**South Carolina General Assembly**

118th Session, 2009-2010

**H. 4936**

**STATUS INFORMATION**

General Bill

Sponsors: Rep. Brantley

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Introduced in the House on May 4, 2010

Currently residing in the House Committee on **Ways and Means**

Summary: Municipal Economic Development Sales and Use Tax Act

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

5/4/2010 House Introduced and read first time [HJ](file:///h:\HJ%20Archive\2010\05-04-10.docx)‑29

5/4/2010 House Referred to Committee on **Ways and Means** [HJ](file:///h:\HJ%20Archive\2010\05-04-10.docx)‑29

**VERSIONS OF THIS BILL**

[5/4/2010](file:///p:\pprever\2009-10\4936_20100504.docx)

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING ARTICLE 12 TO CHAPTER 10, TITLE 4 ENACTING THE “MUNICIPAL ECONOMIC DEVELOPMENT SALES AND USE TAX ACT” SO AS TO ALLOW A MUNICIPALITY LOCATED IN A COUNTY CLASSIFIED FOR PURPOSES OF THE TARGETED JOBS TAX CREDIT AS DISTRESSED, LEAST DEVELOPED, OR UNDERDEVELOPED TO IMPOSE A SALES AND USE TAX NOT TO EXCEED ONE PERCENT OF AMOUNTS SUBJECT TO TAX PURSUANT TO CHAPTER 36, TITLE 12, THE SOUTH CAROLINA SALES AND USE TAX ACT, FOR NOT MORE THAN TEN YEARS, TO PROVIDE THAT A MUNICIPALITY MAY IMPOSE THE TAX BY ORDINANCE, TO PROVIDE FOR THE ADMINISTRATION OF THE TAX, AND TO PROVIDE THAT THE TAX REVENUE MUST BE USED EXCLUSIVELY FOR PROMOTING ECONOMIC DEVELOPMENT IN THE MUNICIPALITY.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Chapter 10, Title 4 of the 1976 Code is amended by adding:

“Article 12

Municipal Economic Development Sales and Use Tax

Section 4‑10‑1210. This article may be cited as the ‘Municipal Economic Development Sales and Use Tax Act’.

Section 4‑10‑1220. For purposes of this article:

(1) ‘County’ means a county classified pursuant to Section 12‑6‑3360(B) as distressed, least developed, or underdeveloped.

(2) ‘Tax’ means the local municipal economic development sales and use tax allowed to be imposed as provided in this article.

(3) ‘Municipality’ means a municipal corporation created pursuant to Chapter 1, Title 5 or a municipal government or governing body as the use of the term dictates, located in a county as defined by item (1) of this section.

Section 4‑10‑1230. Subject to the requirements of this article, a municipality by ordinance may impose in the municipality a sales and use tax not to exceed one percent for not more than ten years for the purposes provided in Section 4‑10‑1260.

Section 4‑10‑1240. (A) The tax allowed by this article is an amount not to exceed one percent of the gross proceeds of sales or sales price of all amounts subject to the sales and use tax imposed pursuant to Chapter 36, Title 12.

(B) The tax imposed pursuant to this article must be administered and collected by the Department of Revenue in the same manner that state sales and use taxes are collected. The department may prescribe amounts that may be added to the sales price because of the tax.

(C) The tax authorized by this article is in addition to all other local sales and use taxes and applies to the gross proceeds of sales in the municipality subject to the tax imposed by Chapter 36, Title 12 and the enforcement provisions of Chapter 54, Title 12. The gross proceeds of the sale of items subject to a maximum tax in Chapter 36, Title 12 and the gross proceeds of sales of unprepared food that lawfully may be purchased with United States Department of Agriculture food coupons are exempt from the tax imposed by this article. The tax imposed by this article also applies to tangible personal property subject to the use tax in Article 13, Chapter 36, Title 12.

(D) The provisions of subsections (C), (D), (E), (F), and (G) of Section 4‑10‑350 apply for tax payors and the tax allowed to be imposed pursuant to this article, including further identification of point of sale jurisdictions, mutatis mutandis.

(E) The revenues of the tax imposed pursuant to this article must be remitted to the department and placed on deposit with the State Treasurer and credited to a fund separate and distinct from the general fund of the State. Earnings on this fund must be credited to it and earnings are considered tax revenues. After deducting the amount of any refunds made and costs to the department of administering the tax, not to exceed one percent of the revenues, the State Treasurer shall distribute the tax revenues quarterly to the treasurer of the municipality in which the tax is imposed and the revenues must be used only for the purposes provided in Section 4‑10‑1260. The State Treasurer may correct misallocations by adjusting subsequent distributions, but these adjustments must be made in the same fiscal year as the misallocations. However, allocations made as a result of municipal code errors must be corrected prospectively.

(F) The imposition date of the sales and use tax allowed pursuant to this article is the first day of the first month beginning more than sixty days after the municipality files a certified copy of the imposition ordinance with the Department of Revenue.

Section 4‑10‑1250. The Department of Revenue shall furnish data to the State Treasurer and to municipal treasurers receiving revenues for the purpose of calculating distributions and estimating revenues. The information that must be supplied to municipalities upon request includes, but is not limited to, gross receipts, net taxable sales, and tax liability by taxpayers. Information about a specific taxpayer is considered confidential and is governed by the provisions of Section 12‑54‑240. A person violating this section is subject to the penalties provided in Section 12‑54‑240.

Section 4‑10‑1260. Tax revenues must be used exclusively for the purposes of promoting economic development in the municipality pursuant to an economic development plan which the municipality must enact by ordinance. For purposes of this section, economic development must be construed broadly.”

SECTION 2. This act takes effect upon approval by the Governor.

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