**South Carolina General Assembly**

124th Session, 2021-2022

**A228, R259, S1087**

**STATUS INFORMATION**

General Bill

Sponsors: Senators Peeler, Alexander, Kimbrell, Shealy, Turner, Climer, M. Johnson, Martin, Corbin, Davis, Massey, Rice, Adams, Garrett, Cash, Young, Malloy, Williams, Loftis, Gambrell, Talley, Cromer, Scott, Jackson, Stephens, Campsen, Verdin, Grooms and McElveen

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Introduced in the Senate on February 17, 2022

Introduced in the House on March 29, 2022

Last Amended on June 15, 2022

Passed by the General Assembly on June 15, 2022

Governor's Action: June 17, 2022, Signed

Summary: Comprehensive tax cut act of 2022

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

2/17/2022 Senate Introduced and read first time ([Senate Journal‑page 6](file:///h:\sj\20220217.docx))

2/17/2022 Senate Referred to Committee on **Finance** ([Senate Journal‑page 6](file:///h:\sj\20220217.docx))

3/8/2022 Senate Committee report: Favorable with amendment **Finance** ([Senate Journal‑page 13](file:///h:\sj\20220308.docx))

3/10/2022 Senate Committee Amendment Adopted ([Senate Journal‑page 17](file:///h:\sj\20220310.docx))

3/10/2022 Senate Read second time ([Senate Journal‑page 17](file:///h:\sj\20220310.docx))

3/10/2022 Senate Roll call Ayes‑40 Nays‑0 ([Senate Journal‑page 17](file:///h:\sj\20220310.docx))

3/15/2022 Senate Read third time and sent to House ([Senate Journal‑page 19](file:///h:\sj\20220315.docx))

3/15/2022 Senate Roll call Ayes‑39 Nays‑0 ([Senate Journal‑page 19](file:///h:\sj\20220315.docx))

3/29/2022 House Introduced and read first time ([House Journal‑page 38](file:///h:\hj\20220329.docx))

3/29/2022 House Referred to Committee on **Ways and Means** ([House Journal‑page 38](file:///h:\hj\20220329.docx))

5/5/2022 House Committee report: Favorable with amendment **Ways and Means** ([House Journal‑page 83](file:///h:\hj\20220505.docx))

5/6/2022 Scrivener's error corrected

5/10/2022 House Amended ([House Journal‑page 588](file:///h:\hj\20220510.docx))

5/10/2022 House Read second time ([House Journal‑page 588](file:///h:\hj\20220510.docx))

5/10/2022 House Roll call Yeas‑110 Nays‑0 ([House Journal‑page 594](file:///h:\hj\20220510.docx))

5/10/2022 House Reconsider vote whereby read second time ([House Journal‑page 612](file:///h:\hj\20220510.docx))

5/10/2022 House Debate adjourned ([House Journal‑page 612](file:///h:\hj\20220510.docx))

5/11/2022 House Motion to reconsider tabled

5/11/2022 House Read third time and returned to Senate with amendments ([House Journal‑page 11](file:///h:\hj\20220511.docx))

5/11/2022 Senate Non‑concurrence in House amendment ([Senate Journal‑page 178](file:///h:\sj\20220511.docx))

5/11/2022 House House insists upon amendment and conference committee appointed Reps.  Simrill, GM Smith, Rutherford ([House Journal‑page 295](file:///h:\hj\20220511.docx))

5/12/2022 Senate Conference committee appointed Peeler, Setzler, Alexander ([Senate Journal‑page 34](file:///h:\sj\20220512.docx))

6/15/2022 House Conference report received and adopted ([House Journal‑page 47](file:///h:\hj\20220615.docx))

6/15/2022 House Roll call Yeas‑110 Nays‑0 ([House Journal‑page 52](file:///h:\hj\20220615.docx))

6/15/2022 Senate Conference report received and adopted ([Senate Journal‑page 28](file:///h:\sj\20220615.docx))

6/15/2022 Senate Roll call Ayes‑42 Nays‑0 ([Senate Journal‑page 28](file:///h:\sj\20220615.docx))

6/15/2022 Senate Ordered enrolled for ratification ([Senate Journal‑page 30](file:///h:\sj\20220615.docx))

6/16/2022 Ratified R 259

6/17/2022 Signed By Governor

6/28/2022 Effective date See Act for Effective Date

6/28/2022 Act No.  228

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**VERSIONS OF THIS BILL**

[2/17/2022](file:///p:\pprever\2021-22\1087_20220217.docx)

[3/8/2022](file:///p:\pprever\2021-22\1087_20220308.docx)

[3/10/2022](file:///p:\pprever\2021-22\1087_20220310.docx)

[5/5/2022](file:///p:\pprever\2021-22\1087_20220505.docx)

[5/6/2022](file:///p:\pprever\2021-22\1087_20220506.docx)

[5/10/2022](file:///p:\pprever\2021-22\1087_20220510.docx)

[6/15/2022](file:///p:\pprever\2021-22\1087_20220615.docx)

(A228, R259, S1087)

**AN ACT TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, SO AS TO ENACT THE “COMPREHENSIVE TAX CUT ACT OF 2022”; TO AMEND SECTION 12‑6‑510, RELATING TO THE INDIVIDUAL INCOME TAX, SO AS TO PHASE‑IN A REDUCTION OF THE TOP MARGINAL RATE TO SIX PERCENT AND TO COLLAPSE OTHER INCOME TAX BRACKETS INTO THE BRACKET TO WHICH THE THREE PERCENT RATE APPLIES; TO AMEND SECTION 12‑6‑1171, RELATING TO THE MILITARY RETIREMENT DEDUCTION, SO AS TO EXEMPT ALL MILITARY RETIREMENT INCOME; TO REPEAL SECTION 12‑6‑515 RELATING TO AN ARCHAIC INDIVIDUAL INCOME TAX PROVISION; TO AMEND SECTION 12‑37‑220, AS AMENDED, RELATING TO PROPERTY TAX EXEMPTIONS, SO AS TO INCREASE A PROPERTY TAX EXEMPTION FOR CERTAIN MANUFACTURING PROPERTY AND TO INCREASE THE APPLICABLE LIMIT; AND TO APPROPRIATE ONE BILLION DOLLARS FROM THE CONTINGENCY RESERVE FUND TO THE TAXPAYER REBATE FUND TO PROVIDE REBATES TO INDIVIDUAL INCOME TAXPAYERS.**

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

SECTION 1. This act may be cited as the “Comprehensive Tax Cut Act of 2022”.

SECTION 2. Section 12‑6‑510 of the 1976 Code is amended to read:

“Section 12‑6‑510. (A) Subject to the provisions of subsection (B), 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)(1) Notwithstanding subsection (A), for taxable years beginning after 2021, 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:

At Least But less than Compute the tax as follows

$0 $3,200 0% times the amount

$3,200 $16,040 3% times the amount minus $96

$16,040 or more 6% times the amount minus $577

(2) Notwithstanding the provisions of item (1), the reduction in the top marginal rate contained in this item, as compared to the same in subsection (A), must be phased‑in as provided in item (3). Until the top marginal rate is fully phased‑in, the bracket to which this reduced top marginal rate applies must be the same as the bracket for the top marginal rate provided in subsection (A). All reductions are permanent and cumulative. During the phase‑in and after, the department shall continue to adjust the brackets as provided in Section 12‑6‑520. Other than the top marginal rate, no other component of this item is phased‑in.

(3) For Tax Year 2022, the top marginal rate shall equal 6.5%. Beginning with Tax Year 2023, and each year thereafter until the top marginal rate equals 6%, the top marginal rate must decrease by one‑tenth of one percent if general fund revenues are projected to increase by at least five percent in the fiscal year that begins during the tax year. For purposes of this subsection, beginning with the initial forecast required pursuant to Section 11‑9‑1130, the general fund revenues projection 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’ most recent projection of recurring general fund revenue for the upcoming fiscal year. Upon the issuance of the initial forecast, the Executive Director of the Revenue and Fiscal Affairs Office, or his designee, shall notify the Department of Revenue of the projected percentage adjustment. The executive director, or his designee, shall provide similar notice if subsequent modifications to the forecast change the projected percentage adjustment. However, the forecast in effect on February fifteenth of the current fiscal year is the final forecast for which the percentage adjustment is determined, and no subsequent forecast modifications may have any effect on that determination. For purposes of this section, ‘recurring general fund revenue’ and ‘recurring general fund expenditure base’ have the same meaning as provided in Section 6‑27‑30.

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

SECTION 3. A. Section 12‑6‑1171(A) of the 1976 Code is amended to read:

“(A) An individual taxpayer may deduct all military retirement income that is included in South Carolina taxable income.”

B. This SECTION takes effect upon approval by the Governor and first applies to tax years beginning after 2021.

SECTION 4. A. Section 12‑6‑515 of the 1976 Code is repealed.

B. This SECTION takes effect on January first of the first tax year in which the provisions of Section 12‑6‑510(B) are fully phased‑in and the top marginal rate equals six percent.

SECTION 5. A. Section 12‑37‑220(52) of the 1976 Code, as last amended by Act 39 of 2021, is further amended to read:

“(52)(a)(i) 42.8571 percent of the property tax value of manufacturing property assessed for property tax purposes pursuant to Section 12‑43‑220(a)(1). The exemption allowed by this item does not apply to property owned or leased by a public utility, as defined in Section 58‑3‑5, that is regulated by the Public Service Commission, regardless of whether the property is used for manufacturing. For purposes of this item, if the exemption is applied to real property, then 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;

(ii) To the extent any such monies are refunded or otherwise credited under this item to a public utility that is regulated by the Public Service Commission, regardless of whether the property is used for manufacturing, any such refund or credits must be flowed through to customers as a reduction in rates, as appropriate.

(b) 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, not to exceed one hundred seventy million dollars per year. 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.

(c) Notwithstanding the exemption allowed by this item, in any year in which reimbursements are projected by the Revenue and Fiscal Affairs Office to exceed the reimbursement cap in subitem (b), the exemption amount shall be proportionally reduced so as not to exceed the reimbursement cap.

(d) Notwithstanding any other provision of law, property exempted from property taxes 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. Section 19. B. of Act 40 of 2017 relating to a phase‑in of the manufacturing property tax exemption, is repealed.

C. This SECTION takes effect upon approval by the Governor and applies to property tax years after 2021.

SECTION 6. (A) From the Contingency Reserve Fund, there is appropriated one billion dollars to the Taxpayer Rebate Fund which is created in the State Treasury. The fund is separate and distinct from the general fund and all other funds of the State.

(B) The fund must be used by the Department of Revenue 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, except that if a return has seven hundred dollars or more of liability, the rebate shall equal seven hundred dollars. However, if the department determines that sufficient funds will exist to increase the maximum rebate of seven hundred dollars, the department shall increase the maximum so that all returns with a tax liability over the increased maximum receive the same rebate. The department must issue these refunds by December 31, 2022.

(C) The department may retain up to one percent of the fund, but not to exceed their actual costs, to administer the rebate.

(D) Any funds remaining in the fund after every rebate has been accounted for shall lapse to the Contingency Reserve Fund, at which time the fund is dissolved.

SECTION 7. This act takes effect upon approval by the Governor.

Ratified the 16th day of June, 2022.

Approved the 17th day of June, 2022.

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