**South Carolina General Assembly**

119th Session, 2011-2012

**S. 1454**

**STATUS INFORMATION**

General Bill

Sponsors: Senator Leventis

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Currently residing in the Senate Committee on **Finance**

Summary: TRAC Recommendation Act

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

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**VERSIONS OF THIS BILL**

[4/18/2012](file:///p:\pprever\2011-12\1454_20120418.docx)

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, SO AS TO ENACT THE “TRAC RECOMMENDATION ACT OF 2012”; TO AMEND SECTION 12‑36‑110, RELATING TO THE DEFINITION OF “RETAIL SALE”, SO AS TO EXCLUDE CERTAIN PROVISIONS REGARDING ITEMS INCIDENT TO SALE AND DELIVERY; TO AMEND SECTION 12‑36‑140, AS AMENDED, RELATING TO THE DEFINITION OF “STORAGE” AND “USE”, SO AS TO EXCLUDE CERTAIN PROVISIONS REGARDING COOPERATIVE DIRECT MAIL PROMOTIONAL ADVERTISING MATERIALS; TO AMEND SECTION 12‑36‑1110, RELATING TO THE ADDITIONAL ONE PERCENT SALES TAX, SO AS TO PROVIDE THAT THE ADDITIONAL TAX APPLIES TO ADDITIONAL ITEMS; TO AMEND SECTION 12‑36‑2110, AS AMENDED, RELATING TO THE MAXIMUM SALES TAX ON CERTAIN ITEMS, SO AS TO INCREASE THE MAXIMUM TAX OVER THREE YEARS AND TO AMEND THE ITEMS TO WHICH IT APPLIES; TO AMEND SECTION 12‑36‑2120, AS AMENDED, RELATING TO SALES TAX EXEMPTIONS, SO AS TO DELETE VARIOUS EXEMPTIONS; TO AMEND SECTION 12‑36‑2610, AS AMENDED, RELATING TO THE DISCOUNT FOR TIMELY PAYMENT OF TAX, SO AS TO REDUCE THE DISCOUNT; TO AMEND SECTION 12‑36‑2620, AS AMENDED, RELATING TO THE COMPONENTS OF THE SALES TAX, SO AS TO DELETE THE ONE PERCENT EXEMPTION TO INDIVIDUALS OVER EIGHTY‑FIVE YEARS OF AGE; TO AMEND SECTION 12‑36‑2630, AS AMENDED, RELATING TO THE COMPONENTS OF THE ACCOMMODATIONS TAX, SO AS TO DELETE THE ONE PERCENT EXEMPTION TO INDIVIDUALS OVER EIGHTY‑FIVE YEARS OF AGE; TO AMEND SECTION 12‑36‑2640, AS AMENDED, RELATING TO THE COMPONENTS OF THE CASUAL EXCISE TAX, SO AS TO DELETE THE ONE PERCENT EXEMPTION TO INDIVIDUALS OVER EIGHTY‑FIVE YEARS OF AGE; BY ADDING SECTION 12‑6‑3790 SO AS TO ALLOW A REFUNDABLE CREDIT AGAINST THE INCOME TAX FOR SALES TAX PAID ON CERTAIN MEDICINES AND MEDICAL SUPPLIES IN EXCESS OF ONE HUNDRED DOLLARS IN THE TAX YEAR; BY ADDING SECTION 11‑11‑290 SO AS TO REQUIRE THE EXCESS SALES TAX REVENUE COLLECTED DUE TO THIS ACT BE APPROPRIATED FOR CERTAIN PURPOSES; AND TO REPEAL SECTION 12‑36‑2646 RELATING TO THE REQUIREMENT THAT RETAILERS POST NOTICE OF THE ONE PERCENT EXEMPTION FOR INDIVIDUALS OVER EIGHTY‑FIVE YEARS OF AGE.

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

SECTION 1. This act may be cited as the “TRAC Recommendation Act of 2012”.

SECTION 2. Section 12‑36‑110 of the 1976 Code is amended to read:

“Section 12‑36‑110. Sale at retail and retail sale mean all sales of tangible personal property except those defined as wholesale sales. The quantity or sales price of goods sold is immaterial in determining if a sale is at retail.

(1) The terms include:

(a) sales of building materials to construction contractors, builders, or landowners for resale or use in the form of real estate;

(b) sales of tangible personal property to manufacturers, processors, compounders, quarry operators, or mine operators, which are used or consumed by them, and do not become an ingredient or component part of the tangible personal property manufactured, processed, or compounded for sale;

(c) the withdrawal, use, or consumption of tangible personal property by anyone who purchases it at wholesale, except:

(i) withdrawal of tangible personal property previously withdrawn and taxed by such business or person~~,~~;

(ii) tangible personal property which becomes an ingredient or component part of tangible personal property manufactured or compounded for sale~~,~~;

(iii) tangible personal property used directly in manufacturing, compounding, or processing tangible personal property for sale~~,~~;

(iv) ~~materials, containers, cores, labels, sacks, or bags used incident to the sale and delivery of tangible personal property;~~

~~(v)~~ a motor vehicle operated with a dealer, transporter, or manufacturer, or education license plate and used in accordance with the provisions of Section 56‑3‑2320 or 56‑3‑2330;

(d) the use within this State of tangible personal property by its manufacturer as building materials in the performance of a construction contract. The manufacturer must pay the sales tax based on the fair market value at the time and place where used or consumed;

(e) sales to contractors for use in the performance of construction contracts;

(f) [Reserved];

(g) sales of tangible personal property, other than cigarettes and soft drinks in closed containers, to vendors who sell the property through vending machines. The vendors are deemed to be the users or consumers of the property;

(h) sales of prepared meals, or unprepared food products used to prepare meals, to hospitals, infirmaries, sanitariums, nursing homes, and similar institutions, educational institutions, boarding houses, and transportation companies, if furnished as part of the service rendered. These institutions and companies are deemed to be the users or consumers of the property;

(i) sales of drugs, prosthetic devices, and other supplies to hospitals, infirmaries, sanitariums, nursing homes, and similar institutions, medical doctors, dentists, optometrists, and veterinarians, if furnished to their patients as a part of the service rendered. These institutions, companies, and professionals are deemed to be the users or consumers of the property;

(j) sales, not otherwise exempted, when reimbursed or paid in whole or in part by Medicare or Medicaid. However, only the net amount reimbursed by Medicare and Medicaid is subject to the tax, if the vendor is prohibited by law from charging the purchaser the difference between the retail sale and the amount reimbursed.

(k) sales of all local telecommunications services by local exchange companies (LECs) to customer owned coin‑operated telephone (COCOT) providers, as those terms are defined by the South Carolina Public Service department. The COCOT providers that purchase these services in order to provide payphone services to their customers are considered to be the users and consumers of the services, and are not subject to sales tax for their subsequent sale of local telecommunications services to their COCOT customers.

(l) sales of tangible personal property to veterinarians. The veterinarians are deemed to be the users or consumers of the property whether used in the rendering of professional services or sold outright as part of the veterinarian practice and not furnished as a part of professional services rendered.

(2) The terms do not include sales of tangible personal property to a manufacturer or construction contractor when the tangible personal property is subsequently processed, partially or completely fabricated, or manufactured in this State by the manufacturer or contractor, for use in the performance of a construction contract if the property is transported to, assembled, installed, or erected at a job site outside the State and thereafter used solely outside the State.”

SECTION 3. Section 12‑36‑140(C) of the 1976 Code, as last amended by Act 145 of 2005, is further amended to read:

“(C) ‘Storage’ and ‘use’ do not include the keeping, retaining, or exercising of any right or power over tangible personal property:

(1) for the exclusive purpose of subsequently transporting it outside the State for first use; or

(2) for the purpose of first being manufactured, processed, or compounded into other tangible personal property to be transported and used solely outside the State~~; or~~

~~(3)~~ ~~for the purpose of being distributed as (i) cooperative direct mail promotional advertising materials, or (ii) promotional maps, brochures, pamphlets, or discount coupons by nonprofit chambers of commerce or convention and visitor bureaus who are exempt from income taxation pursuant to Internal Revenue Code Section 501(c) by means of interstate carrier, a mailing house, or a United States Post Office to residents of this State from locations both inside and outside the State. For purposes of this item, “cooperative direct mail promotional advertising materials” means discount coupons, advertising leaflets, and similar printed advertising, including any accompanying envelopes and labels which are distributed with promotional advertising materials of more than one business in a single package to potential customers, at no charge to the potential customer, of the businesses paying for the delivery of the material~~.”

SECTION 4. Section 12‑36‑1110 of the 1976 Code, as added by Act 388 of 2006, is amended to read:

“Section 12‑36‑1110. Beginning June 1, 2007, an additional sales, use, and casual excise tax equal to one percent is imposed on amounts taxable pursuant to this chapter, except that this additional one percent tax does not apply to amounts taxed pursuant to Section 12‑36‑920(A), the tax on accommodations for transients~~, nor does this additional tax apply to items subject to a maximum sales and use tax pursuant to Section 12‑36‑2110 nor to the sale of unprepared food which may be lawfully purchased with United States Department of Agriculture food coupons~~.”

SECTION 5. Section 12‑36‑2110 of the 1976 Code, as last amended by Act 354 of 2008, is further amended to read:

“Section 12‑36‑2110. (A) The maximum tax imposed by this chapter is ~~three~~ (i) six hundred dollars for each sale made or lease executed after June 30, ~~1984~~ 2012;~~, or lease executed after August 31, 1985,~~ (ii) one thousand dollars for each sale made or lease executed after June 30, 2013; and (iii) one thousand two hundred dollars for each sale made or lease executed after June 30, 2014, of each:

(1) aircraft, including unassembled aircraft which is to be assembled by the purchaser, but not items to be added to the unassembled aircraft;

(2) motor vehicle. Notwithstanding any other provision of this section, this item does not apply to a sale made or lease executed after June 30, 2014;

(3) motorcycle. Notwithstanding any other provision of this section, this item does not apply to a sale made or lease executed after June 30, 2014;

(4) boat;

(5) trailer or semitrailer, pulled by a truck tractor, as defined in Section 56‑3‑20, and horse trailers, but not including house trailers or campers as defined in Section 56‑3‑710 or a fire safety education trailer;

(6) recreational vehicle, including tent campers, travel trailer, park model, park trailer, motor home, and fifth wheel; ~~or~~

(7) ~~self‑propelled light construction equipment with compatible attachments limited to a maximum of one hundred sixty net engine horsepower.~~ railroad car, monorail car and locomotive;

(8) vessel or barge; and

~~In the case of a lease, the total tax rate required by law applies on each payment until the total tax paid equals three hundred dollars. Nothing in this section prohibits a taxpayer from paying the total tax due at the time of execution of the lease, or with any payment under the lease. To qualify for the tax limitation provided by this section, a lease must be in writing and specifically state the term of, and remain in force for, a period in excess of ninety continuous days.~~

~~(B) For the sale of a manufactured home, as defined in Section 40‑29‑20, the tax is calculated as follows:~~

~~(1) subtract trade‑in allowance from the sales price;~~

~~(2) multiply the result from item (1) by sixty‑five percent;~~

~~(3) if the result from item (2) is no greater than six thousand dollars, multiply by five percent for the amount of tax due;~~

~~(4) if the result from item (2) is greater than six thousand dollars, the tax due is three hundred dollars plus two percent of the amount greater than six thousand dollars.~~

~~However, a manufactured home is exempt from any tax in excess of three hundred dollars that may be due as a result of the calculation in item (4) if it meets these energy efficiency levels: storm or double pane glass windows, insulated or storm doors, a minimum thermal resistance rating of the insulation only of R‑11 for walls, R‑19 for floors, and R‑30 for ceilings. However, variations in the energy efficiency levels for walls, floors, and ceilings are allowed and the exemption on tax due above three hundred dollars applies if the total heat loss does not exceed that calculated using the levels of R‑11 for walls, R‑19 for floors, and R‑30 for ceilings. The edition of the American Society of Heating, Refrigerating, and Air Conditioning Engineers Guide in effect at the time is the source for heat loss calculation. Notwithstanding the provisions of this subsection, from July 1, 2009, to July 1, 2019, a manufactured home is exempt from any tax that may be due as a result of the calculation in this subsection if it has been designated by the United States Environmental Protection Agency and the United States Department of Energy as meeting or exceeding each agency’s energy saving efficiency requirements or has been designated as meeting or exceeding such requirements under each agency’s ENERGY STAR program. The dealer selling the manufactured home must maintain records, on forms provided by the State Energy Office, on each manufactured home sold that meets the energy efficiency levels provided for in this subsection. These records must be maintained for three years and must be made available for inspection upon request of the Department of Consumer Affairs or the State Energy Office.~~

~~The maximum tax authorized by this subsection does not apply to a single‑family modular home regulated pursuant to Chapter 43, Title 23.~~

~~(C)~~(9) ~~For the sale of each~~ musical instrument, or each piece of office equipment, purchased by a religious organization exempt under Internal Revenue Code Section 501(c)(3)~~, the maximum tax imposed by this chapter is three hundred dollars~~. The musical instrument or office equipment must be located on church property and used exclusively for the organizations exempt purpose. The religious organization must furnish to the seller an affidavit on forms prescribed by the department. The affidavit must be retained by the seller.

~~(D) Repealed.~~

~~(E) Equipment provided, supplied, or installed on a firefighting vehicle is included with the vehicle for purposes of calculating the maximum tax due under this section.~~

(B) In the case of a lease, the total tax rate required by law applies on each payment until the total tax paid equals the maximum tax imposed by this chapter. Nothing in this section prohibits a taxpayer from paying the total tax due at the time of execution of the lease, or with any payment under the lease. To qualify for the tax limitation provided by this section, a lease must be in writing and specifically state the term of, and remain in force for, a period in excess of ninety continuous days.”

SECTION 6. Section 12‑36‑2120 of the 1976 Code, as last amended by Act 32 of 2011, is further amended to read:

“Section 12‑36‑2120. Exempted from the taxes imposed by this chapter are the gross proceeds of sales, or sales price of:

(1) tangible personal property or receipts of any business which the State is prohibited from taxing by the Constitution or laws of the United States of America or by the Constitution or laws of this State;

(2) tangible personal property sold to the federal government;

(3)(a) textbooks, books, magazines, periodicals, newspapers, and access to on‑line information systems used in a course of study in primary and secondary schools and institutions of higher learning or for students’ use in the school library of these schools and institutions;

(b) books, magazines, periodicals, newspapers, and access to on‑line information systems sold to publicly supported state, county, or regional libraries;

Items in this category may be in any form, including microfilm, microfiche, and CD ROM; ~~however, transactions subject to tax under Sections 12‑36‑910(B)(3) and 12‑36‑1310(B)(3) do not fall within this exemption;~~

(4) livestock. ‘Livestock’ is defined as domesticated animals ~~customarily~~ raised on South Carolina farms for use primarily as beasts of burden, or food, and certain mammals when raised for their pelts or fur. Animals such as dogs, cats, reptiles, fowls (except baby chicks and poults), and animals of a wild nature, are not considered livestock;

(5) feed used for the production and maintenance of poultry and livestock;

(6) insecticides, chemicals, fertilizers, soil conditioners, seeds, or seedlings, or nursery stock, used solely in the production for sale of farm, dairy, grove, vineyard, or garden products or in the cultivation of poultry or livestock feed;

(7) ~~containers and labels used in:~~

~~(a)~~ ~~preparing agricultural, dairy, grove, or garden products for sale; or~~

~~(b)~~ ~~preparing turpentine gum, gum spirits of turpentine, and gum resin for sale.~~

~~For purposes of this exemption, containers mean boxes, crates, bags, bagging, ties, barrels, and other containers;~~ Reserved

(8) newsprint paper~~, newspapers,~~ and religious publications, including the Holy Bible and the South Carolina Department of Agriculture’s The Market Bulletin;

(9) coal, or coke or other fuel sold to manufacturers, electric power companies, and transportation companies for:

(a) use or consumption in the production of by‑products;

(b) the generation of heat or power used in manufacturing tangible personal property for sale. For purposes of this item, ‘manufacturer’ or ‘manufacturing’ includes the activities of a processor;

(c) the generation of electric power or energy for use in manufacturing tangible personal property for sale;

(d) the generation of motive power for transportation. For the purposes of this exemption, ‘manufacturer’ or ‘manufacturing’ includes the activities of mining and quarrying;

(e) the generation of motive power for test flights of aircraft by the manufacturer of the aircraft where:

(i) the taxpayer invests at least seven hundred fifty million dollars in real or personal property or both comprising or located at a single manufacturing facility over a seven‑year period; and

(ii) the taxpayer creates at least three thousand eight hundred full‑time new jobs at the single manufacturing facility during that seven‑year period; or

(f) the transportation of an aircraft prior to its completion from one facility of the manufacturer of the aircraft to another facility of the manufacturer of the aircraft, not including the transportation of major component parts for construction or assembly, or the transportation of personnel. This exemption only applies when:

(i) the taxpayer invests at least seven hundred fifty million dollars in real or personal property or both comprising or located at a single manufacturing facility over a seven‑year period; and

(ii) the taxpayer creates at least three thousand eight hundred full‑time new jobs at the single manufacturing facility during that seven‑year period.

To qualify for the exemptions provided for in subitems (e) and (f), the taxpayer shall notify the department before the first month it uses the exemption and shall make the required investment and create the required number of full‑time new jobs over the seven‑year period beginning on the date provided by the taxpayer to the department in its notices. The taxpayer shall notify the department in writing that it has met the seven hundred fifty million dollar investment requirement and has created the three thousand eight hundred full‑time new jobs or, after the expiration of the seven‑year period, that it has not met the seven hundred fifty million dollar investment requirement and created the three thousand eight hundred full‑time new jobs. The department may assess any tax due on fuel purchased tax free pursuant to subitems (e) and (f) but due the State as a result of the taxpayer’s failure to meet the seven hundred fifty million dollar investment requirement and create the three thousand eight hundred full‑time new jobs. The running of the periods of limitations for assessment of taxes provided in Section 12‑54‑85 is suspended for the time period beginning with notice to the department before the taxpayer uses the exemption and ending with notice to the department that the taxpayer either has met or has not met the seven hundred fifty million dollar investment requirement and created the three thousand eight hundred full‑time new jobs.

As used in subitems (e) and (f), ‘taxpayer’ includes a person who bears a relationship to the taxpayer as described in Section 267(b) of the Internal Revenue Code.

(10)(a) meals or foodstuffs used in furnishing meals to school children, if the sales or use are within school buildings and are not for profit;

(b) meals or foodstuffs provided to elderly or disabled persons at home by nonprofit organizations that receive only charitable contributions in addition to sale proceeds from the meals;

(c) food stuffs, either prepared or packaged for the homeless or needy that are sold to nonprofit organizations, or food stuffs that are subsequently sold or donated by a nonprofit organization to another nonprofit organization. This subitem is only applicable to food stuffs which are eligible for purchase under the USDA food stamp program;

(d) meals or foodstuffs prepared or packaged that are sold to public or nonprofit organizations for congregate or in‑home service to the homeless or needy or disabled adults over eighteen years of age or individuals over sixty years of age. This subitem only applies to meals and foodstuffs eligible for purchase under the USDA food stamp program.

(11)(a) toll charges for the transmission of voice or messages between telephone exchanges for call centers with at least two hundred and fifty employees at a single location;

(b) ~~charges for telegraph messages;~~

~~(c)~~ ~~carrier access charges and customer access line charges established by the Federal Communications department or the South Carolina Public Service department; and~~

~~(d)~~ electronic transactions involving automatic teller machines;

(12) seventy‑five percent of the gross proceeds of the sales of water sold by public utilities, if rates and charges are of the kind determined by the Public Service Commission, or water sold by nonprofit corporations organized pursuant to Chapter 36 ~~of~~, Title 33;

(13) fuel, lubricants, and supplies for use or consumption aboard ships in intercoastal trade or foreign commerce. This exemption does not exempt or exclude from the tax the sale of materials and supplies used in fulfilling a contract for the painting, repair, or reconditioning of ships and other watercraft;

(14) ~~wrapping paper, wrapping twine, paper bags, and containers, used incident to the sale and delivery of tangible personal property;~~ Reserved

(15)(a) motor fuel, blended fuel, and alternative fuel subject to tax under Chapter 28 ~~of~~, Title 12; however, gasoline used in aircraft is not exempt from the sales and use tax;

(b) if the fuel tax is subsequently refunded under Section 12‑28‑710, the sales or use tax is due unless otherwise exempt, and the person receiving the refund is liable for the sales or use tax;

(c) fuels used in farm machinery and farm tractors used for farming purposes; and

(d) fuels used in commercial fishing vessels.

(16) farm machinery and their replacement parts and attachments, used in planting, cultivating or harvesting farm crops, including bulk coolers (farm dairy tanks) used in the production and preservation of milk on dairy farms, and machines used in the production of poultry and poultry products on poultry farms, when such products are sold in the original state of production or preparation for sale. This exemption does not include automobiles or trucks;

(17) machines used in manufacturing, processing, recycling, compounding, mining, or quarrying tangible personal property for sale. ‘Machines’ include the parts of machines, attachments, and replacements used, or manufactured for use, on or in the operation of the machines and which (a) are necessary to the operation of the machines and are customarily so used, or (b) are necessary to comply with the order of an agency of the United States or of this State for the prevention or abatement of pollution of air, water, or noise that is caused or threatened by any machine used as provided in this section. This exemption does not include automobiles or trucks. As used in this item ‘recycling’ means a process by which materials that otherwise would become solid waste are collected, separated, or processed and reused, or returned to use in the form of raw materials or products, including composting, for sale. In applying this exemption to machines used in recycling, the following percentage of the gross proceeds of sale, or sales price of, machines used in recycling are exempt from the taxes imposed by this chapter:

Fiscal Year of Sale Percentage

Fiscal year 1997‑98 fifty percent

After June 30, 1998 one hundred percent;

(18) fuel used exclusively to cure agricultural products;

(19) electricity used by cotton gins, manufacturers, miners, or quarriers to manufacture, mine, or quarry tangible personal property for sale. For purposes of this item, ‘manufacture’ or ‘manufacture’ includes the activities of processors;

(20) ~~railroad cars, locomotives, and their parts, monorail cars, and the engines or motors that propel them, and their parts;~~ Reserved

(21) ~~vessels and barges of more than fifty tons burden;~~ Reserved

(22) materials necessary to assemble missiles to be used by the Armed Forces of the United States;

(23) ~~farm, grove, vineyard, and garden products, if sold in the original state of production or preparation for sale, when sold by the producer or by members of the producers immediate family;~~ Reserved

(24) supplies and machinery used by laundries, cleaning, dyeing, pressing, or garment or other textile rental establishments in the direct performance of their primary function, but not sales of supplies and machinery used by coin‑operated Laundromats;

(25) ~~motor vehicles (excluding trucks) or motorcycles, which are required to be licensed to be used on the highways, sold to a resident of another state, but who is located in South Carolina by reason of orders of the United States Armed Forces. This exemption is allowed only if within ten days of the sale the vendor is furnished a statement from a commissioned officer of the Armed Forces of a higher rank than the purchaser certifying that the buyer is a member of the Armed Forces on active duty and a resident of another state or if the buyer furnishes a leave and earnings statement from the appropriate department of the armed services which designates the state of residence of the buyer;~~ Reserved

(26) ~~all supplies, technical equipment, machinery, and electricity sold to radio and television stations, and cable television systems, for use in producing, broadcasting, or distributing programs. For the purpose of this exemption, radio stations, television stations, and cable television systems are deemed to be manufacturers;~~ Reserved

(27) ~~all plants and animals sold to any publicly supported zoological park or garden or to any of its nonprofit support corporations;~~ Reserved

(28)(a) seventy‑five percent of the gross proceeds of the sales of medicine and prosthetic devices sold by prescription; however, sales of medicine and prosthetic devices, including dental devices, sold by a prescription, and specifically written to Medicare or Medicaid beneficiaries are totally exempt;

(b) prescription medicines used to prevent respiratory syncytial virus, prescription medicines and therapeutic radiopharmaceuticals used in the treatment of rheumatoid arthritis, cancer, lymphoma, leukemia, or related diseases, including prescription medicines used to relieve the effects of any such treatment, free samples of prescription medicine distributed by its manufacturer and any use of these free samples;

~~(b)~~(c) hypodermic needles, insulin, alcohol swabs, blood sugar testing strips, monolet lancets, dextrometer supplies, blood glucose meters, and other similar diabetic supplies sold to diabetics under the authorization and direction of a physician;

~~(c)~~(d) seventy‑five percent of the gross proceeds of the sales of disposable medical supplies such as bags, tubing, needles, and syringes, which are dispensed by a licensed pharmacist in accordance with an individual prescription written for the use of a human being by a licensed health care provider, which are used for the intravenous administration of a prescription drug or medicine, and which come into direct contact with the prescription drug or medicine. This exemption applies only to supplies used in the treatment of a patient outside of a hospital, skilled nursing facility, or ambulatory surgical treatment center. However, sales of hypodermic needles, insulin, alcohol swabs, blood sugar testing strips, monolet lancets, dextrometer supplies, blood glucose meters, and other similar diabetic supplies sold to a diabetic that is a Medicare or Medicaid beneficiary under the authorization and direction of a physician are totally exempt;

~~(d)~~(e) medicine donated by its manufacturer to a public institution of higher education for research or for the treatment of indigent patients; ~~and~~

~~(e)~~(f) seventy‑five percent of the gross proceeds of the sales of dental prosthetic devices; and

~~(f)~~(g) prescription drugs dispensed to Medicare Part A patients residing in a nursing home are not considered sales to the nursing home and are not subject to the sales tax.

(29) tangible personal property purchased by persons under a written contract with the federal government when the contract necessitating the purchase provides that title and possession of the property is to transfer from the contractor to the federal government at the time of purchase or after the time of purchase. This exemption also applies to purchases of tangible personal property which becomes part of real or personal property owned by the federal government or, as provided in the written contract, is to transfer to the federal government. This exemption does not apply to purchases of tangible personal property used or consumed by the purchaser;

(30) office supplies, or other commodities, and services resold by the Division of General Services of the State Budget and Control Board to departments and agencies of the state government, if the tax was paid on the divisions original purchase;

(31) ~~vacation time sharing plans, vacation multiple ownership interests, and exchanges of interests in vacation time sharing plans and vacation multiple ownership interests as provided by Chapter 32 of, Title 27, and any other exchange of accommodations in which the accommodations to be exchanged are the primary consideration;~~ Reserved

(32) natural and liquefied petroleum gas and electricity used exclusively in the production of poultry, livestock, swine, and milk;

(33) seventy‑five percent of the gross proceeds of the sales of electricity, natural gas, fuel oil, kerosene, LP gas, coal, or any other combustible heating material or substance used for residential purposes. Individual sales of kerosene or LP gas of twenty gallons or less by retailers are considered used for residential heating purposes;

(34) fifty percent of the gross proceeds of the sale of a manufactured home, as defined in Section 40‑29‑20, or a modular home regulated pursuant to Chapter 43 ~~of~~, Title 23, both on‑frame and off‑frame. ~~For purposes of this item only, ‘gross proceeds of sale’ equals the manufacturer’s net invoice price of the modular home sold, including all accessories built in to the modular home at the time of delivery to the purchaser and not including freight or deposit on returnable materials. The manufacturer shall collect the tax and remit it to the Department of Revenue;~~

(35) motion picture film sold or rented to or by theaters;

(36) tangible personal property where the seller, by contract of sale, is obligated to deliver to the buyer, or to an agent or donee of the buyer, at a point outside this State or to deliver it to a carrier or to the mails for transportation to the buyer, or to an agent or donee of the buyer, at a point outside this State;

(37) petroleum asphalt products, commonly used in paving, purchased in this State, which are transported and consumed out of this State;

(38) ~~hearing aids, as defined by Section 40‑25‑20(5);~~ Reserved

(39) ~~concession sales at a festival by an organization devoted exclusively to public or charitable purposes, if:~~

~~(a)~~ ~~all the net proceeds are used for those purposes;~~

~~(b)~~ ~~in advance of the festival, its organizers provide the department, on a form it prescribes, information necessary to ensure compliance with this item.~~

~~For purposes of this item, a ‘festival’ does not include a recognized state or county fair;~~ Reserved

(40) ~~containers and chassis, including all parts, components, and attachments, sold to international shipping lines which have a contractual relationship with the South Carolina State Ports Authority and which are used in the import or export of goods to and from this State;~~ Reserved

(41) ~~items sold by organizations exempt under Section 12‑37‑220A(3) and (4) and B(5), (6), (7), (8), (12), (16), (19), (22), and (24), if the net proceeds are used exclusively for exempt purposes and no benefit inures to any individual. An organization whose sales are exempted by this item is also exempt from the retail license tax provided in Article 5 of this chapter;~~ Reserved

(42) depreciable assets, used in the operation of a business, pursuant to the sale of the business. This exemption only applies when the entire business is sold by the owner of it, pursuant to a written contract and the purchaser continues operation of the business;

(43) ~~all supplies, technical equipment, machinery, and electricity sold to motion picture companies for use in filming or producing motion pictures. For the purposes of this item, ‘motion picture’ means any audiovisual work with a series of related images either on film, tape, or other embodiment, where the images shown in succession impart an impression of motion together with accompanying sound, if any, which is produced, adapted, or altered for exploitation as entertainment, advertising, promotional, industrial, or educational media; and a ‘motion picture company’ means a company generally engaged in the business of filming or producing motion pictures;~~ Reserved

(44) electricity used to irrigate crops;

(45) ~~building materials, supplies, fixtures, and equipment for the construction, repair, or improvement of or that become a part of a self‑contained enclosure or structure specifically designed, constructed, and used for the commercial housing of poultry or livestock.~~ Reserved

(46) war memorials or monuments honoring units or contingents of the Armed Forces of the United States or of the National Guard, including United States military vessels, which memorials or monuments are affixed to public property;

(47) tangible personal property sold to charitable hospitals predominantly serving children exempt under Section 12‑37‑220, where care is provided without charge to the patient~~.~~;

(48) ~~solid waste disposal collection bags required pursuant to the solid waste disposal plan of a county or other political subdivision if the plan requires the purchase of a specifically designated containment bag for solid waste disposal;~~ Reserved

(49) ~~postage purchased by a person engaged in the business of selling advertising services for clients consisting of mailing, or directing the mailing of, printed advertising material through the United States mail directly to the client’s customers or potential customers or by a person to mail or direct the mailing of printed advertising material through the United States mail to a potential customer;~~ Reserved

(50)(a) recycling property;

(b) electricity, natural gas, propane, or fuels of any type, oxygen, hydrogen, nitrogen, or gasses of any type, and fluids and lubricants used by a qualified recycling facility;

(c) tangible personal property which becomes, or will become, an ingredient or component part of products manufactured for sale by a qualified recycling facility;

(d) tangible personal property of or for a qualified recycling facility which is or will be used (1) for the handling or transfer of postconsumer waste material, (2) in or for the manufacturing process, or (3) in or for the handling or transfer of manufactured products;

(e) machinery and equipment foundations used or to be used by a qualified recycling facility;

(f) as used in this item, ‘recycling property’, ‘qualified recycling facility’, and ‘postconsumer waste material’ have the meanings provided in Section 12‑6‑3460;

(51) material handling systems and material handling equipment used in the operation of a distribution facility or a manufacturing facility including, but not limited to, racks used in the operation of a distribution facility or a manufacturing facility and either used or not used to support a facility structure or part of it. To qualify for this exemption, the taxpayer shall notify the department before the first month it uses the exemption and shall invest at least thirty‑five million dollars in real or personal property in this State over the five‑year period beginning on the date provided by the taxpayer to the department in its notices. The taxpayer shall notify the department in writing that it has met the thirty‑five million dollar investment requirement or, after the expiration of the five years, that it has not met the thirty‑five million dollar investment requirement. The department may assess any tax due on material handling systems and material handling equipment purchased tax‑free pursuant to this item but due the State as a result of the taxpayer’s failure to meet the thirty‑five million dollar investment requirement. The running of the periods of limitations for assessment of taxes provided in Section 12‑54‑85 is suspended for the time period beginning with notice to the department before the taxpayer uses the exemption and ending with notice to the department that the taxpayer either has met or has not met the thirty‑five million dollar investment requirement~~.~~;

(52) parts and supplies used by persons engaged in the business of repairing or reconditioning aircraft owned by or leased to the federal government or commercial air carriers. This exemption does not extend to tools and other equipment not attached to or that do not become a part of the aircraft~~.~~;

(53) ~~motor vehicle extended service contracts and motor vehicle extended warranty contracts.~~ Reserved

(54) ~~clothing and other attire required for working in a Class 100 or better as defined in Federal Standard 209E clean room environment.~~ Reserved

(55) ~~audiovisual masters made or used by a production company in making visual and audio images for first generation reproduction. For purposes of this item:~~

~~(a)~~ ~~‘Audiovisual master’ means an audio or video film, tape, or disk, or another audio or video storage device from which all other copies are made.~~

~~(b)~~ ~~‘Production company’ means a person or entity engaged in the business of making motion picture, television, or radio images for theatrical, commercial, advertising, or education purposes.~~ Reserved

(56) machines used in research and development. ‘Machines’ includes machines and parts of machines, attachments, and replacements which are used or manufactured for use on or in the operation of the machines, which are necessary to the operation of the machines, and which are customarily used in that way. ‘Machines used in research and development’ means machines used directly and primarily in research and development, in the experimental or laboratory sense, of new products, new uses for existing products, or improvement of existing products~~.~~;

(57)(a) sales taking place during a period beginning 12:01 a.m. on the first Friday in August and ending at twelve midnight the following Sunday of the following school supplies or clothes for children in grades K‑12 to be used or worn in the classroom or at home with respect to school assignments:

(i) clothing strictly limited to outerwear garments such as shirts, shorts, and pants. This item specifically excludes items such as wedding and formal wear dresses, tuxedos, shoes, and footwear;

(ii) ~~clothing accessories including, but not limited to, hats, scarves, hosiery, and handbags;~~

~~(iii)~~ ~~footwear;~~

~~(iv)~~ school supplies including, but not limited to, pens, pencils, paper, binders, notebooks, books, bookbags, lunchboxes, ~~and~~ calculators, and similar school supplies;

~~(v)~~(iii) computers, printers and printer supplies, and computer software;

~~(vi)~~ ~~bath wash clothes, blankets, bed spreads, bed linens, sheet sets, comforter sets, bath towels, shower curtains, bath rugs and mats, pillows, and pillow cases.~~

(b) The exemption allowed by this item does not apply to:

(i) sales of jewelry, cosmetics, eyewear, wallets, watches;

(ii) sales or rentals of furniture, appliances, toiletries, bicycles, bath wash clothes, blankets, bed spreads, bed linens, sheet sets, comforter sets, bath towels, shower curtains, bath rugs and mats, pillows, pillow cases or similar items;

(iii) a sale of an item placed on layaway or similar deferred payment and delivery plan however described;

(iv) sales or rental of clothing, clothing accessories, or footwear;

(v) a sale or lease of an item for use in a trade or business.

(c) Before July tenth of each year, the department shall publish and make available to the public and retailers a list of those articles qualifying for the exemption allowed by this item~~.~~;

(58) ~~cooperative direct mail promotional advertising materials and promotional maps, brochures, pamphlets, or discount coupons by nonprofit chambers of commerce or convention and visitor bureaus who are exempt from income taxation pursuant to Internal Revenue Code Section 501(c) delivered at no charge by means of interstate carrier, a mailing house, or a United States Post Office to residents of this State from locations both inside and outside the State. For purposes of this item, ‘cooperative direct mail promotional advertising materials’ means discount coupons, advertising leaflets, and similar printed advertising, including any accompanying envelopes and labels which are distributed with promotional advertising materials of more than one business in a single package to potential customers, at no charge to the potential customer, of the businesses paying for the delivery of the material.~~ Reserved

(59) ~~facilities for transmitting electricity that is transferred, sold, or exchanged by electrical utilities, municipalities, electric cooperatives, or political subdivisions to a limited liability company which is subject to regulation under the Federal Power Act (16 U.S.C. Section 791(a)) and which is formed to operate or to take functional control of electric transmission assets as defined in the Federal Power Act;~~ Reserved

(60) a lottery ticket sold pursuant to Chapter 150 ~~of~~, Title 59;

(61) copies of or access to legislation or other informational documents provided to the general public or any other person by a legislative agency when a charge for these copies is made reflecting the agency’s cost of the copies. Funds received as revenue from the sale of materials or as reimbursements for the cost of providing certain supplies or services or refunds must be remitted to the State Treasurer as collected, but in no event later than twelve working days from the date of the receipt of any such funds~~.~~;

(62) seventy percent of the gross proceeds of the rental or lease of portable toilets~~.~~;

(63) prescription and over‑the‑counter medicines and medical supplies, including diabetic supplies, diabetic diagnostic equipment, and diabetic testing equipment, sold to a health care clinic that provides medical and dental care without charge to all of its patients~~.~~;

(64) ~~Sweetgrass baskets made by artists of South Carolina using locally grown sweetgrass.~~ Reserved

(65)(a) computer equipment, as defined in subitem (c) of this item, used in connection with a technology intensive facility as defined in Section 12‑6‑3360(M)(14)(b), where:

(i) the taxpayer invests at least three hundred million dollars in real or personal property or both comprising or located at the facility over a five‑year period;

(ii) the taxpayer creates at least one hundred new full‑time jobs at the facility during that five‑year period, and the average cash compensation of at least one hundred of the new full‑time jobs is one hundred fifty percent of the per capita income of the State according to the most recently published data available at the time the facility’s construction starts; and

(iii) at least sixty percent of the three hundred million dollars minimum investment consists of computer equipment;

(b) computer equipment, as defined in subitem (c) of this item, used in connection with a manufacturing facility, where:

(i) the taxpayer invests at least seven hundred fifty million dollars in real or personal property or both comprising or located at the facility over a seven‑year period; and

(ii) the taxpayer creates at least three thousand eight hundred full‑time new jobs at the facility during that seven‑year period.

As used in this subitem, ‘taxpayer’ includes a person who bears a relationship to the taxpayer as described in Section 267(b) of the Internal Revenue Code.

(c) For the purposes of this item, ‘computer equipment’ means original or replacement servers, routers, switches, power units, network devices, hard drives, processors, memory modules, motherboards, racks, other computer hardware and components, cabling, cooling apparatus, and related or ancillary equipment, machinery, and components, the primary purpose of which is to store, retrieve, aggregate, search, organize, process, analyze, or transfer data or any combination of these, or to support related computer engineering or computer science research.

(d) These exemptions apply from the start of the investment in or construction of the technology intensive facility or the manufacturing facility. The taxpayer shall notify the Department of Revenue of its use of the exemption provided in this item on or before the first sales tax return filed with the department after the first such use. Upon receipt of the notification, the department shall issue an appropriate exemption certificate to the taxpayer to be used for qualifying purposes under this item. Within six months after the fifth anniversary of the taxpayer’s first use of this exemption, the taxpayer shall notify the department in writing that it has or has not met the investment and job requirements of this item by the end of that five‑year period. Once the department certifies that the taxpayer has met the investment and job requirements, all subsequent purchases of or investments in computer equipment, including to replace originally deployed computer equipment or to implement future expansions, likewise shall qualify for the exemption described above, regardless of when the taxpayer makes the investments.

(e) The department may assess any tax due on property purchased tax free pursuant to this item but due the State if the taxpayer subsequently fails timely to meet the investment and job requirements of this item after being granted the exemption; for purposes of determining whether the taxpayer has timely satisfied the investment requirement, replacement computer equipment counts toward the investment requirement to the extent that the value of the replacement computer equipment exceeds the cost of the computer equipment so replaced, but, provided the taxpayer otherwise qualifies for the exemption, the full value of the replacement computer equipment is exempt from sales and use tax. The running of the periods of limitation within which the department may assess taxes provided pursuant to Section 12‑54‑85 is suspended during the time period beginning with the taxpayer’s first use of this exemption and ending with the later of the fifth anniversary of first use or notice to the department that the taxpayer either has met or has not met the investment and job requirements of this item;

(66) electricity used by a technology intensive facility as defined in Section 12‑6‑3360(M)(14)(b) and qualifying for the sales tax exemption provided pursuant to item (65) of this section, and the equipment and raw materials including, without limitation, fuel used by such qualifying facility to generate, transform, transmit, distribute, or manage electricity for use in such a facility. The running of the periods of limitation within which the department may assess taxes pursuant to Section 12‑54‑85 is suspended during the same time period it is suspended in item (65)(d) of this section~~.~~;

(67) effective July 1, 2011, construction materials used in the construction of a new or expanded single manufacturing or distribution facility, or one that serves both purposes, with a capital investment of at least one hundred million dollars in real and personal property at a single site in the State over an eighteen‑month period, or effective November 1, 2009, construction materials used in the construction of a new or expanded single manufacturing facility where:

(i) the taxpayer invests at least seven hundred fifty million dollars in real or personal property or both comprising or located at the facility over a seven‑year period; and

(ii) the taxpayer creates at least three thousand eight hundred full‑time new jobs at the facility during that seven‑year period.

To qualify for this exemption, the taxpayer shall notify the department before the first month it uses the exemption and shall make the required investment over the applicable time period beginning on the date provided by the taxpayer to the department in its notices. The taxpayer shall notify the department in writing that it has met the investment requirement or, after the expiration of the applicable time period, that it has not met the investment requirement. The department may assess any tax due on construction materials purchased tax free pursuant to this subitem but due the State as a result of the taxpayer’s failure to meet the investment requirement. The running of the periods of limitations for assessment of taxes provided in Section 12‑54‑85 is suspended for the time period beginning with notice to the department before the taxpayer uses the exemption and ending with notice to the department that the taxpayer either has met or has not met the investment requirement.

As used in this subitem, ‘taxpayer’ includes a person who bears a relationship to the taxpayer as described in Section 267(b) of the Internal Revenue Code~~.~~;

(68) ~~any property sold to the public through a sheriff’s sale as provided by law.~~ Reserved

(69) ~~[~~Reserved~~]~~

(70)(~~a)~~ ~~gold, silver, or platinum bullion, or any combination of this bullion;~~

~~(b)~~ ~~coins that are or have been legal tender in the United States or other jurisdiction; and~~

~~(c) currency.~~

~~The department shall prescribe documentation that must be maintained by retailers claiming the exemption allowed by this item. This documentation must be sufficient to identify each individual sale for which the exemption is claimed.~~ Reserved

(71) ~~any device, equipment, or machinery operated by hydrogen or fuel cells, any device, equipment, or machinery used to generate, produce, or distribute hydrogen and designated specifically for hydrogen applications or for fuel cell applications, and any device, equipment, or machinery used predominantly for the manufacturing of, or research and development involving hydrogen or fuel cell technologies. For purposes of this item:~~

~~(a)~~ ~~‘fuel cells’ means a device that directly or indirectly creates electricity using hydrogen (or hydrocarbon‑rich fuel) and oxygen through an electro‑chemical process; and~~

~~(b)~~ ~~‘research and development’ means laboratory, scientific, or experimental testing and development of hydrogen or fuel cell technologies. Research and development does not include efficiency surveys, management studies, consumer surveys, economic surveys, advertising, or promotion, or research in connection with literary, historical, or similar projects.~~ Reserved

(72) ~~any building materials used to construct a new or renovated building or any machinery or equipment located in a research district. However, the amount of the sales tax that would be assessed without the exemption provided by this section must be invested by the taxpayer in hydrogen or fuel cell machinery or equipment located in the same research district within twenty‑four months of the purchase of an exempt item.~~

~~‘Research district’ means land owned by the State, a county, or other public entity that is designated as a research district by the University of South Carolina, Clemson University, the Medical University of South Carolina, South Carolina State University, or the Savannah River National Laboratory.~~ Reserved

(73) an amusement park ride and any parts, machinery, and equipment used to assemble, operate, and make up an amusement park ride or performance venue facility located in a qualifying amusement park or theme park and any related or required machinery, equipment, and fixtures located in the same qualifying amusement park or theme park.

(a) To qualify for the exemption, the taxpayer shall meet the investment and job requirements provided in subsubitem (i) of subitem (b) over a five‑year period beginning on the date of the taxpayer’s first use of this exemption. The taxpayer shall notify the Department of Revenue of its intent to qualify and use this exemption and upon receipt of the notification, the department shall issue an appropriate exemption certificate to the taxpayer to be used for qualifying purposes under this item. Within six months after the fifth anniversary of the taxpayer’s first use of this exemption, the taxpayer shall notify the department, in writing, that it has or has not met the investment and job requirements of this item. If the taxpayer fails to meet the investment and job requirements, the taxpayer shall pay to the State the amount of the tax that would have been paid but for this exemption. The running of the periods of limitations for assessment of taxes provided in Section 12‑54‑85 is suspended for this time period beginning with the taxpayer’s first use of this exemption and ending with notice to the department that the taxpayer has or has not met the investment and job requirements of this item.

(b) For purposes of this item:

(i) ‘Qualifying amusement park or theme park’ means a park that is constructed and operated by a taxpayer who makes a capital investment of at least two hundred fifty million dollars at a single site and creates at least two hundred fifty full‑time jobs and five hundred part‑time or seasonal jobs.

(ii) ‘Related or required machinery, equipment, and fixtures’ means an ancillary apparatus used for or in conjunction with an amusement park ride or performance venue facility, or both, including, but not limited to, any foundation, safety fencing and equipment, ticketing, monitoring device, computer equipment, lighting, music equipment, stage, queue area, housing for a ride, electrical equipment, power transformers, and signage.

(iii) ‘Performance venue facility’ means a facility for a live performance, nonlive performance, including any animatronics and computer‑generated performance, and firework, laser, or other pyrotechnic show.

(iv) ‘Taxpayer’ means a single taxpayer or, collectively, a group of one or more affiliated taxpayers. An ‘affiliated taxpayer’ means a person or entity related to the taxpayer that is subject to common operating control and that is operated as part of the same system or enterprise. The taxpayer is not required to own a majority of the voting stock of the affiliate~~.~~;

(74) durable medical equipment and related supplies:

(a) as defined under federal and state Medicaid and Medicare laws;

(b) which is paid directly by funds of this State or the United States under the Medicaid or Medicare programs, where state or federal law or regulation authorizing the payment prohibits the payment of the sale or use tax; and

(c) sold by a provider who holds a South Carolina retail sales license and whose principal place of business is located in this State~~.~~;

(75) fifty‑nine percent of the proceeds of the sales of unprepared food that lawfully may be purchased with United States Department of Agriculture food coupons. However, the exemption allowed by this item applies only to the state sales and use tax imposed pursuant to this chapter. In addition, all sales purchased under the United States Department of Agriculture’s ‘Supplemental Nutrition Assistance Program (SNAP)’ shall not be subject to any sales tax;

(76) ~~sales of handguns as defined pursuant to Section 16‑23‑10(1), rifles, and shotguns during the forty‑eight hours of the Second Amendment Weekend. For purposes of this item, the ‘Second Amendment Weekend’ begins at 12:01 a.m. on the Friday after Thanksgiving and ends at twelve midnight the following Saturday.~~ Reserved

(77) ~~Energy efficient products purchased for noncommercial home or personal use with a sales price of two thousand five hundred dollars per product or less.~~

~~(a)~~ ~~For the purposes of this exemption, an ‘energy efficient product’ is any energy efficient product for noncommercial home or personal use consisting of any dishwasher, clothes washer, air conditioner, ceiling fan, fluorescent light bulb, dehumidifier, programmable thermostat, refrigerator, door, or window, the energy efficiency of which has been designated by the United States Environmental Protection Agency and the United States Department of Energy as meeting or exceeding each agency’s energy‑saving efficiency requirements or which have been designated as meeting or exceeding such requirements under each agency’s ENERGY STAR program, and gas, oil, or propane water heaters with an energy factor of 0.80 or greater and electric water heaters with an energy factor of 2.0 or greater.~~

~~(b)~~ ~~This exemption shall not apply to purchases of energy efficient products purchased for trade, business, or resale.~~

~~(c)~~ ~~The exemption provided in this item applies only to sales occurring during a period commencing at 12:01 a.m. on October 1, 2009, and concluding at 12:00 midnight on October 31, 2009, (National ‘Energy Efficiency Month’) and every year thereafter until 2019.~~

~~(d)~~ ~~Each year until 2019, the State Energy Office shall prepare an annual report on the fiscal and energy impacts of the October first through October thirty‑first exemption and submit the report to the General Assembly no later than January first of the following year.~~

~~(e)~~ ~~Beginning with the February 15, 2009, forecast by the Board of Economic Advisors of annual general fund revenue growth for the upcoming fiscal year, and annually after that, if the forecast of that growth then and in any adjusted forecast made before the beginning of the fiscal year equals at least five percent of the most recent estimate by the board of general fund revenues for the current fiscal year, then the exemption allowed by this item shall be allowed for the applicable year. If the February fifteenth forecast or adjusted forecast annual general fund revenue growth for the upcoming fiscal year meets the requirement for the credit, the board promptly shall certify this result in writing to the department.~~ Reserved

(78) machinery and equipment, building and other raw materials, and electricity used in the operation of a facility owned by an organization which qualifies as a tax exempt organization pursuant to the Internal Revenue Code Section 501(c)(3) when the facility is principally used for researching and testing the impact of such natural hazards as wind, fire, water, earthquake, and hail on building materials used in residential, commercial, and agricultural buildings. To qualify for this exemption, the taxpayer shall notify the department of its intent to qualify and shall invest at least twenty million dollars in real or personal property at a single site in this State over the three‑year period beginning on the date provided by the taxpayer to the department in its notices. After the taxpayer notifies the department of its intent to qualify and use the exemption, the department shall issue an appropriate exemption certificate to the taxpayer to be used for qualifying purposes. Within six months of the third anniversary of the taxpayer’s first use of the exemption, the taxpayer shall notify the department in writing that it has met the twenty million dollar investment requirement or, that it has not met the twenty million dollar investment requirement. The department may assess any tax due on the machinery and equipment purchased tax free pursuant to this item but due the State as a result of the taxpayer’s failure to meet the twenty million dollar investment requirement. The running of the periods of limitations for assessment of taxes provided in Section 12‑54‑85 is suspended for the time period beginning with notice to the department before the taxpayer uses the exemption and ending with notice to the department that the taxpayer either has met or has not met the twenty million dollar investment requirement.”

SECTION 7. Section 12‑36‑2610 of the 1976 Code, as amended by Act 161 of 2005, is further amended to read:

“Section 12‑36‑2610. When a sales or use tax return required by Section 12‑36‑2570 and a local sales and use tax law administered and collected by the department on behalf of a local jurisdiction is filed and the taxes due on it are paid in full on or before the final due date, including any date to which the time for making the return and paying the tax has been extended pursuant to the provisions of Section 12‑54‑70, the taxpayer is allowed a discount as follows:

(1) on taxes shown to be due by the return of less than one hundred dollars, three percent;

(2) on taxes shown to be due by the return of one hundred dollars or more, ~~two~~ one percent.

In no case is a discount allowed if the return, or the tax on it is received after the due date, pursuant to Section 12‑36‑2570, or after the expiration of any extension granted by the department. The discount permitted a taxpayer under this section may not exceed ~~three~~ one thousand dollars during any one state fiscal year. However, for taxpayers filing electronically, the discount may not exceed ~~three thousand one hundred~~ one thousand five hundred dollars. A person making sales into this State who cannot be required to register for sales and use tax under applicable law but who nevertheless voluntarily registers to collect and remit use tax on items of tangible personal property sold to customers in this State is entitled to a discount on returns filed as otherwise provided in this section not to exceed ten thousand dollars during any one state fiscal year.”

SECTION 8. Section 12-36-2620 of the 1976 Code, as amended by Act 89 of 2001, is further amended to read:

“Section 12‑36‑2620. The taxes imposed by Sections 12‑36‑910, 12‑36‑920(B), 12‑36‑1310, and 12‑36‑1320 are composed of two taxes as follows:

(1) a four percent tax, which must be credited as provided in Section 59‑21‑1010(A), and

(2) a one percent tax, which must be credited as provided in Section 59‑21‑1010(B). ~~The one percent tax specified in this item does not apply to sales to an individual eighty‑five years of age or older purchasing tangible personal property for his own personal use, if at the time of sale, the individual requests the one percent exclusion from tax and provides the retailer with proof of age.~~”

SECTION 9. Section 12-36-2630 of the 1976 Code, as last amended by Act 89 of 2001, is further amended to read:

“Section 12‑36‑2630. The tax imposed by Section 12‑36‑920(A) is composed of three taxes as follows:

(1) a four percent tax which must be credited as provided in Section 59‑21‑1010(A); and

(2) a one percent tax, which must be credited as provided in Section 59‑21‑1010(B)~~. The one percent tax specified in this item (2) does not apply to sales to an individual eighty‑five years of age or older purchasing tangible personal property for his own personal use, if at the time of sale, the individual requests the one percent exclusion from tax and provides the retailer with proof of age~~; and

(3) a two percent local accommodations tax, which must be credited to the political subdivisions of the State in accordance with Chapter 4 ~~of~~, Title 6. The proceeds of this tax, less the department’s actual increase in the cost of administration and the expenses of the Tourism Expenditure Review Committee established pursuant to Section 6‑4‑35, must be remitted quarterly to the municipality or the county in which it is collected. The two percent tax provided by this item may not be increased except upon approval of two‑thirds of the membership of each House of the General Assembly. However, the tax may be decreased or repealed by a simple majority of the membership of each House of the General Assembly.

The tax imposed by Section 12‑36‑920 must be billed and paid in a single item listed as tax, without itemizing the taxes referred to in this section.”

SECTION 10. Section 12-36-2640 of the 1976 Code, as last amended by Act 89 of 2001, is further amended to read:

“Section 12‑36‑2640. The tax imposed by Section 12‑36‑1710 is composed of two taxes as follows:

(1) a four percent tax which must be credited to the general fund of the State; and

(2) a one percent tax which must be credited as provided in Section 59‑21‑1010(B). ~~The one percent tax specified in this item does not apply to the issuance of certificates of title or other proof of ownership to an individual eighty‑five years of age or older titling or registering a motor vehicle, motorcycle, boat, motor, or airplane for his own personal use, if at the time of sale, the individual requests the one percent exclusion from tax and provides the retailer with proof of age.~~”

SECTION 11. Article 25, Chapter 6, Title 12 of the 1976 Code is amended by adding:

“Section 12‑6‑3790. A resident individual may claim a refundable credit against the income tax imposed pursuant to this chapter equal to each dollar of sales tax paid by the resident individual on items described in Section 12‑36‑2120(28) in excess of one hundred dollars in the tax year. For purposes of this section, in addition to the definition of ‘resident individual’ contained in Section 12‑6‑30, a resident individual includes any person listed as an exemption on the resident individual’s federal return.”

SECTION 12. Article 1, Chapter 11, Title 11 of the 1976 Code is amended by adding:

“Section 11‑11‑290. (A) Notwithstanding any other provision of law, beginning in Fiscal Year 2013‑2014, from the excess sales tax revenue collected if Sections 12‑36‑110, 12‑36‑140, 12‑36‑1110, 12‑36‑2110, 12‑36‑2120, 12‑36‑2610, 12‑36‑2620, 12‑36‑2630, 12‑36‑2640, and 12‑36‑2646 existed as they existed on June 30, 2012, each year in the annual appropriations act and as the General Assembly may provide by law, the General Assembly must appropriate the excess for the following purposes in the following priority order:

(1) fully fund the Education Finance Act by setting and funding the base student cost at the estimate set forth by the Division of Research and Statistics, State Budget and Control Board, pursuant to Section 59‑20‑40;

(2) fully fund the Local Government Fund pursuant to Chapter 27, Title 6; and

(3) reimburse school districts if the revenues in the Homestead Exemption Fund are insufficient to pay all reimbursements.

(B) For purposes of the priority order set forth in subsection (A), each item must be fully funded before any funds are allocated to the next item. However, any individual item may be partially funded in the order in which it appears to the extent that revenues are available.”

SECTION 13. Section 12‑36‑2646 of the 1976 Code is repealed.

SECTION 14. This act takes effect July 1, 2012.

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