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**EXTENDED SESSION**

**Adopted conference reports**

The House of Representatives and the Senate adopted the conference committee report on **S. 1087**, the **“Comprehensive Tax Cut Act of 2022,”** and the bill was ratified and signed into law by the Governor. The legislation adjusts tax brackets to provide **one billion dollars in income tax relief**, authorizes **one billion dollars in one-time income tax rebates**, allows for the **complete deduction of all military retirement income**, and increases the tax exemption for **manufacturing property**.

The legislation provides for a lowest **individual income tax** bracket that is taxed at **zero percent** and collapses several tax brackets. Brackets currently subject to rates of **three percent, four percent, five percent, and six percent**, collapse into a single tax bracket so that incomes falling in this middle range are all taxed at **three percent**:

Current brackets Brackets collapsed to

3%:

4%:

3%

5%:

6%:

The legislation *immediately* reduces the rate for the highest tax bracket from **seven percent to six and a half percent** in Tax Year 2022 and then gradually phases in (by one tenth of one percent each year) the tax relief in years when the state experiences sufficient revenue growth to a permanent top marginal rate of six percent:

Top marginal rate Tax Year 2022 Goal: permanent top marginal rate

7% 6.5% 6%

One billion dollars is appropriated from the Contingency Reserve Fund to provide a one‑time rebate for individual income taxpayers that filed a return for tax year 2021. Each return filed for 2021 shall receive a rebate equal to the amount of tax liability on the return up to a maximum of seven hundred dollars. However, if there are sufficient funds, the Department of Revenue is authorized to increase the maximum amount of the rebate. DOR must issue these refunds by December 31, 2022.

**Hence, for a total of two billion dollars in tax relief for South Carolinians**

The legislation allows all military retirement income to be deducted from an individual’s South Carolina income taxes, regardless of the individual’s age.

The tax exemption for manufacturing property is increased from 14.2857 to 42.8571 percent. The state’s maximum annual reimbursement to local governments for revenue loss resulting from this property tax exemption increases from 85 million dollars to 170 million dollars.

The House and Senate adopted the conference committee report on **S. 233** and the bill was ratified. The legislation expands **real property tax exemption** provisions to provide that a qualified surviving spouse may qualify for an exemption if the qualified surviving spouse owns the house. The legislation also revises eligibility criteria to allow for an exemption when the county assessor certifies to the Department of Revenue that the house is located on heirs’ property and the person is the owner-occupied resident of the house. The legislation includes provisions providing for **tax value adjustment for property damaged by flooding, hurricane, or wind events**. The legislation expands provisions for adjustments in valuation and assessment for purposes of ad valorem property taxation by requiring an adjustment to real property for damages caused by flooding, hurricane, or wind events, in addition to the adjustments already allowed for property damage caused by fire.The legislation establishes a property tax exemption for all farm buildings and agricultural structures owned by a producer in this state used to house livestock, poultry, crops, farm equipment, or farm supplies. The legislation also addresses a **local government’s authority to impose service or user fees**. The legislation specifies that revenue generated from a service or user fee imposed by a local government must: (a) be used to the benefit of the payers, even if the general public also benefits; (b) only be used for the specific improvement contemplated; (c) not exceed the cost of the improvement; and (d) be uniformly imposed on all payers. The legislation includes a provision that a local governing body that repealed a road maintenance fee after June 30, 2021, and subsequently approved a millage increase for road maintenance, must repeal the millage imposed to replace the previous road maintenance fee before reimposing the road maintenance fee. The provisions apply retroactively to any service or fee imposed after December 31, 1996.

The House adopted the conference committee report on **S. 935**, the **“Put Parents in Charge Act”**, but the Senate did not adopt the report. The legislation appropriates seventy-five million dollars from the state’s contingency reserve fund to award scholarships for expanding

educational options for children in economically disadvantaged families, up to five hundred children in active duty military families, and up to five hundred students from the South Carolina Early Reading Development and Education program.

## Also approved in conference committee and adopted by the House and Senate was H. 4776 [R. 269] the "**Medical Ethics and Diversity Act**." This legislation declares a right of conscience for medical practitioners, health care institutions, and health care payers, who are defined in detail within it. With impunity, they could elect to not to participate in health care services, or pay for them, when to do so would violate their conscience. In addition, this bill would protect them from civil, criminal, or administrative actions. They also could not be discriminated against for exercising their rights under this legislation. In addition, medical students cannot be disciplined or dismissed from medical school for exercising their rights declared in this proposal. Medical providers cannot refuse to provide healthcare assistance based on a patient's race. As a final feature, healthcare payers must provide notice in boldfaced type on their policies or insurance contracts that they may not pay for certain procedures or other treatments.

The House and Senate adopted the conference committee report on Joint Resolution **S. 1106**, a **proposed state constitutional amendment for** **increasing state financial reserve funds** that are used to cope with revenue shortfalls. The proposed amendment provides for the state’s General Reserve Fund, currently set at five percent of General Fund revenue of the latest completed fiscal year, increasing each year by half of a percent until it equals seven percent of General Fund revenue of the latest completed fiscal year. The proposed amendment increases the state’s Capital Reserve Fund from two percent of General Fund revenue of the latest completed fiscal year to three percent of such revenues. Revisions are also included to provide that the first use of the Capital Reserve Fund must be to offset midyear budget reductions. With the ratification of the joint resolution, these proposals for amending the South Carolina Constitution are to be placed before the state’s voters as ballot questions at the next general election.

The House and Senate adopted the conference committee report on **H. 3346**, a bill **increasing state financial reserve funds**, and the legislation was ratified. These statutory provisions for increasing the General Reserve Fund and the Capital Reserve Fund are to take effect upon ratification of the pertinent amendments to the South Carolina Constitution.

The House and Senate adopted the conference committee report on **H. 5150**, the **Fiscal Year 2022-2023 General Appropriation Bill**, and the legislation was ratified. The state government budget bill together with American Rescue Plan Act federal funds expenditures, provide for around one billion dollars in additional state road funding. This includes 250 million dollars in nonrecurring funds allocated to the County Transportation Committees to accelerate projects on the state’s lower volume and secondary roads. Seventy three million dollars in recurring funds is provided for a three percent state employee salary increase. Forty six million dollars in nonrecurring funds is used for paying each state employee a one-time bonus of 1,500 dollars. The budget provides for a four thousand dollar teacher pay increase across all salary levels. This allows the state’s starting salary for teachers to increase from $36,000 to $40,000. Over 275 million dollars in new annual funding is provided for K-12 public education. Capital improvements of 140 million dollars is provided for disadvantaged school districts. Full funding is provided in Education Lottery funds for the LIFE, HOPE, and Palmetto Fellows higher education scholarship programs. The budget again includes a higher education tuition mitigation initiative in which additional recurring funds distributed among the state’s institutions of higher learning are contingent upon freezing in-state tuition and mandatory fees during the 2022-2023 academic year for all in-state undergraduate students at all public four-year and two-year University of South Carolina campuses. The budget emphasizes salary increases and retention programs for law enforcement and correctional officers across state agencies. Sixty five million dollars is devoted to a comprehensive enhancement of the state’s mental and behavioral healthcare services. One and a third million dollars is allocated for creating a secondary statewide suicide crisis hotline that will be linked into the nationwide “988 call center” system. Sixty five million dollars is provided for land conservation to protect and preserve properties throughout the state and provide additional outdoor recreation opportunities for the state’s citizens. The SC Ports Authority is afforded 350 million dollars to complete the Navy Base Intermodal Facility and inner harbor container barge infrastructure project.

A conference committee report was adopted by the House and Senate on **H. 3696 [R. 266]**, additional circuit and family court judges**.** Itadds Circuit Court Judges in the 2nd, 9th, 14th, and 15th Judicial Circuits and Family Court Judges in the 1st, 7th, and 16th Judicial Circuits.

The House and Senate adopted the conference committee report on **S. 202 [R. 251] Inspector General reforms and updates.** This legislation updates the definition of "agency" for investigations to be conducted by our State Inspector General. Authority of the Inspector General is expanded to include public schools, public school districts, public charter schools, public charter school authorizers, and any voluntary association or nonprofit that establishes and enforces bylaws or rules for interscholastic sports competition for public secondary schools in South Carolina. These investigations can be initiated by the Governor, State Superintendent of Education, or a majority of any county legislative delegation, and must be made in writing. It does not include the judicial department, quasi-judicial bodies, or political subdivisions, unless the political subdivisions are specifically enumerated to be subject to Inspector General investigative jurisdiction elsewhere in the South Carolina Code.

The conference committee report on **S. 243 [R. 253] SC DSS report information availability** has been adopted by the House and Senate**.** Limited information in SCDSS unfounded child abuse and neglect reports, about child fatalities or near fatalities, can be released under the parameters set out in this legislation. Releasable information is limited to causes and circumstances of fatality or near-fatality unfounded abuse reports, the age and gender of the child, any prior reports related to the fatality or near fatality incident[s], prior investigation reports, and lists of any state-provided resources or services.

The House and the Senate both adopted the conference committee report on **S. 560 [R. 254] Heirs' Property Study Committee.** It will be examining current and prospective methods for addressing heirs' property issues and related costs in South Carolina. This legislation sets out the membership, submitting the report to the General Assembly, and timing of the committee’s dissolution after their report has been provided.

The House adopted the conference report that deletes Senate amendments referring back to original House language and enrolled for ratification **H. 4775**, the **“E-Waste bill”**, legislation establishing a new statewide **“Manufacturer Electronic Waste Recovery Program”** for covered televisions and computer monitor devices, etc., beginning year 2023. Due to a decrease in the market for these devices, counties currently face large financial burdens to recycle these items. Under the old program, manufacturers recycled 80 percent of what was sold, leaving counties with the cost of recycling any devices that remained at county recycling centers. The new program would require that all covered television and computer monitor devices must be picked up by manufacturer from counties. The bill provides language that protects counties from financial liability once these devices leave a recycling facility. The bill requires all stakeholders to reconvene on June 1, 2026, to assess how the program is working and whether there needs to be changes or updates to the program by January 15, 2027. There is also a 2029 sunset provision on the program.

The House adopted the conference report for **H. 3055**, which added the LiDAR Map language, removed original language dealing with DNR Board Members and removed the language concerning Charleston Harbor from the original bill and returned to the Senate. **H. 3055**, a bill that **cleans up and provides for technical changes in the law for the Department of Natural Resources.** These changes are as a result of the Legislative Oversight Committee’s review of the Department. In addition, **H. 3055** also outlines that the State Geological Survey Unitin the Department of Natural Resources shall **conduct topographic mapping using light detection and ranging (LiDAR) data collections by December 31, 2022,** and at least every seven years thereafter. The unit is authorized to work with local, state, and federal governmental entities in South Carolina to complete the topographic mapping and share the results of the topographic mapping with these agencies. The unit shall work with the Flood Mitigation Program to publish the result to the public on the Department of Natural Resources' website. The provisions only may be enforced when the General Assembly appropriates the necessary funding for the topographic mapping in the General Appropriations Act.

The House adopted the free conference report which returned legislation back to the original House language **H. 3056**, a bill that **deletes outdated Department of Natural Resources commissions and fish and game clubs** that are no longer part of the laws and practices of the Department. The bill deletes language regarding Legislative Delegations appointing game warden for counties, such as, but not limited to, the Prestwood Lake Wildlife Refuge Board, Catawba-Wateree Fish and Game Commission, Cherokee Fish and Game Club, Darlington County Advisory Fish and Game Commission, and the Lee County Legislative Delegation to Protect Fish and Game in Lee County. The legislation also repeals the Enoree River Greenway Commission.

The House adopted a free conference report addressing the disbursement amount and enrolled for ratification **S. 968**, a bill which establishes the **“Veterans Service Organization Burial Honor Guard Support Fund.”** The fund helps to offset the costs paid by South Carolina chapters of congressionally chartered veterans service organizations that provide well-equipped and properly trained honor guard burial details at the funerals of qualifying South Carolina veterans. The bill requires the Secretary of the S.C. Department of Veteran Affairs to authorize a disbursement from the fund not less than fifty dollars but not exceeding the per funeral cap established annually by the secretary. The fund may accept gifts, grants, federal funds, or donations from any source, as well as appropriated funds by the General Assembly.

The House and Senate adopted the conference committee report on **S. 1090** and the bill was ratified. The legislation explicitly reaffirms the **Department of Employment and Workforce’s authority to set a weekly maximum amount of unemployment benefits** that an individual may receive in a week for the legitimate legislative purpose of ensuring that the unemployment insurance trust fund remains solvent and that there are adequate funds to pay unemployment insurance benefits to individuals unemployed through no fault of their own. The maximum weekly benefit amount set each year by DEW within the range established in statute must be published on the department’s website. The legislation identifies the statutory procedure for reconsideration of benefit determinations as the sole and exclusive procedure and remedy for disputing the department’s determination of an insured worker’s weekly benefit amount.

The House and Senate adopted the conference committee report on **S. 1077**, legislation authorizing the issuance of **electric utility storm recovery bonds**, and the bill was ratified and signed into law by the Governor. The legislation establishes a protocol that allows an electric utility to petition the Public Service Commission for authority to issue bonds that allow the costs of recovering from hurricanes, tornadoes, floods, ice storms, and other natural disasters to be financed at a favorable interest rate over the course of several years rather than having ratepayers bear the full financial burden immediately through sizable increases in their electric bills.

The House and Senate adopted the conference committee report on **S. 901** and the bill was ratified. The legislation provides for a revised and extended **nonresidential solar energy property income tax credit** of up to five million dollars for facilities located on Environmental Protection Agency National Priority List properties and other environmental clean-up sites. These tax credit provisions are repealed on December 31, 2024. The legislation includes **tax incentives for apprenticeship programs employing veterans and individuals who have been incarcerated** for nonviolent offenses. The legislation makes provisions for a tax credit for any taxpayer who employs in an apprenticeship program a newly-hired veteran of the U.S. Armed Forces who was honorably discharged or released from such service due to a service‑connected disability. The legislation makes provisions for a tax credit for any taxpayer who employs in an apprenticeship program a newly-hired individual who was formerly incarcerated for nonviolent offenses. These apprenticeship tax credits may be claimed for no more than three years. The amount of the credit is set at three thousand dollars for each eligible employee for the first year it is earned and is reduced to two thousand five hundred dollars for second year, and one thousand dollars for a third year. The legislation includes a provision **limiting the taxation of watercraft motors** to the maximum sales tax established for boats. The legislation includes a provision expanding eligibility for the one percent **senior sales tax exemption on accommodations**. The legislation lowers the age of individuals exempt from paying one percent of the total seven percent sales tax on accommodations from age eighty-five or older to age seventy-eight or older. For each accommodations tax return filed with multiple locations, the filer also must provide electronically the location information by address and the amount of net taxable sales for each location. The legislation provides for **Enterprise Zone Act enhancements** including revisions that allow affiliated businesses to claim job development credits for creating new jobs in the state.

The House and Senate adopted the conference committee report on **H. 4831** and the joint resolution was ratified and signed into law by the Governor. The legislation directs the Department of Commerce to conduct an Offshore Wind Energy Supply Chain Industries Economic Development Studyto evaluate the state’s business advantages, economic climate, workforce readiness, and any other relevant state assets to create a roadmap for South Carolina to effectively compete in attracting offshore wind energy supply chain industries to the state.The Department of Commerce is directed to coordinate with the Office of Regulatory Staff, Clemson University, or other pertinent state agencies, and must submit the reports, roadmap, and any legislative recommendations to the Speaker of the House, Chairman of the House Ways and Means Committee, Chairman of the House Labor, Commerce and Industry Committee, the President of the Senate, Chairman of the Senate Finance Committee, and Chairman of the Senate Labor, Commerce and Industry Committee one year from the date of funding by the General Assembly. These provisions are repealed on June 30, 2024.

The House adopted the conference committee report on **S. 17**, the **“Permit Extension Joint Resolution of 2022”**, but the Senate did not adopt the report.

9/9/2022

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