56 of the S.C. Code is amended to add Article 5 dealing with Utility Terrain Vehicles (UTVs). The Article provides definitions of UTVs and requirements for registering and operating UTVs in South Carolina.

Under Section 56-2-5070:

1. UTVs are exempt from the Infrastructure Maintenance Fee (IMF) provisions of Section 56-3-627.
2. Registered UTVs are subject to road-use fees for vehicles powered by electric, hydrogen, and fuels other than motor fuel pursuant to Section 56-3-645.
3. UTVs are subject to sales tax pursuant to Chapter 36, Title 12.
4. The owner of a UTV is exempt from payment of property taxes in the county in which the UTV or Farm UTV is registered.

Section 56-3-630 is amended to include UTVs in the Department of Motor Vehicle's classification of private passenger motor vehicles.

Effective Date: November 18, 2026

MISCELLANEOUS TAX LEGISLATION

Senate Bill 287 (Act No. 97)

Electronic Nicotine Delivery System Regulation

Section 44-95-65 is added to provide regulations for the sale of electronic nicotine delivery systems (ENDS products). An ENDS product is an electronic nicotine delivery system intended for eventual

retail sale in South Carolina that is a noncombustible product that employs a heating element, power source, electronic current, or other electronic, chemical, or mechanical means to produce vapor from nicotine in a solution. ENDS products include any consumable nicotine liquid solution suitable for use in an electronic nicotine delivery system, whether sold with the ENDS product or separately, but does not include a product regulated as a drug or device under Chapter V of the federal Food, Drug, and Cosmetic Act.

Every manufacturer of ENDS products sold in South Carolina is required to annually provide a listing of the products manufactured and certify to the South Carolina Attorney General that the products meet the marketing requirements of Section 44-95-65. The Attorney General will provide a directory of all manufacturers who have provided certifications and the ENDS products listed in the certifications.

The Attorney General, the South Carolina Law Enforcement Division (SLED), the SCDOR, or any state or local law enforcement agency has the power to enforce the provisions of Section 44-95-65 and may seize and destroy any ENDS products that are not listed on the directory at the end of the grace periods provided and are in the possession of a distributor or retailer.

Beginning on the later of February 1, 2027, or the date the Attorney General first makes the directory available, ENDS products not included on the directory may not be sold for retail sale in South Carolina. Retailers, distributors, or wholesalers will have 60 calendar days to remove ENDS products that are not included in the directory from their inventory. After 60 days, ENDS products not listed in the directory may not be purchased or sold for retail sale in South Carolina and are subject to seizure, forfeiture, and destruction.

Retailers selling ENDS products must have a valid South Carolina Retail License and must disclose the sale of tobacco or ENDS products on their Business Tax Application filed with the SCDOR.

Effective Date: February 27, 2026

House Bill 4303 (Act No. 234)

Cigarettes for Heating

Section 12-21-620 is amended to expand the tobacco items subject to tax.

Cigarettes for heating made of tobacco or any substitute for tobacco will be taxed at twenty-one and three hundred seventy-five thousandths mills on each cigarette. Additionally, vapor products and electronic cigarettes will be taxed at five cents per milliliter of consumable nicotine solution or other material containing nicotine that is depleted as a vapor product is used. The proceeds for both must be deposited in the South Carolina Medicaid Reserve Fund created pursuant to Section 11-11-230(B).

Effective Date: October 1, 2025

NEW TEMPORARY PROVISOS

The following new temporary provisos are effective for the State fiscal year July 1, 2026 through June 30, 2027, and will expire June 30, 2027, unless reenacted by the General Assembly in the next legislative session.

MISCELLANEOUS TAX LEGISLATION

House Bill 5126, Part IB, Section 49, Proviso 49.24 (Act No. 259)

Post-Production Carry Forward

This temporary proviso provides that, for the fiscal year 2026-27, up to \$2,000,000 of carried forward funds that were authorized or appropriated to the Department of Parks, Recreation, and Tourism for the South Carolina Film Commission will be used to create a pilot program for certain qualifying entities to receive a state rebate for 20% of post-production costs for projects filmed outside of South Carolina and 25% of post-production costs for projects filmed in South Carolina. The Department of Revenue and the South Carolina Film Commission will audit qualifying projects with a budget between \$250,000 and \$999,999. Post-production activity includes wages and supplies for editing, sound design, scoring, and VFX. To qualify, all post-production activity must be physically in South Carolina. Post-production vendors must have a physical address with a storefront and business sign; must be registered with the South Carolina Secretary of State; must be registered to pay applicable South Carolina income tax, withholding tax, property tax, and sales tax; and must be current on corporate income taxes. The applicant must disclose the fiduciarily responsible parties with existing production. Post-production funds must be in a separate account and be used exclusively for the post-production.

Post-production-based activity must begin within 60 calendar days of application approval. Once an application is approved, the project must be completed and funds expended within three years of approval date. The final rebate will be distributed to the post-production company on record.

House Bill 5126, Part IB, Section 118, Proviso 118.22 (Act No. 259)

Admissions Tax

For purposes of the admissions tax imposed pursuant to Sections 12-21-2410 and 12-21-2420, the term “paid admissions” shall be limited solely to the stated price of the ticket for the right or privilege to enter a place of amusement. The measure of the tax shall not include any separate or additional charges, regardless of whether such charges are mandatory or a condition of purchase. This includes, but is not limited to:

1. service fees;
2. convenience fees;
3. processing fees;
4. delivery fees;
5. handling charges;

6. credit card or payment processing fees; or
7. fees associated with memberships or subscriptions required to purchase tickets.

Any such charges are deemed incidental to the admission and not subject to the admissions tax. This proviso applies even if there is an administrative interpretation, advisory opinion, or revenue ruling of the Department of Revenue to the contrary.

REENACTED TEMPORARY PROVISOS

The following temporary provisos were enacted in a prior legislative session and were reenacted by the General Assembly in 2026. Temporary provisos are effective for the State fiscal year July 1, 2026 through June 30, 2027, and will expire June 30, 2027, unless reenacted by the General Assembly in the next legislative session.

ADMINISTRATIVE and PROCEDURAL MATTERS

House Bill 5126, Part IB, Sections 41 and 117, Provisos 41.2 and 117.81 (Act No. 259)

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 117.81 decreases by 1% the interest rate for tax refunds paid during the current fiscal year. Of the revenue resulting from this 1% reduction, \$475,000 must be used by the Senate for operating expenses of the Joint Citizens and Legislative Committee on Children. The remaining revenue must be used by the Department of Juvenile Justice for programs for mentoring or other alternatives to incarceration.

House Bill 5126, Part IB, Section 109, Proviso 109.12 (Act No. 259)

Certain License or Permit Applications – Electronic Filing Option under Penalties of Perjury

This temporary proviso provides that the Department may require a statement subject to penalties of perjury instead of a statement under oath for the purpose of allowing certain applications for licenses or permits to be filed electronically.

House Bill 5126, Part IB, Section 109, Proviso 109.13 (Act No. 259)

Advance Referendum Notification by Election Commission to SCDOR

This temporary proviso provides that a county or municipal election commission must notify the Department 60 days prior to a referendum on the imposition of a local sales tax or local option permit.

House Bill 5126, Part IB, Section 109, Proviso 109.6 (Act No. 259)

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

This temporary proviso requires the Department to develop a program to process inquiries from a candidate for an office in South Carolina or its political subdivisions, or any gubernatorial appointee, concerning that candidate's or appointee's state income tax filings. Upon request by the candidate or appointee in connection with his own income tax return, the Department must determine if the candidate or appointee has filed his annual state income tax returns for the past ten years, paid all income taxes due during that time period, and, if applicable, satisfied all judgments, liens, or other penalties for failure to pay income taxes when due.

Unless the candidate or appointee requests otherwise, the following information will be posted on the Department's website:

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

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

MISCELLANEOUS TAX LEGISLATION

House Bill 5126, Part IB, Section 1, Proviso 1.12 (Act No. 259)

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 Section 12-28-710(12).

House Bill 5126, Part IB, Section 118, Proviso 118.7 (Act No. 259)

Admissions Tax Rebate – Motorsports, Tennis, and Soccer Facilities

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

House Bill 5126, Part IB, Section 33, Proviso 33.10 (Act No. 259)

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.

House Bill 5126, Part IB, Section 117, Proviso 117.158 (Act No. 259)

Athletic Admissions Tax Revenue

This temporary proviso provides that for the current fiscal year, admissions tax revenue from admissions to an athletic event of an accredited college or university shall be remitted to the Department. The Department shall then allocate the same amount to the college or university to be limited exclusively to supporting the college or university’s student-athletes through student aid, scholarships, and/or related financial support.

House Bill 5126, Part IB, Section 49, Proviso 49.19 (Act No. 259)

Local Film Carry Forward

This temporary proviso provides that, for the fiscal year 2026-27, up to \$2,000,000 of carried forward funds that were authorized or appropriated to the Department of Parks, Recreation, and Tourism for the South Carolina Film Commission will be used to create a pilot program for certain

qualifying entities to receive a state rebate for 25% of production costs, including wages and supplies. The Department of Revenue and the South Carolina Film Commission will audit qualifying projects with a budget between \$250,000 and \$999,999. To qualify, a producer must be registered with both the South Carolina Secretary of State and the Department of Revenue, and must be a primary resident of South Carolina with a minimum of two years of residency in the state. All production activity must be physically in South Carolina. All producers' personal and corporate income taxes must be current. The applicant must disclose the fiduciarily responsible parties with existing production, production funds must be in a separate account and used exclusively for the production, and the production must have full funding prior to producing. The qualifying production must include a five-second long static or animated official FilmSC logo in the end credits before the below-the-line crew call for the life of the project and a link to filmsc.com on the productions web page.

Production-based activity must begin within 60 calendar days of application approval. Once an application is approved, the project must be completed and funds expended within three years of approval date. The final rebate will be distributed to the production company on record.

LIST OF TEMPORARY PROVISOS

Temporary provisos were enacted as part of the 2026 annual budget – House Bill 5126, Part IB (Act No. 259). They are effective only for the current State fiscal year (July 1, 2026 – June 30, 2027). They expire on June 30, 2027, unless reenacted by the General Assembly. A brief summary of the provisos can be found in this publication under the applicable subject matter categories.

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

NEW PROVISOS

Income Taxes

Proviso 1.127 Tax Credit Study Committee

Property Taxes

Proviso 117.217 Slash Notation

Proviso 117.220 Homestead Exemption

Proviso 117.222 Property Tax Bill Payments – Third-Party Authorization

Proviso 118.26 Delinquent Tax Penalty

Sales and Use Taxes

Proviso 109.19 Farm Machinery

Miscellaneous Taxes

Proviso 49.24 Post-Production Carry Forward

Proviso 118.22 Admissions Tax

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 50.23 Job Development Tax Credit Program

Proviso 63.9 Governor’s Law Enforcement Officer of the Year Awards – Not Subject to South Carolina Income Tax

Proviso 73.8 SC Broadband Office and SC Digital Opportunity

Proviso 109.15 Income Tax Withholding at Highest Individual Income Tax Rate

Proviso 109.17 Emergency Commodity Assistance Program

- Proviso 117.110 Retail Facilities Revitalization Act – Repeal of Act Suspended
- Proviso 117.159 Abandoned Textile Mills Credit – Effective Date of Notice of Intent to Rehabilitate
- Proviso 117.191 Tax Rate
- Proviso 118.10 Consumer Protection Services – Individual Income Tax Deduction

Property Taxes

- Proviso 1.37 Index of Taxpaying Ability – Imputed Value for Owner-Occupied Residential Property
- Proviso 92D.1 Improvements to Property Damaged by Catastrophic Weather Event – Time for Improvements for Eligible Events
- Proviso 109.11 Notification of Protest to Affected County and School District
- Proviso 109.14 Manufacturing Property Tax Reduction Disallowed – Utilities
- Proviso 113.6 Agricultural Use Exemption for Timberland – Impact of Additional County Requirements
- Proviso 117.37 Personal Property Tax Relief Fund
- Proviso 117.110 Retail Facilities Revitalization Act – Repeal of Act Suspended
- Proviso 117.156 Millage Calculation – Adjustments for 2020 Census
- Proviso 117.189 Political Subdivision Reimbursement

Sales and Use Taxes

- Proviso 44.10 South Carolina Agriculture Tax Exemption Card (SCATE Card) – Fee Authorized for Card
- Proviso 88.5 Navy Base Intermodal Facility – Distribution Facility Eligibility
- Proviso 109.16 Farm Fuels – Sales Tax Exemption
- Proviso 117.36 Private Schools – Use Tax Exemption
- Proviso 117.54 Respiratory Syncytial Virus Medicines Exemption – Effective Date
- Proviso 117.58 Viscosupplementation Therapies – Sales and Use Tax Suspended
- Proviso 117.135 Agribusiness Facilities – Material Handling and Construction Material Exemptions
- Proviso 117.163 Festival Craftsmen – Not Making Sales at Retail

Miscellaneous (Administrative and Procedural Matters, and Miscellaneous Taxes)

Administrative and Procedural Matters:

- Provisos 41.2 3% Reduction on Interest Rate on Tax Refunds
and 117.81
- Proviso 109.6 Voluntary Website Posting of Tax Return Information for Candidates and Gubernatorial Appointees
- Proviso 109.12 Certain License or Permit Applications – Electronic Filing Option under Penalties of Perjury
- Proviso 109.13 Advance Referendum Notification by Election Commission to SCDOR

Miscellaneous Taxes:

- Proviso 1.12 Local Government School Buses – Motor Fuel User Fee Exemption
- Proviso 33.10 Nursing Home Bed Franchise Fee – Suspension
- Proviso 49.19 Local Film Carry Forward
- Proviso 117.158 Athletic Admissions Tax Revenue
- Proviso 118.7 Admissions Tax Rebate – Motorsports, Tennis, and Soccer Facilities