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REPORT OF THE SALES, USE AND INCOME TAX SUBCOMMITTEE

(Newton, Stavrinakis, Dillard, Taylor & Hyde - Staff Contact: Teesha Trapp)

HOUSE BILL 4594

H. 4594 -- Reps. Ballentine, Pope, Clyburn, West, Elliott and T. Moore: A BILL TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 12-6-40, RELATING TO APPLICATION OF FEDERAL INTERNAL REVENUE CODE TO STATE TAX LAWS, SO AS TO UPDATE THE REFERENCE TO THE INTERNAL REVENUE CODE TO THE YEAR 2023 AND TO PROVIDE THAT IF THE INTERNAL REVENUE CODE SECTIONS ADOPTED BY THIS STATE ARE EXTENDED, THEN THESE SECTIONS ALSO ARE EXTENDED FOR SOUTH CAROLINA INCOME TAX PURPOSES.

Received by Ways and Means: 11/16/23

Summary of Bill:

This bill updates the conformity to the Internal Revenue Code (IRC) through the year 2023, including any expired provisions of the federal code that are extended, but not otherwise amended, by congressional enactment during 2024, and ensures that if the IRC sections are extended then the sections are also extended for South Carolina income tax purposes.

Estimated Revenue Impact:

None

Subcommittee Action/Explanation

Received **FAVORABLE REPORT** on March 19, 2024.

Full Committee Action/Explanation

Other Notes/Comments:



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

STATEMENT OF ESTIMATED FISCAL IMPACT

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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	H. 4594	Introduced on January 9, 2024
Author:	Ballentine	
Subject:	Internal Revenue Code Conformity	
Requestor:	House Ways and Means	
RFA Analyst(s):	Jolliff	
Impact Date:	March 5, 2024	

Fiscal Impact Summary

This bill updates South Carolina's conformity to the Internal Revenue Code (IRC) through December 31, 2023, including any expired provisions of the federal code that are extended, but not otherwise amended, by congressional enactment during 2024.

Research by the Department of Revenue (DOR) did not identify any federal tax laws enacted by Congress that impact South Carolina's conformity through December 31, 2023. Further, DOR did not identify any expired provisions for 2023 that would impact 2024 if extended. Therefore, the bill will not have any impact on expenditures or revenues.

Explanation of Fiscal Impact

Introduced on January 9, 2024

State Expenditure

This bill updates South Carolina's conformity to the IRC through December 31, 2023. As there are no federal changes to implement, the bill will not impact expenditures for DOR.

State Revenue

This bill updates South Carolina's conformity to the IRC through December 31, 2023, including any expired provisions of the federal code that are extended, but not otherwise amended, by congressional enactment during 2024. Research by DOR did not identify any federal tax laws enacted by Congress that impact South Carolina's conformity through December 31, 2023. Further, DOR did not identify any expired provisions for 2023 that would impact 2024 if extended. Therefore, this bill will have no impact on revenue.

Please note, this analysis is based on the actions taken by Congress and the IRC as of December 31, 2023. This does not include any actions that may be taken by Congress in 2024 that would impact tax year 2023 or prior years.

Local Expenditure and Local Revenue

N/A

Frank A. Rainwater, Executive Director

South Carolina General Assembly
125th Session, 2023-2024

H. 4594

STATUS INFORMATION

General Bill

Sponsors: Reps. Ballentine, Pope, Clyburn, West, Elliott and T. Moore

Companion/Similar bill(s): 4017, 4595

Document Path: LC-0282DG24.docx

Introduced in the House on January 9, 2024

Currently residing in the House

Summary: Internal Revenue Code conformity

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
11/16/2023	House	Prefiled
11/16/2023	House	Referred to Committee on Ways and Means
1/9/2024	House	Introduced and read first time (House Journal-page 93)
1/9/2024	House	Referred to Committee on Ways and Means (House Journal-page 93)
1/9/2024	House	Member(s) request name added as sponsor: West
2/8/2024	House	Member(s) request name added as sponsor: Elliott, T. Moore

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VERSIONS OF THIS BILL

11/16/2023

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A BILL

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 12-6-40, RELATING TO APPLICATION OF FEDERAL INTERNAL REVENUE CODE TO STATE TAX LAWS, SO AS TO UPDATE THE REFERENCE TO THE INTERNAL REVENUE CODE TO THE YEAR 2023 AND TO PROVIDE THAT IF THE INTERNAL REVENUE CODE SECTIONS ADOPTED BY THIS STATE ARE EXTENDED, THEN THESE SECTIONS ALSO ARE EXTENDED FOR SOUTH CAROLINA INCOME TAX PURPOSES.

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

SECTION 1. Section 12-6-40(A)(1)(a) and (c) of the S.C. Code is amended to read:

(a) Except as otherwise provided, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~2022~~2023, and includes the effective date provisions contained in it.

(c) If Internal Revenue Code sections adopted by this State which expired or portions thereof expired on December 31, ~~2022~~2023, are extended, but otherwise not amended, by congressional enactment during ~~2023~~2024, these sections or portions thereof also are extended for South Carolina income tax purposes in the same manner that they are extended for federal income tax purposes.

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

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