**South Carolina General Assembly**

122nd Session, 2017-2018

**S. 54**

**STATUS INFORMATION**

General Bill

Sponsors: Senators Bennett, Campbell, Turner, Hembree and Johnson

Document Path: l:\council\bills\bbm\9542dg17.docx

Companion/Similar bill(s): 384, 600, 813, 3516

Introduced in the Senate on January 10, 2017

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

Summary: S.C. Infrastructure and Economic Development Reform Act

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

12/13/2016 Senate Prefiled

12/13/2016 Senate Referred to Committee on **Finance**

1/10/2017 Senate Introduced and read first time ([Senate Journal‑page 39](file:///h:\sj\20170110.docx))

1/10/2017 Senate Referred to Committee on **Finance** ([Senate Journal‑page 39](file:///h:\sj\20170110.docx))

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**VERSIONS OF THIS BILL**

[12/13/2016](file:///p:\pprever\2017-18\54_20161213.docx)

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, SO AS TO ENACT THE “SOUTH CAROLINA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT REFORM ACT”; TO AMEND SECTION 12‑28‑310, RELATING TO THE MOTOR FUEL USER FEE, SO AS TO PHASE IN AN INCREASE OF TWELVE CENTS ON THE FEE, TO REQUIRE THE DEPARTMENT OF REVENUE ADJUST THE FEE FOR INFLATION, AND TO PROVIDE THAT CERTAIN ECONOMIC CONDITIONS BE MET TO PHASE IN THE FEE INCREASE; TO AMEND SECTIONS 56‑11‑410 AND 56‑11‑450, BOTH RELATING TO THE ROAD TAX, SO AS TO INCREASE THE ROAD TAX IN THE SAME MANNER AS THE MOTOR FUEL USER FEE; TO AMEND SECTION 56‑1‑140, AS AMENDED, RELATING TO DRIVERS’ LICENSES, SO AS TO INCREASE THE FEE TO OBTAIN A DRIVER’S LICENSE; TO AMEND SECTION 56‑3‑620, AS AMENDED, RELATING TO THE BIENNIAL REGISTRATION OF A MOTOR VEHICLE, SO AS TO INCREASE THE FEE FOR THE REGISTRATION; BY ADDING SECTION 56‑3‑645 SO AS TO IMPOSE A ROAD USE FEE ON CERTAIN MOTOR VEHICLES THAT OPERATE ON FUEL THAT IS NOT SUBJECT TO THE MOTOR FUEL USER FEE; TO AMEND SECTION 12‑36‑2110, RELATING TO THE MAXIMUM SALES TAX, SO AS TO INCREASE THE MAXIMUM TAX ON CERTAIN ITEMS; TO AMEND ARTICLE 23, CHAPTER 37, TITLE 12, RELATING TO MOTOR CARRIERS, SO AS TO DEFINE TERMS, TO PROVIDE THAT THE ARTICLE DOES NOT APPLY TO A SMALL COMMERCIAL VEHICLE, TO PROVIDE THAT CERTAIN VEHICLES ARE ASSESSED AND APPORTIONED BASED ON A ROAD USE FEE INSTEAD OF PROPERTY TAXES, TO PROVIDE THAT THE ROAD USE FEE IS DUE AT THE SAME TIME AS REGISTRATION FEES, TO PROVIDE FOR THE DISTRIBUTION OF THE ROAD USE FEE, AND TO EXEMPT CERTAIN SEMITRAILERS, TRAILERS, LARGE COMMERCIAL MOTOR VEHICLES, AND BUSES FROM AD VALOREM TAXATION; TO AMEND SECTION 12‑6‑510, RELATING TO THE INDIVIDUAL INCOME TAX, SO AS TO DECREASE TWO INCOME TAX RATES AND TO PHASE IN AN INCREASE IN THE SIZE OF EACH INCOME TAX BRACKET, AND TO PROVIDE THAT CERTAIN ECONOMIC CONDITIONS BE MET TO PHASE IN INCOME TAX BRACKETS; TO AMEND SECTION 12‑6‑520, RELATING TO THE ANNUAL ADJUSTMENT TO THE INCOME TAX BRACKETS, SO AS TO DELETE A PROVISION THAT LIMITS THE INFLATION ADJUSTMENT TO ONE‑HALF OF THE ACTUAL INFLATION RATE; TO AMEND SECTION 12‑6‑1140, AS AMENDED, RELATING TO INCOME TAX DEDUCTIONS, SO AS TO INCREASE THE SUBSISTENCE DEDUCTION FOR CERTAIN LAW ENFORCEMENT OFFICERS BY A DOLLAR A DAY; TO AMEND SECTION 12‑6‑3330, RELATING TO THE TWO‑WAGE EARNER CREDIT, SO AS TO INCREASE A MULTIPLIER THAT DETERMINES THE MAXIMUM CREDIT AMOUNT; TO AMEND SECTION 12‑6‑3385, RELATING TO THE INCOME TAX CREDIT FOR TUITION, SO AS TO INCREASE THE AMOUNT OF THE CREDIT FOR BOTH FOUR‑YEAR INSTITUTIONS AND TWO‑YEAR INSTITUTIONS; BY ADDING SECTION 12‑6‑3632 SO AS TO ALLOW A CREDIT EQUAL TO THREE AND ONE‑HALF PERCENT OF ANY EARNED INCOME TAX CREDIT ALLOWED; AND TO AMEND SECTION 12‑37‑220, AS AMENDED, RELATING TO EXEMPTIONS FROM PROPERTY TAX, SO AS TO PHASE IN AN EXEMPTION OF A PERCENTAGE OF MANUFACTURING PROPERTY AND BUSINESS PERSONAL PROPERTY.

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

Part 1

Citations and Findings

SECTION 1. This act may be cited the “South Carolina Infrastructure and Economic Development Reform Act”.

SECTION 2. (A) The General Assembly finds that the State of South Carolina’s transportation infrastructure is inexorably linked to its economic future and ability to recruit, retain, and promote businesses and that deterioration of the state’s transportation infrastructure creates direct costs to businesses and opportunity costs with respect to deferred business and employment growth.

(B) The General Assembly further finds that substantial improvements to the State Highway System cannot be realized without increasing the financial resources dedicated to the purpose of preserving, maintaining, and rebuilding the State Highway System.

(C) The General Assembly further finds that increasing revenues to the State Highway System through an increase of transportation‑related user fees, such as those levied on motor fuels, would present an economic burden on South Carolina’s citizens and businesses and would present an effort contrary to the goals of durable economic development in the absence of complementary decreases in taxes and fees elsewhere in the state’s tax system.

(D) Finally, the General Assembly finds that maximizing the impact, and therefore economic development potential, of such additional revenues allocated to the State Highway System requires the restructuring of the governance and project approval processes to refocus transportation administration on statewide interests.

Part 2

Funding for Roads

SECTION 3. A. Section 12‑28‑310 of the 1976 Code is amended to read:

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

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

(2) 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.

(B) The user fee levied on motor fuel subject to the user fee pursuant to this chapter is a levy and assessment on the consumer, and the levy and assessment on other persons as specified in this chapter are as agents of the State for the collection of the user fee. This section does not affect the method of collecting the user fee as provided in this chapter. The user fee imposed by this section must be collected and paid at those times, in the manner, and by the persons specified in this chapter.

(C) The license user fee imposed by this section is instead of all sales, use, or other excise tax that may be imposed otherwise by any municipality, county, or other local political subdivision of the State.

(D) On July 1, 2017, July 1, 2018, and July 1, 2019, the department shall permanently increase the amount of the user fees imposed pursuant to subsection (A) by four cents, for a total of twelve cents. All of the funds raised by the increase in the motor fuel user fee imposed by this subsection must be credited to the State Highway Fund.

(E)(1) The department shall increase the amount of the motor fuel user fee imposed pursuant to subsections (A) and (D) on an annual basis by an inflation factor equal to the annual average percentage adjustment over the last ten completed calendar years of the Consumer Price Index for all‑urban consumers as published by the United States Department of Labor, Bureau of Labor Statistics. Upon determining the increase, the department must then convert the weighted average price to a cents‑per‑gallon price for all motor fuel and round the price to the nearest one‑tenth of a cent. If the converted cents‑per‑gallon price is exactly between two‑tenths of a cent, the department must round the price up to the higher of the two. Then, the department must round the cents‑per‑gallon price to the nearest whole cent. The department determines the increase in the motor fuel user fee by March thirty‑first of each year, and the increase takes effect the following July first. The department must notify affected taxpayers of the motor fuel user fee to be in effect for the coming July first to June thirtieth period.

(2) Notwithstanding the provisions of subsection (E)(1), the motor fuel user fee may not be increased by more than two cents in a single year.

(3) The provisions of item (E)(1) must be suspended by the Director of the Department of Revenue if they result in the motor fuel user fee exceeding the same in North Carolina and the Georgia county with the highest cumulative motor fuel user fee. The suspension must remain in place until such time the motor fuel user fees in North Carolina and the Georgia county with the highest cumulative motor fuel user fee are greater than or equal to that of South Carolina.

(F)(1) Notwithstanding any other provision of this section, beginning with the February 15, 2018, forecast by the Board of Economic Advisors of annual general fund revenue for the upcoming fiscal year, and annually thereafter, the scheduled July first user fee increase provided in subsection (D) takes effect only if general fund revenues are projected to increase by at least one percent. The next scheduled increase does not take effect until the February fifteenth forecast meets the requirements for an increase, mutatis mutandis. If the February fifteenth forecast meets the requirement for an increase, the Executive Director of the Revenue and Fiscal Affairs Office, or his designee, promptly shall certify this result in writing to the Department of Revenue. On the July first that the increase required by this subsection is fully implemented, the provisions of this item no longer apply.

(2) For purposes of this subsection, the percentage increase in general funds must be determined by the Revenue and Fiscal Affairs Office by comparing the current fiscal year’s recurring general fund expenditure base with the Board of Economic Advisors’ February fifteenth forecast of recurring general fund revenue for the upcoming fiscal year. The February fifteenth forecast is considered the final forecast for purposes of making the growth determination. The Revenue and Fiscal Affairs Office determines the current fiscal year’s recurring general fund expenditure base, and determine any projected increase in general fund revenues.

(3) For purposes of this subsection:

(a) ‘Recurring general fund revenue’ means the forecast of recurring general fund revenues pursuant to Section 11‑9‑880 after the amount apportioned to the Trust Fund for Tax Relief, as required in Section 11‑11‑150, is deducted, and after any projected revenue loss resulting from amendments to Sections 12‑6‑510 and 12‑37‑220(B)(52)(a) contained within the South Carolina Infrastructure and Economic Development Reform Act is deducted.

(b) ‘Recurring general fund expenditure base’ means the total recurring general fund appropriations authorized in the current general appropriations act less any reduced appropriations mandated by the General Assembly or the Executive Budget Office pursuant to Section 11‑9‑890B, and less any projected revenue loss resulting from amendments to Sections 12‑6‑510 and 12‑37‑220(B)(52)(a) contained within the South Carolina Infrastructure and Economic Development Reform Act.”

B. The first CPI adjustment made pursuant to this SECTION takes effect July 1, 2020, or the July first after the provisions of Section 12‑28‑310(D) are fully implemented, whichever occurs later.

C. This SECTION takes effect upon approval by the Governor.

SECTION 4. A. Section 56‑11‑410 of the 1976 Code is amended to read:

“Section 56‑11‑410. A road tax for the privilege of using the streets and highways in this State is imposed upon every motor carrier. The tax is equivalent to ~~sixteen cents a gallon~~ the user fee imposed pursuant to Section 12‑28‑310, calculated on the amount of gasoline or other motor fuel used by the motor carrier in its operations within this State. Except as credit for certain taxes as provided for in this chapter, taxes imposed on motor carriers by this chapter are in addition to taxes imposed upon the carriers by any other provision of law. The department shall increase the amount of the road tax imposed pursuant to this section in the same manner that it adjusts the user fee imposed pursuant to Section 12‑28‑310.”

B. Section 56‑11‑450(A) of the 1976 Code is amended to read:

“(A) Every motor carrier subject to the tax imposed under this chapter is entitled to a credit on the tax equivalent to ~~sixteen cents per gallon~~ the user fee imposed pursuant to Section 12‑28‑310 on all gasoline or other motor fuel purchased by the carrier within this State for use in operations either within or without this State and upon which gasoline or other motor fuel the tax imposed by the laws of this State has been paid by the carrier. Evidence of the payment of the tax in such form as may be required by or is satisfactory to the Department of Motor Vehicles must be furnished by each carrier claiming the credit.”

C. This SECTION takes effect upon approval by the Governor.

SECTION 5. Section 56‑1‑140 of the 1976 Code, as last amended by Act 275 of 2016, is further amended to read:

“Section 56‑1‑140. (A) Upon payment of a fee of ~~twelve~~ twenty‑five dollars ~~and fifty cents~~ for a license that is valid for five years, or ~~twenty‑five~~ fifty dollars for a license that is valid for ten years, the Department of Motor Vehicles shall issue to every qualified applicant a driver’s license as applied for by law. The license must bear on it a distinguishing number assigned to the licensee, the full name, date of birth, residence address, a brief description and laminated colored photograph of the licensee, and a facsimile of the signature of the licensee, or a space upon which the licensee shall write his usual signature with pen and ink immediately upon receipt of the license. ~~No~~ A license is not valid until it has been ~~so~~ signed by the licensee. The license authorizes the licensee to operate only those classifications of vehicles as indicated on the license.

(B) An applicant for a new, renewed, or replacement South Carolina driver’s license may apply to the Department of Motor Vehicles to obtain a veteran designation on the front of his driver’s license by providing:

(1) a United States Department of Defense discharge certificate, also known as a DD Form 214, that shows a characterization of service, or discharge status of ‘honorable’ or ‘general under honorable conditions’ and establishes the person’s qualifying military service in the United States Armed Forces; and

(2) payment of a one dollar fee that must be ~~retained~~ collected by the department and placed by the Comptroller General into the State Highway Fund as established by Section 57‑11‑20, to be distributed as provided in Section 11‑43‑167.

The Department of Motor Vehicles may determine the appropriate form of the veteran designation on the driver’s license authorized pursuant to this section.

(C) ~~The fees collected pursuant to this section must be credited to the Department of Transportation State Non‑Federal Aid Highway Fund.~~ All of the fees collected pursuant to this section must be credited to the State Highway Fund.”

SECTION 6. Section 56‑3‑620 of the 1976 Code, as last amended by Act 353 of 2008, is further amended to read:

“Section 56‑3‑620. (A) For persons sixty‑five years of age or older or persons who are handicapped, as defined in Section 56‑3‑1950, the biennial registration fee for every private passenger motor vehicle, excluding trucks, is ~~twenty~~ thirty‑six dollars.

(B) ~~Beginning July 1, 1987,~~ For persons under the age of sixty‑five years the biennial registration fee for every private passenger motor vehicle, excluding trucks, is ~~twenty‑four~~ forty dollars.

(C) For persons sixty‑five years of age or older, the biennial registration fee for a property‑carrying vehicle with a gross weight of six thousand pounds or less is ~~thirty~~ forty‑six dollars.

(D) For persons who are sixty‑four years of age, the biennial registration fee for a private passenger motor vehicle, excluding trucks, is ~~twenty‑two~~ thirty‑eight dollars.

(E) Applicable truck fees, established by Section 56‑3‑660, are not negated by this section.

(F) Annual license plate validation stickers which are issued for nonpermanent license plates on certified South Carolina public law enforcement vehicles must be issued without charge.

(G) From each biennial registration and license fee collected, sixteen dollars must be credited to the State Highway Fund.”

SECTION 7. Chapter 3, Title 56 of the 1976 Code is amended by adding:

“Section 56‑3‑645. (A) In addition to the registration fees imposed by this chapter, the owner of motor vehicles that are powered:

(1) exclusively by electricity, hydrogen, or any fuel other than motor fuel, as defined in Section 12‑28‑110(39), that are not subject to motor fuel user fees imposed by Chapter 28, Title 12 shall pay a biennial road use fee of one hundred twenty dollars; and

(2) by a combination of motor fuel subject to motor fuel user fees imposed by Chapter 28, Title 12 and electricity, hydrogen, or any fuel other than motor fuel that is not subject to motor fuel user fees imposed by Chapter 28, Title 12 shall pay a biennial road use fee of sixty dollars.

(B) All of the fees collected pursuant to this section must be credited to the State Highway Fund.

(C) The Department of Motor Vehicles shall collect this fee at the same time as the vehicle subject to the fee is registered.”

SECTION 8. A. Section 12‑36‑2110(A) of the 1976 Code is amended to read:

“Section 12‑36‑2110. (A)(1) The maximum tax imposed by this chapter is three hundred dollars for each sale made after June 30, 1984, or lease executed, after August 31, 1985, of each:

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

~~(2)~~(b) motor vehicle;

~~(3)~~(c) motorcycle;

~~(4)~~(d) boat;

~~(5)~~(e) 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)~~(f) recreational vehicle, including tent campers, travel trailer, park model, park trailer, motor home, and fifth wheel; or

~~(7)~~(g) self‑propelled light construction equipment with compatible attachments limited to a maximum of one hundred sixty net engine horsepower.

(2) In the case of a lease, the total tax rate required by ~~law~~ this section 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.

(3) Notwithstanding any other provision of this subsection, after June 30, 2017, the maximum tax imposed pursuant to this chapter on the sale, lease, or registration of an item enumerated in item (1) is increased from three hundred dollars to six hundred dollars, mutatis mutandis. Notwithstanding Section 12‑36‑2647, 59‑21‑1010, or any other provision of law, any revenue resulting from the increase contained in this item must be credited to the State Highway Fund.”

B. This SECTION takes effect July 1, 2017.

SECTION 9. SECTIONS 5 through 7 of this part take effect January 1, 2018.

SECTION 10. A. Article 23, Chapter 37, Title 12 of the 1976 Code is amended to read:

“Article 23

Motor Carriers

Section 12‑37‑2810. As used in this article, unless the context requires otherwise:

(A) ‘Motor carrier’ means a person who owns, controls, operates, manages, or leases a commercial motor vehicle, or bus for the transportation of property or persons in intrastate or interstate commerce except for scheduled intercity bus service and farm vehicles using FM tags as allowed by the Department of Motor Vehicles. A motor carrier is defined further as being a South Carolina‑based International Registration Plan registrant or owning or leasing real property within this State used directly in the transportation of freight or persons.

(B) ‘Commercial motor vehicle’ means a motor propelled vehicle used for the transportation of property on a public highway ~~with a gross vehicle weight of greater than twenty‑six thousand pounds~~, except for farm vehicles using FM tags as allowed by the Department of Motor Vehicles.

(C) ‘Large commercial motor vehicle’ means a commercial motor vehicle with a gross vehicle weight of greater than twenty‑six thousand pounds that is registered under the International Registration Plan or used on a highway for the transportation of property.

(D) ‘Small commercial motor vehicle’ means a commercial motor vehicle with a gross vehicle weight of less than or equal to twenty‑six thousand pounds that is registered under the International Registration Plan or used on a highway for the transportation of property.

~~(C)~~(E) ‘Highway’ means all public roads, highways, streets, and ways in this State, whether within a municipality or outside of a municipality.

~~(D)~~(F) ‘Person’ means any individual, corporation, firm, partnership, company or association, and includes a guardian, trustee, executor, administrator, receiver, conservator, or a person acting in a fiduciary capacity.

~~(E)~~(G) ‘Semitrailers’ means every vehicle with or without motive power, other than a pole trailer, designed for carrying property and for being drawn by a motor vehicle and constructed so that a part of its weight and of its load rests upon or is carried by another vehicle.

~~(F)~~(H) ‘Trailers’ means every vehicle with or without motive power, other than a pole trailer, designed for carrying property and for being drawn by a motor vehicle and constructed so that no part of its weight rests upon the towing vehicle.

~~(G)~~(I) ‘Bus’ means every motor vehicle designed for carrying more than sixteen passengers and used for the transportation of persons, for compensation, other than a taxicab or intercity bus.

(J) ‘South Carolina apportionment factor’ means the ratio of miles operated by a fleet of vehicles in South Carolina to the miles operated by the fleet of vehicles everywhere, which is used to apportion the registration fees of the fleet under the International Registration Plan.

Section 12‑37‑2815. The provisions contained in this article do not apply to small commercial motor vehicles that must be licensed, registered, and pay ad valorem taxes as otherwise provided by law.

Section 12‑37‑2820. (A) The Department of ~~Revenue~~ Motor Vehicles annually shall assess, equalize, and apportion the valuation of all large commercial motor vehicles and buses of motor carriers registered for use in this State under the International Registration Plan or otherwise pursuant to Section 56‑3‑190. The valuation must be based on fair market value for the motor vehicles and an assessment ratio of nine and one‑half percent as provided by Section 12‑43‑220(g). Fair market value is determined by depreciating the gross capitalized cost of each motor carrier’s large commercial motor vehicle~~,~~ or bus by an annual percentage depreciation allowance down to ten percent of the cost as follows:

(1) Year One ‑‑ .90

(2) Year Two ‑‑ .80

(3) Year Three ‑‑ .65

(4) Year Four ‑‑ .50

(5) Year Five ‑‑ .35

(6) Year Six ‑‑ .25

(7) Year Seven ‑‑ .20

(8) Year Eight ‑‑ .15

(9) Year Nine ‑‑ .10

(B) ‘Gross capitalized cost’, as used in this section, means the original cost upon acquisition for income tax purposes, not to include taxes, interest, or cab customizing.

Section 12‑37‑2830. The value of a motor carrier’s large commercial motor vehicles and buses subject to ~~property taxes~~ road use fees in this State must be determined ~~based on the ratio of total mileage operated within this State during the preceding calendar year to the total mileage of its fleet operated within and without this State during the same preceding calendar year~~ according to the South Carolina apportionment factor for the fleet of which the commercial vehicle is a part.

Section 12‑37‑2840. ~~(A)~~ ~~Motor carriers must file an annual property tax return with the Department of Revenue no later than June 30 for the preceding calendar year and remit one‑half of the tax due or the entire tax due as stated on the return. If the motor carrier fails to pay either one‑half of the tax due or the entire tax due as of June 30, the department must issue a proposed assessment for the entire tax to the motor carrier. The tax as shown in the proposed assessment must be paid in full by cashier’s check, money order, or cash within thirty days of the issuance of the proposed assessment, or the taxpayer may appeal the proposed assessment within thirty days using the procedures provided in subarticle 1, Article 5, Chapter 60 of this title.~~

~~(B)(1)~~ ~~If one‑half of the tax is remitted on or before June 30, the remaining one‑half of the tax due must be paid to the Department of Revenue on or before December 31 of that year. If the motor carrier fails to remit the remaining tax due pursuant to this section, the department shall issue a proposed assessment to the motor carrier.~~

~~(2)~~ ~~The tax shown in the proposed assessment must be paid in full by cashier’s check, money order, or cash or appealed within thirty days of the issuance of the proposed assessment. The taxpayer may appeal the proposed assessment using the procedures provided in subarticle 1, Article 5, Chapter 60 of this title.~~

~~(C)~~ ~~If a motor carrier fails to timely file the return as required by this section, the department shall issue a proposed assessment which assumes all mileage of the motor carrier’s fleet was driven within this State. A taxpayer may appeal this proposed assessment using the procedures provided in subarticle 1, Article 5, Chapter 60 of this title.~~

~~(D)~~ ~~A twenty‑five percent penalty must be added to the property tax due if the motor carrier fails to file a return or pay any tax due, including the one‑half of the tax due on June 30, as required by this section. The penalty must be applied the day after the date that the return was due to be filed or the tax was due to be paid. This penalty is instead of all other penalties and interest required by law, except those provided in Section 12‑54‑44.~~

~~(E)~~ ~~If the motor carrier fails to remit the tax due within thirty days of receipt of the proposed assessment and the taxpayer fails to appeal the proposed assessment as provided in subsection (B), the department shall assess the tax. Tax due pursuant to this section is subject to the collection procedures provided in Chapter 54, of this title, except that the penalty provisions of Section 12‑54‑43 do not apply~~ A motor carrier registering a large commercial motor vehicle or bus must pay the road use fee due on the vehicle at the time and in the manner the person pays the registration fees on the vehicle pursuant to Section 56‑3‑660. A person choosing to pay registration fees on a large commercial motor vehicle or bus in quarterly installments pursuant to Section 56‑3‑660 also must pay the road use fee on the vehicle in the same quarterly installments.

~~Section 12‑37‑2842.~~ ~~(A)~~ ~~The Department of Motor Vehicles, at the time of first registration by a motor carrier as defined in this article, shall notify the registrant of the Department of Revenue’s registration and filing requirements and supply the required registration forms.~~

~~(B)~~ ~~The motor carrier must register with the Department of Revenue within thirty days following the year in which the vehicle or bus was first registered for operation in South Carolina.~~

~~(C)~~ ~~A motor carrier must notify the Department of Revenue, on forms supplied by the department, of a motor vehicle or bus that is disposed of before December 31.~~

Section 12‑37‑2850. Beginning on January 1, 2019, the Department of ~~Revenue~~ Motor Vehicles shall assess annually the ~~taxes~~ road use fee due on large commercial motor vehicles and buses based on the value determined in Section 12‑37‑2820 and an average millage for all purposes statewide for the preceding calendar year and shall publish the average millage for the preceding year by ~~June 1~~ July first of each year. The Department of Revenue, in consultation with the Revenue and Fiscal Affairs Office, shall calculate the millage to be used to calculate the road use fee by June first of each year for the following calendar year. The ~~taxes~~ road use fee assessed must be paid to the Department of ~~Revenue no later than December 31 of each year and may be made in two equal installments~~ Motor Vehicles, in addition to the registration fees required pursuant to Sections 56‑3‑660 and 56‑3‑670, at the time and in the manner that the registration fees on the vehicle are paid pursuant to Sections 56‑3‑660 and 56‑3‑670. Distribution of the ~~taxes~~ fees paid must be made by the ~~State Treasurer’s~~ Office of the State Treasurer based on the distribution formula ~~contained~~ provided in ~~Section 12‑37‑2870~~ Sections 12‑37‑2865 and 12‑37‑2870.

Section 12‑37‑2860. (A) In addition to the property tax exemptions allowed pursuant to Section 12‑37‑220, one hundred percent of the fair market value of semitrailers and trailers as defined in Section 12‑37‑2810, and commonly used in combination with a large commercial motor vehicle, as defined pursuant to Section 12‑37‑2810, is exempt from property tax.

(B) Instead of ~~the~~ any property ~~taxes~~ tax and the registration requirements ~~contained~~ provided in Sections 56‑3‑110 and 56‑3‑700 on semitrailers and trailers of motor carriers as defined in Section 12‑37‑2810, and commonly used in combination with a large commercial motor vehicle, a one‑time fee payable to the Department of Motor Vehicles in the amount of eighty‑seven dollars is ~~due~~ imposed on all semitrailers and trailers currently registered and subsequently on each semitrailer and trailer before being placed in service.

(C) The fee imposed pursuant to subsection (B) and the registration requirements of this article are in lieu of any local road use fee, registration fees, or any other vehicle related fee imposed by a political subdivision of this State on a trailer or semitrailer.

~~(B)~~(D) Twelve dollars of the one‑time fee must be distributed to the Department of ~~Revenue~~ Motor Vehicles and may be retained by the Department of ~~Revenue~~ Motor Vehicles and expended in budgeted operations to record and administer the fee. The remaining seventy‑five dollars of the fee must be distributed based on the distribution formula ~~contained~~ provided in ~~Section~~ Sections 12‑37‑2865 and 12‑37‑2870, and must occur by the fifteenth day of the month following the month in which the fees are collected.

~~(C)~~ ~~The fee required by this section is due on or before March 31, 1998, for the initial registration.~~

~~(D)~~(E) The Department of Motor Vehicles shall design a permanent tag for display on the exterior of the rear of the trailer or semitrailer in a conspicuous place.

(F) If the apportioned registration fees of a large commercial motor vehicle or bus and the road use fees for large commercial motor vehicles required under this chapter are equal to or exceeds four hundred dollars, the fees may be remitted to the Department of Motor Vehicles quarterly provided that each installment is made online. A motor carrier who fails to make a quarterly payment on a timely basis may no longer make installment payments and must remit to the department the balance of the fees owed for any previous calendar year before the Department of Motor Vehicles will renew registration for the current calendar year. A motor carrier that opts out of installment payments must make full payment of fees at the time of registration.

Section 12‑37‑2865. (A) The revenues from the road use fee assessed pursuant to Section 12‑37‑2850 and the one‑time fee assessed pursuant to Section 12‑37‑2860 must be distributed by the State Treasurer as provided in subsections (B) and (C). Distributions must be made by the last day of the next month succeeding the month in which the fee is paid.

(B) The first twenty‑six million, five hundred thousand dollars of fee revenues in a fiscal year must be distributed as provided pursuant to Section 12‑37‑2870.

(C) Fiscal year revenues in excess of twenty‑six million, five hundred thousand dollars described in subsection (A) must be credited to the State Highway Fund to be used to finance expansion and improvements to existing mainline interstates.

Section 12‑37‑2870. The distribution of the fee revenues required to be distributed pursuant to Section 12‑37‑2865(B) for each county must be determined on the ratio of total federal and state highway miles within each county during the preceding calendar year to the total federal and state highway miles within all counties of this State during the same preceding calendar year. The county must distribute the revenue from the payment‑in‑lieu of taxes received pursuant to this section within thirty days of its receipt to every governmental entity levying a property tax in the manner set forth below. For each governmental entity levying a property tax, the entire assessed value of the taxable property within its boundaries and the county area must be multiplied by the millage rate imposed by the governmental entity. That figure constitutes the numerator for that governmental entity. The total of the numerators for all property tax levying entities within the county area constitutes the denominator. The numerator for each governmental entity must be divided by the denominator. The resulting percentage must be multiplied by the ~~payment‑in‑lieu of tax~~ fee revenue received pursuant to this section and that amount distributed to the general fund of the appropriate governmental entity. The distribution of taxes and fees paid must be made by the last day of the next month succeeding the month in which the taxes and fees were paid.

Section 12‑37‑2880. (A) In addition to the property tax exemptions allowed pursuant to Section 12‑37‑220, one hundred percent of the fair market value of all large commercial motor vehicles and buses registered for use in this State under the International Registration Plan or otherwise pursuant to Section 56‑3‑190, is exempt from property tax and is instead subject to the road use fee imposed pursuant to this article.

(B) The ~~ad valorem taxes authorized~~ road use fee imposed by this article ~~are~~ is in lieu of all ~~other~~ ad valorem taxes upon ~~the~~ large commercial motor vehicles or buses ~~of motor carriers~~, and any road use or other vehicle‑related fees imposed by a political subdivision of this State. ~~The fee‑in‑lieu of property taxes and registration requirements authorized by this article are in lieu of all other ad valorem taxes upon trailers and semitrailers of motor carriers.~~

~~Section 12‑37‑2890.~~ ~~(A)~~ ~~Upon request by the Department of Revenue, and after the time period for all appeals of tax due is exhausted, the Department of Motor Vehicles shall suspend the driver’s license and vehicle registration of a person that fails to file or pay a motor carrier property tax on a vehicle, pursuant to this article. The request to suspend must be an electronic notification from the Department of Revenue to the Department of Motor Vehicles. Before notification is sent to the Department of Motor Vehicles, the Department of Revenue shall notify the delinquent taxpayer by certified letter of the pending suspension and of the steps necessary to prevent the suspension from being entered on the taxpayer’s driving and registration records. The department shall allow thirty days for payment of taxes before notifying the Department of Motor Vehicles to suspend the driver’s license and vehicle registration.~~

~~(B)~~ ~~Notwithstanding the provisions of Sections 56‑1‑460 and 56‑9‑500, a charge of driving under suspension when the suspension is solely for failure to file or pay a motor carrier property tax or the reinstatement fee required for the property tax does not require proof of financial responsibility. A person is not subject to a custodial arrest solely for being under suspension pursuant to this section. Upon conviction of a violation of this section, the taxpayer is subject to:~~

~~(1)~~ ~~for a first offense a fine not to exceed fifty dollars;~~

~~(2)~~ ~~for a second offense a fine not to exceed two hundred fifty dollars; and~~

~~(3)~~ ~~for a third or subsequent offense under this section, the penalty is a fine not to exceed five hundred dollars or imprisonment not to exceed thirty days, or both.~~

~~(C)~~ ~~Notwithstanding the provisions of subsections (A) and (B) of this section or the provisions of Section 56‑1‑460, a charge of driving under suspension issued solely as a result of this section must be dismissed if the taxpayer provides proof on the taxpayer’s court date that the personal property taxes on the vehicle which resulted in the charge being issued have been paid.~~

~~(D)~~ ~~Before the reinstatement of a driver’s license or vehicle registration suspended due to a violation of this section, a fee of fifty dollars must be paid to the Department of Motor Vehicles. The Department of Motor Vehicles may retain revenues generated by payment of the reinstatement fees pursuant to this section for use in defraying costs associated with suspension and reinstatement actions pursuant to this section Fees collected in excess of actual departmental direct costs related to suspension and reinstatement actions pursuant to this section must be deposited to the credit of the general fund of the State at the end of each fiscal year.~~”

B. Section 56‑3‑376 of the 1976 Code is amended to read:

“Section 56‑3‑376. (A) All vehicles except those vehicles designated in Section 56‑3‑780 are designated as distinct classifications and must be assigned an annual registration period as follows:

(1) Classification (1). Vehicles for which the biennial registration fee is one‑hundred sixty dollars or more. The Department of Motor Vehicles may register and license a vehicle for which the biennial registration fee is one‑hundred sixty dollars or more or for a semiannual or one‑half year upon application to the department by the owner and the payment of one‑fourth of the specified biennial fee. Biennial registrations and licenses expire at midnight on the last day of the twenty‑fourth month for the period for which they were issued. Semiannual or half‑year registrations and licenses expire at midnight of the sixth month for the period for which they were issued and no person shall drive, move, or operate a vehicle upon a highway after the expiration of the registration and license until the vehicle is registered and licensed for the then current period. Trucks, truck tractors, or road tractors with an empty or unloaded weight of over five thousand pounds or less, or gross vehicle weight of eight thousand pounds or less also must be placed in this classification but may not be registered for less than a full biennial period.

(2) Classification (2). Other vehicles. All other vehicles except those vehicles described in classification (1) and (3) of this section are assigned a staggered biennial registration which expires on the last day of the month for the period for which they were issued.

(3) Classification (3). Large commercial motor vehicles and buses registered by motor carriers, as defined in Section 12‑37‑2810, are assigned a staggered annual registration which expires on the last day of the month for the period for which they were issued.

(B) Notwithstanding the registration periods provided in this section, upon appropriate notice, the department may revise the established renewal dates to allow renewals to be assigned an expiration date pursuant to a staggered monthly basis.”

C. Section 56‑3‑120(5) of the 1976 Code is amended to read:

“(5) a trailer or semitrailer ~~of a motor carrier~~ commonly used in combination with a large commercial motor vehicle, as defined in Section 12‑37‑2810, for which trailer or semitrailer the ~~fee‑in‑lieu of taxes and registration requirements has been paid~~ fee imposed pursuant to Section 12‑37‑2860 is paid and applicable registration requirements provided pursuant to Article 23, Chapter 37, Title 12, are met, and a distinctive permanent plate has been issued pursuant to Section 12‑37‑2860.”

D. Section 56‑3‑610 of the 1976 Code is amended to read:

“Section 56‑3‑610. (A) Except as provided in subsection (B), the owner of every motor vehicle, trailer, semitrailer, pole trailer, and special mobile equipment vehicle required to be registered and licensed under this chapter shall pay to the Department of Motor Vehicles at the time of registering and licensing the vehicle and biennially after that time registration and license fees as set forth in this article.

(B) A large commercial motor vehicle or bus on which is imposed the road use fee provided pursuant to Article 23, Chapter 37, Title 12 is required to be registered and licensed annually pursuant to this chapter and the scheduled fees adjusted as provided pursuant to Section 56‑3‑660(E).”

E. Section 56‑3‑660(A) of the 1976 Code is amended to read:

“Section 56‑3‑660. (A) The determination of gross vehicle weight to register and license self‑propelled property carrying vehicles is the empty weight of the vehicle or combination of vehicles and the heaviest load to be transported by the vehicle or combination of vehicles as declared by the registered owner. All determinations of weight must be made in units of one thousand pounds or major fraction of one thousand pounds. The declared gross vehicle weight applies to all self‑propelled property carrying vehicles operating in tandem with trailers or semitrailers except that the gross weight of a trailer or semitrailer is not required to be included when the operation is to be in tandem with a self‑propelled property carrying vehicle licensed for six thousand pounds or less gross weight, and the gross vehicle weight of the combination does not exceed nine thousand pounds. The Department of Motor Vehicles may register and license a ~~vehicle of this classification~~ small commercial motor vehicle, as defined in Section 12‑37‑2810, for which the biennial registration and license fee is one‑hundred and sixty dollars or more for an annual or one‑year period beginning on April first and ending on March thirty‑first of the next year upon application to the department by the owner and the payment of one‑half the specified biennial fee or for a semiannual or one‑half year beginning on April first and ending on September thirtieth of the same year upon application to the department by the owner and the payment of the appropriate fees. The registration and license fee for small commercial motor vehicles ~~in this classification~~ which are registered for the remaining twenty‑four months or less of the twenty‑four month biennial period or for the eleven months or less of the twelve‑month year ending on March thirty‑first or the remaining five months or less for the one‑half period ending on September thirtieth is the proportionate part of the specified biennial fee for the remainder of the twenty‑four month period or year or one‑half year based on one twenty‑fourth of the specified twenty‑four‑month fee for each month or part of a month remaining in the biennial registration period or license year or one‑half year. ~~No~~ An proportionate fee may not be reduced lower than ten dollars. A person making application for a registration and license for a motor vehicle of this classification shall declare the true unloaded or empty weight of the vehicle.”

F. Section 56‑3‑660 of the 1976 Code is amended by adding an appropriately lettered subsection to read:

“( ) Fees for licensing and registration, and fees imposed pursuant to Article 23, Chapter 37, Title 12, may be credited or prorated as prescribed by the Department of Motor Vehicles.”

G. Section 56‑3‑660(E) of the 1976 Code is amended to read:

“(E) The department may register ~~an apportionable~~ a large commercial motor vehicle, as defined in Section 12‑37‑2810, for the payment of one‑half of this State’s portion of the license and road fee for a vehicle whose portion of the license and road fee owed to this State exceeds ~~eight~~ four hundred dollars. The department may require any information necessary to complete the transaction.”

H. Section 58‑23‑620 of the 1976 Code is amended to read:

“Section 58‑23‑620. (A) ~~No city, town,~~ A municipality or county in this State ~~shall~~ may not impose a license fee or license tax upon a holder of a certificate A or a certificate B, and ~~no city, town,~~ a municipality or county ~~shall~~ may not impose a license fee or license tax on the holder of a certificate E or a certificate F, Certificate of Compliance, or a common or contract motor carrier of property, except the ~~city or town~~ municipality of ~~such~~ the carrier’s residence or the location of ~~his~~ the carrier’s principal place of business. However, the fee required of a holder of a certificate C is in addition to any license tax or license fee charged by a municipality.

(B) If a municipality or county imposes a license fee or license tax pursuant to subsection (A), the fee or tax in the case of any certificate holder or common or contract motor carrier of property which operates its vehicles both within and without this State, must be apportioned in the ratio that the miles traveled by the vehicles operated by the certificate holder in this State bears to miles traveled by those vehicles in all states.”

I. Article 21, Chapter 37, Title 12 of the 1976 Code is amended by adding:

“Section 12‑37‑2600. Motor carriers, as defined in Section 12‑37‑2810, are exempt from ad valorem taxes imposed pursuant to this chapter on large commercial motor vehicles and buses.”

J. Section 12‑37‑2610 of the 1976 Code, as last amended by Act 87 of 2015, is further amended to read:

“Section 12‑37‑2610. The tax year for licensed motor vehicles begins with the last day of the month in which a registration required by Section 56‑3‑110 is issued and ends on the last day of the month in which the registration expires or is due to expire. ~~No~~ A registration may not be issued for motor vehicles until the ad valorem tax is paid for the year for which the registration is to be issued. ~~Motor vehicles registered under the International Registration Plan may pay ad valorem property taxes on a semiannual basis~~ Large commercial motor vehicles and buses, as defined in Section 12‑37‑2810, must pay road use fees pursuant to Article 23, Chapter 37, Title 12 in lieu of ad valorem property taxes. The provisions of this section do not apply to the transfer of motor vehicle registrations as specified in Section 12‑37‑2675 or to sales of motor vehicles by a licensed motor vehicle dealer. Notice of the sales must be furnished to the Department of Motor Vehicles by the dealer, along with other documents necessary for the registration and licensing of the vehicle concerned. The notice must be received by the Department of Motor Vehicles as a prerequisite to the registration and licensing of the vehicle and must include the name and address of the purchaser, the vehicle identification number, and the year and model of the vehicle. The notice must be an original and one copy, and the copy must be provided by the department to the auditor of the county in which the vehicle is taxable. All ad valorem taxes on a vehicle are due and payable one hundred twenty days from the date of purchase. The notice and the time in which to pay the tax applies to motor vehicles that are serviced and delivered by a licensed motor vehicle dealer for the benefit of an out‑of‑state dealer.”

K. The first paragraph of Section 12‑37‑2650 of the 1976 Code is amended to read:

“The auditor shall prepare a tax notice of all vehicles owned by the same person and licensed at the same time for each tax year within the two‑year licensing period. A notice must describe the motor vehicle by name, model, and identification number. The notice must set forth the assessed value of the vehicle, the millage, the taxes due on each vehicle, and the license period or tax year. The notice must be delivered to the county treasurer who must collect or receive payment of the taxes. One copy of the notice must be in the form of a bill or statement for the taxes due on the motor vehicle and, when practical, the treasurer shall mail that copy to the owner or person having control of the vehicle. When the tax and all other charges included on the tax bill have been paid, the treasurer shall issue the taxpayer a paid receipt. The receipt or a copy may be delivered by the taxpayer to the Department of Motor Vehicles with the application for the motor vehicle registration. A record of the payment of the tax must be retained by the treasurer. The auditor shall maintain a separate duplicate for motor vehicles. ~~No~~ A registration may not be issued by the Department of Motor Vehicles unless the application is accompanied by the receipt, a copy of the notification required by Section 12‑37‑2610 or notice from the county treasurer, by other means satisfactory to the Department of Motor Vehicles, of payment of the tax. ~~Motor vehicles registered under the International Registration Plan may pay ad valorem property taxes on a semiannual basis, and a proportional receipt must be issued by the treasurer subject to penalties in Section 12‑37‑2730.~~ Large commercial motor vehicles and buses, as defined in Section 12‑37‑2810, must pay road use fees pursuant to Article 23, Chapter 37, Title 12 in lieu of ad valorem property taxes. The treasurer, tax collector, or other official charged with the collection of ad valorem property taxes in each county may delegate the collection of motor vehicle taxes to banks or banking institutions, if each institution assigns, hypothecates, or pledges to the county, as security for the collection, federal funds or federal, state, or municipal securities in an amount adequate to prevent any loss to the county from any cause. Each institution shall remit the taxes collected daily to the county official charged with the collections. The receipt given to the taxpayer, in addition to the information required in this section and by Section 12‑45‑70, must contain the name and office of the treasurer or tax collector of the county and must also show the name of the banking institution to which payment was made.”

L. (1) Notwithstanding any provision to the contrary within this SECTION, a person who registers a vehicle for use in this state pursuant to Article 23, Chapter 37, Title 12, as amended by this act, must register his vehicle during calendar year 2019 and is required to pay the road fees calculated based on the fair market value of the vehicle as specified in Sections 12‑37‑2820 and Section 12‑37‑2850 at the time the vehicle’s registration fees are paid.

(2) Notwithstanding the provisions in Section 12‑37‑2865(B) and (C), as contained in this SECTION, to the contrary, during calendar year 2019 the first four hundred thousand dollars of fee revenue collected pursuant to Section 12‑37‑2865 must be retained by the Department of Motor Vehicles to defray programming costs.

(3) The initial millage required by Section 12‑37‑2850 must be calculated on or before June 1, 2018.

M. This SECTION takes effect January 1, 2019, except that the Department of Revenue, in consultation with the Revenue and Fiscal Affairs Office, shall calculate the millage to be used to calculate the road use fee provided in Section 12‑37‑2850 by July 1, 2018.

SECTION 11. Any revenues raised pursuant to this Part must not be used to hire additional personnel.

SECTION 12. Unless otherwise specified, this Part takes effect January 1, 2018.

Part 3

Tax Relief for Individuals and Businesses

SECTION 13. A. 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:

Not over $2,220 2.5 percent of taxable income

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

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

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

Over $8,880 but not over $11,100 $323 plus 6 percent of the excess over $8,880~~;~~

Over $11,100 $456 plus 7 percent of the excess over $11,100~~.~~

(B) Notwithstanding subsection (A), for tax year 2017, 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:

BUT NOT

OVER OVER ‑‑0‑‑

$ 0 $ 3,610 0.00% Times the amount

3,610 7,220 2.90% Times the amount less $105

7,220 10,830 4.00% Times the amount less $184

10,830 14,440 5.00% Times the amount less $292

14,440 18,050 6.00% Times the amount less $437

18,050 6.90% Times the amount less $599

(C) Notwithstanding subsection (A), and subject to subsection (F), for tax year 2018, 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:

BUT NOT

OVER OVER ‑‑0‑‑

$ 0 $ 3,680 0.00% Times the amount

3,680 7,360 2.90% Times the amount less $107

7,360 11,040 4.00% Times the amount less $188

11,040 14,720 5.00% Times the amount less $298

14,720 18,400 6.00% Times the amount less $445

18,400 6.90% Times the amount less $611

(D) Notwithstanding subsection (A), and subject to subsection (F), for tax year 2019, 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:

BUT NOT

OVER OVER ‑‑0‑‑

$ 0 $ 3,750 0.00% Times the amount

3,750 7,500 2.90% Times the amount less $109

7,500 11,250 4.00% Times the amount less $191

11,250 15,000 5.00% Times the amount less $304

15,000 18,750 6.00% Times the amount less $454

18,750 6.90% Times the amount less $622

(E) Notwithstanding subsection (A), and subject to subsection (F), for taxable years beginning after 2019, 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:

BUT NOT

OVER OVER ‑‑0‑‑

$ 0 $ 4,150 0.00% Times the amount

4,150 8,300 2.90% Times the amount less $120

8,300 12,450 4.00% Times the amount less $212

12,450 16,600 5.00% Times the amount less $336

16,600 20,750 6.00% Times the amount less $502

20,750 6.90% Times the amount less $689

(F)(1) Notwithstanding any other provision of this section, the provisions of subsection (C) shall not apply until forecasted general fund growth meets the requirements of subsection (G), the provisions of subsection (D) shall not apply until forecasted general fund growth meets the requirements of subsection (G) twice, and the provisions of subsection (E) shall not apply until forecasted general fund growth meets the requirements of subsection (G) three times.

(2) Once income tax brackets and rates are applicable in a tax year, the same brackets and rates shall continue to apply until general fund growth meets the requirements of this subsection (G) causing new tax brackets and rates to be applicable. In any tax year in which new tax brackets and rates are not applicable, the department shall adjust the income tax brackets in accordance with Section 12‑6‑520. In the first year income tax brackets and rates become applicable, the income tax brackets must be at least as large as the previous tax year.

(3) The provisions of this subsection no longer apply once the provisions of subsection (E) are applicable; however, an amended return must use the applicable tax brackets and rates of the year for which the return was filed.

(G)(1) Forecasted general fund growth meets the requirements of this section if, beginning with the February 15, 2018 forecast by the Board of Economic Advisors of annual general fund revenue for the upcoming fiscal year, and annually thereafter, general fund revenues are projected to increase by at least one percent. If the February fifteenth forecast meets the requirement, the Executive Director of the Revenue and Fiscal Affairs Office, or his designee, promptly shall certify this result in writing to the Department of Revenue. The provisions of this subsection no longer apply once the tax brackets and rates in subsection (E) are applicable.

(2) For purposes of this subsection, the percentage increase in general funds must be determined by the Revenue and Fiscal Affairs Office by comparing the current fiscal year’s recurring general fund expenditure base with the Board of Economic Advisors’ February fifteenth forecast of recurring general fund revenue for the upcoming fiscal year. The February fifteenth forecast is considered the final forecast for purposes of making the growth determination. The Revenue and Fiscal Affairs Office shall determine the current fiscal year’s recurring general fund expenditure base, and determine any projected increase in general fund revenues.

(3) For purposes of this subsection:

(a) ‘Recurring general fund revenue’ means the forecast of recurring general fund revenues pursuant to Section 11‑9‑880 after the amount apportioned to the Trust Fund for Tax Relief, as required in Section 11‑11‑150, is deducted, and after any projected revenue loss resulting from amendments to Sections 12‑6‑510 and 12‑37‑220(B)(52)(a) contained within the South Carolina Infrastructure and Economic Development Reform Act is deducted.

(b) ‘Recurring general fund expenditure base’ means the total recurring general fund appropriations authorized in the current general appropriations act less any reduced appropriations mandated by the General Assembly or the Executive Budget Office pursuant to Section 11‑9‑890B, and less any projected revenue loss resulting from amendments to Sections 12‑6‑510 and 12‑37‑220(B)(52)(a) contained within the South Carolina Infrastructure and Economic Development Reform Act.

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

B. Notwithstanding Section 12‑6‑520, the Department of Revenue shall not adjust the income tax brackets for any year in which new income tax brackets and rates, pursuant to Section 12‑6‑510, are first applicable.

SECTION 14. A. Section 12‑6‑520 of the 1976 Code is amended to read:

“Section 12‑6‑520. (A) Each December 15, the department shall cumulatively adjust the brackets in Section 12‑6‑510 in the same manner that brackets are adjusted in Internal Revenue Code Section (1)(f). However, the adjustment ~~is limited to one‑half of the adjustment determined by Internal Revenue Code Section (1)(f),~~ may not exceed four percent a year, and the rounding amount provided in (1)(f)(6) is ten dollars. The brackets, as adjusted, apply in lieu of those provided in Section 12‑6‑510 for taxable years beginning in the succeeding calendar year. Inflation adjustments must be made cumulatively to the income tax brackets.

(B) Notwithstanding the provisions of subsection (A), for tax years beginning after 2020, or tax years after which income tax brackets and rates set forth in Section 12‑6‑510(E) become applicable, whichever occurs later, the department shall make the adjustment required by this section using the tax year 2020 brackets as the base year.”

B. This SECTION takes effect upon approval by the Governor and applies to tax years beginning after 2016.

SECTION 15. A. Section 12‑6‑1140(6) of the 1976 Code is amended to read:

“(6) a subsistence allowance of ~~eight~~ nine dollars a day for federal, state, and local law enforcement officers paid by a political subdivision of this State, the government of this State, or the federal government, for each regular work day in a taxable year and full‑time firefighters and emergency medical service personnel may deduct as a subsistence allowance eight dollars a day for each regular work day in a taxable year;”

B. This SECTION takes effect upon approval by the Governor and applies to tax years beginning after 2016.

SECTION 16. A. Section 12‑6‑3330(B)(1) of the 1976 Code is amended to read:

“(1) ~~thirty~~ forty‑five thousand dollars; or”

B. This SECTION takes effect upon approval by the Governor and applies to tax years beginning after 2016.

SECTION 17. A. Section 12‑6‑3385(A)(1) of the 1976 Code is amended to read:

“(A)(1) A student is allowed a refundable individual income tax credit equal to twenty‑five percent, not to exceed ~~eight hundred fifty~~ one thousand five hundred dollars in the case of both four‑year institutions and ~~twenty‑five percent, not to exceed three hundred fifty dollars in the case of~~ two‑year institutions for tuition paid an institution of higher learning or a designated institution as provided in this section during a taxable year. The amount of the tax credit claimed up to the limits authorized in this section for any taxable year may not exceed the amount of tuition paid during that taxable year.”

B. This SECTION takes effect upon approval by the Governor and applies to tax years beginning after 2016.

SECTION 18. A. Article 25, Chapter 6, Title 12 of the 1976 Code is amended by adding:

“Section 12‑6‑3632. There is allowed as a nonrefundable credit against the tax imposed pursuant to Section 12‑6‑510 on a full‑year resident individual taxpayer an amount equal to three and one‑half percent of the earned income tax credit (EITC) allowed the taxpayer pursuant to Internal Revenue Code Section 32.”

B. This SECTION takes effect upon approval by the Governor and applies to tax years beginning after 2016.

SECTION 19. A. Section 12‑37‑220(B) of the 1976 Code, as last amended by Act 23 of 2015, is further amended by adding an item at the end to read:

“(52)(a) Nineteen and five one‑hundredths percent of the property tax value of manufacturing property assessed for property tax purposes pursuant to Section 12‑43‑220(a)(1). For purposes of this item, when the exemption is applied to real property, it must be applied to the property tax value as it may be adjusted downward to reflect the limit imposed pursuant to Section 6, Article X, of the South Carolina Constitution, 1895.

(b) Nine and one‑half percent of the property tax value of business personal property required to be reported and returned annually to the Department of Revenue or county auditors assessed for property tax purposes pursuant to Section 12‑43‑220(f).

(c) The revenue loss resulting from the exemption allowed by this item must be reimbursed and allocated to the political subdivisions of this State, including school districts, in the same manner as the Trust Fund for Tax Relief. In calculating estimated state individual and corporate income tax revenues for a fiscal year, the Board of Economic Advisors shall deduct amounts sufficient to account for the reimbursement required by this item.

(d) Notwithstanding any other provision of law, property exempted from property tax in the manner provided in this item is considered taxable property for purposes of bonded indebtedness pursuant to Section 15, Article X of the Constitution of this State.”

B. (A) Notwithstanding the exemption amount allowed pursuant to item (52)(a) added pursuant to subsection A of this SECTION, the percentage exemption amount is phased in in two equal and cumulative percentage installments, pursuant to subsection (B), applicable for property tax years beginning after 2017.

(B)(1) Notwithstanding any other provision of this SECTION, beginning with the February 15, 2018, forecast by the Board of Economic Advisors of annual general fund revenue for the upcoming fiscal year, and annually thereafter, the scheduled percentage exemption, set forth in subsection (A), shall take effect only if general fund revenues are projected to increase by at least one percent. The next scheduled percentage exemption shall not take effect until the February fifteenth forecast meets the requirements for an exemption, mutatis mutandis. If the February fifteenth forecast meets the requirement for an exemption, the Executive Director of the Revenue and Fiscal Affairs Office, or his designee, promptly shall certify this result in writing to the Department of Revenue. Once both installments required by subsection (A) have been made, the provisions of this item no longer apply.

(2) For purposes of this subsection, the percentage increase in general funds must be determined by the Revenue and Fiscal Affairs Office by comparing the current fiscal year’s recurring general fund expenditure base with the Board of Economic Advisors’ February fifteenth forecast of recurring general fund revenue for the upcoming fiscal year. The February fifteenth forecast is considered the final forecast for purposes of making the growth determination. The Revenue and Fiscal Affairs Office shall determine the current fiscal year’s recurring general fund expenditure base, and determine any projected increase in general fund revenues.

(3) For purposes of this subsection:

(a) ‘Recurring general fund revenue’ means the forecast of recurring general fund revenues pursuant to Section 11‑9‑880 after the amount apportioned to the Trust Fund for Tax Relief, as required in Section 11‑11‑150, is deducted, and after any projected revenue loss resulting from amendments to Sections 12‑6‑510 and 12‑37‑220(B)(52)(a) contained within the South Carolina Infrastructure and Economic Development Reform Act is deducted.

(b) ‘Recurring general fund expenditure base’ means the total recurring general fund appropriations authorized in the current general appropriations act less any reduced appropriations mandated by the General Assembly or the Executive Budget Office pursuant to Section 11‑9‑890B, and less any projected revenue loss resulting from amendments to Sections 12‑6‑510 and 12‑37‑220(B)(52)(a) contained within the South Carolina Infrastructure and Economic Development Reform Act.”

C. This SECTION takes effect upon approval by the Governor and for purposes of item (52)(b) first applies to property tax years beginning after 2016, and for purposes of item (52)(a) first applies to property tax years beginning after 2017.

Part 4

Miscellaneous Provisions and

Effective Date

SECTION 20. The General Assembly finds that all the provisions contained in this act relate to one subject as required by Section 17, Article III of the South Carolina Constitution, 1895, in that each provision relates directly to or in conjunction with other sections to the subject of infrastructure financing and oversight.

The General Assembly further finds that a common purpose or relationship exists among the sections, representing a potential plurality but not disunity of topics, notwithstanding that reasonable minds might differ in identifying more than one topic contained in the act.

SECTION 21. The repeal or amendment by this act of any law, whether temporary or permanent or civil or criminal, does not affect pending actions, rights, duties, or liabilities founded thereon, or alter, discharge, release or extinguish any penalty, forfeiture, or liability incurred under the repealed or amended law, unless the repealed or amended provision shall so expressly provide. After the effective date of this act, all laws repealed or amended by this act must be taken and treated as remaining in full force and effect for the purpose of sustaining any pending or vested right, civil action, special proceeding, criminal prosecution, or appeal existing as of the effective date of this act, and for the enforcement of rights, duties, penalties, forfeitures, and liabilities as they stood under the repealed or amended laws.

SECTION 22. If any part, subpart, section, subsection, paragraph, subparagraph, sentence, clause, phrase, or word of this act is for any reason held to be unconstitutional or invalid, such holding shall not affect the constitutionality or validity of the remaining portions of this act, the General Assembly hereby declaring that it would have passed this act, and each and every part, subpart, section, subsection, paragraph, subparagraph, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more other parts, subparts, sections, subsections, paragraphs, subparagraphs, sentences, clauses, phrases, or words hereof may be declared to be unconstitutional, invalid, or otherwise ineffective.

SECTION 23. Except where otherwise provided, this act takes effect upon approval by the Governor.

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