**A** **BILL**

TO AMEND SECTION 12‑6‑510 OF THE 1976 CODE, RELATING TO TAX RATES FOR INDIVIDUALS, ESTATES, AND TRUSTS FOR TAXABLE YEARS AFTER 1994, TO PROVIDE FOR AN ANNUAL TWO-TENTHS OF ONE PERCENT REDUCTION IN TAX RATES BEGINNING IN TAX YEAR 2016 AND CEASING AFTER TAX YEAR 2025, AT WHICH TIME THE REDUCTION IN EACH AFFECTED TAX BRACKET SHALL BE PERMANENT; AND TO AMEND SECTION 12‑28‑310, RELATING TO USER FEES ON GASOLINE AND DIESEL FUEL, TO PROVIDE FOR AN ANNUAL TWO CENT INCREASE IN THE MOTOR FUEL USER FEE FOR A PERIOD OF TEN YEARS BEGINNING ON JANUARY 1, 2016, AND ENDING ON JANUARY 1, 2025.

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

SECTION 1. Section 12‑6‑510 of the 1976 Code is amended to read:

“Section 12‑6‑510. (A) For taxable years beginning after 1994, a tax is imposed on the South Carolina taxable income of individuals, estates, and trusts and any other entity except those taxed or exempted from taxation under Sections 12‑6‑530 through 12‑6‑550 computed at the following rates with the income brackets indexed in accordance with Section 12‑6‑520:

(1) Not over $2,220 2.5 percent of taxable income;

(2) Over $2,220 but not over $4,440 $56 plus 3 percent of the excess over $2,220;

(3) Over $4,440 but not over $6,660 $123 plus 4 percent of the excess over $4,440;

(4) Over $6,660 but not over $8,880 $212 plus 5 percent of the excess of $6,660;

(5) Over $8,880 but not over $11,100 $323 plus 6 percent of the excess over $8,880; and

(6) Over $11,100 $456 plus 7 percent of the excess over $11,100.

(B) Beginning taxable year 2016, using the tax rates and tax brackets that applied in tax year 2015, the rate of tax imposed pursuant to subsection (A) on South Carolina taxable income on all brackets of South Carolina taxable income is reduced by two‑tenths of one percent. The income bracket reduction required by this section shall cease after tax year 2025, at which time the reduction in each affected tax bracket shall be permanent. If a tax rate applicable to a bracket is eliminated, that income bracket is then added to the then applicable zero bracket.

~~(B)~~(C) The department may prescribe tax tables consistent with the rates set pursuant to ~~subsection (A)~~ this section.”

SECTION 2. Section 12‑28‑310 of the 1976 Code is amended to read:

“Section 12‑28‑310. (A)(1) Subject to the exemptions provided in this chapter, a user fee ~~of sixteen cents a gallon~~ is imposed on:

~~(1)~~(a) all gasoline, gasohol, or blended fuels containing gasoline that are used or consumed for any purpose in this State; and

~~(2)~~(b) all diesel fuel, substitute fuels, or alternative fuels, or blended fuels containing diesel fuel that are used or consumed in this State in producing or generating power for propelling motor vehicles.

(2) The user fee imposed by this subsection shall be imposed on a per gallon basis for the motor fuels identified in items (1)(a) and (1)(b) and shall be equal to:

Year Amount (in cents per gallon)

2016 18

2017 20

2018 22

2019 24

2020 26

2021 28

2022 30

2023 32

2024 34

2025 and every year thereafter 36

(3) In each year that an increase to the motor fuel user fee is required pursuant to item (2), the increase shall occur on January first.”

SECTION 3. This act takes effect upon approval by the Governor.

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