

1 DRAFT PREPARED BY LEGISLATIVE COUNCIL
2 For: Rep. Pope
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9 **A BILL**

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11 TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA,
12 1976, BY ADDING SECTION 12-2-140 SO AS TO PROVIDE
13 THAT CERTAIN SALES TAX LIMITS AND EXEMPTIONS
14 AND CERTAIN SALES AND USE TAX AND PROPERTY TAX
15 EXEMPTIONS DO NOT APPLY AFTER 2022 UNLESS
16 REAUTHORIZED BY THE GENERAL ASSEMBLY, TO PHASE
17 IN THE ELIMINATION OF THE EXEMPTIONS, AND TO
18 ACCORDINGLY REDUCE THE SALES AND USE TAX RATE
19 WITH THE INTENT OF REDUCING THE RATE TO THREE
20 PERCENT.

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

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25 SECTION 1. Chapter 2, Title 12 of the 1976 Code is amended by
26 adding:

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28 “Section 12-2-140. (A) Notwithstanding Section 12-36-2110 or
29 any other provision of law, any provision of law that sets a
30 maximum sales or use tax amount for certain items is not effective
31 after 2022.

32 (2) Notwithstanding 12-36-2120 or any other provision of
33 law, any provision of law that exempts items from the sales or use
34 tax is not effective after 2022.

35 (3) The provisions of this subsection do not apply with respect
36 to sales and use taxes administered by the South Carolina
37 Department of Revenue but which are imposed by or on behalf of a
38 political subdivision of this State, including a school district.

39 (4) The provisions of this subsection shall remain in effect
40 until exemptions or limitations to the contrary are reauthorized by
41 the General Assembly by law.

1 (B) Notwithstanding subsection (A)(2), the elimination of the
2 exemption must be phased in in five equal installments of twenty
3 percent, so that in the first year of implementation, 2023, the
4 exemption only applies to eighty percent of the gross proceeds of
5 sales. The percentage of gross proceeds to which the exemption
6 applies must be reduced by twenty percent each additional year,
7 until the exemption is completely eliminated in 2028.

8 (C)(1) In each year of implementation of the provisions of this
9 section, the state sales and use tax rate of six percent must be
10 reduced in accordance with the provisions of this subsection, with
11 the intent of reducing the state sales and use tax rate to three percent.
12 The rate must be reduced during each year of implementation by an
13 amount to be determined by the Revenue and Fiscal Affairs Office.
14 The amount of the reduction must be determined by estimating the
15 amount of sales and use tax revenue that would be collected in the
16 upcoming year if the provisions of this section did not exist, and
17 then reducing the rate to an amount that will produce the same sales
18 and use tax revenue given the effect of this section. The Revenue
19 and Fiscal Affairs Office must determine the reduction amount by
20 October first of each preceding year.

21 (2) Any reauthorization legislation, pursuant to subsection
22 (A)(4), must be accompanied by a revenue impact statement before
23 either house of the General Assembly may consider the
24 reauthorization legislation. The impact statement also must include
25 the amount the sales and use tax rate will not be able to be reduced
26 as a result of the legislation.”

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