

REPORT OF THE SALES & USE TAX AND INCOME TAX SUBCOMMITTEE

(B. Newton, Hosey, Stavrinakis, Taylor & Crawford - Staff Contact: Mills Carlton)

HOUSE BILL 4216 Income Tax Reform

Summary of Bill:

This bill restructures South Carolina's income tax system by replacing the current progressive tax brackets with a flat tax rate of 3.99% beginning with Tax Year 2026. This bill untethers the state from the federal tax code by switching the base of tax collection from federal taxable income to adjusted gross income.

It creates the South Carolina Income Adjusted Deduction (SCIAD), a new deduction system specific to the state, as well as maintaining all existing SC deductions and exemptions. The SCIAD allows taxpayers to reduce their taxable income by a set amount based on their filing status: \$6,000 for single filers, \$9,000 for heads of household, and \$12,000 for married filing jointly. This deduction begins to phase out as income increases beyond \$30,000 and fully phases out at \$40,000.

This bill also includes economic triggers that will reduce the flat tax rate to 2.49%, contingent on state income growth. If state income tax revenues increase by at least 5% for the current fiscal year, the tax rate will be reduced by a percentage that the Board of Economic Advisors (BEA) projects to be equal to two hundred million dollars. The Department of Revenue (DOR) is directed to work with the Revenue and Fiscal Affairs Office (RFA) to adjust the withholding tables to reflect the amendments made in this bill.

Estimated Fiscal Impact:

The bill will reduce individual income tax liability by approximately \$216,600,000 in tax year 2026. The impact of the tax rate changes in future years will depend on projected revenue growth and the changes in the tax rate that result from the projected growth. The reduction to 2.49 percent would lower tax liabilities by an additional \$2.51 billion, for a total tax reduction of \$2.73 billion compared to the current tax structure. Based on an initial analysis of proposed adjustments to withholdings tables, the changes may total \$1.4 billion and may decrease taxpayers' withholdings by an average of 20 percent when fully implemented.

Subcommittee Action/Explanation:

Received **FAVORABLE REPORT AS AMENDED** on April 1, 2025.

Full Committee Action/Explanation:

Other Notes/Comments:

SOUTH CAROLINA
HOUSE AMENDMENT

AMENDMENT NO. _____

David Good
March 31, 2025

ADOPTED	REJECTED	TABLED	ADJOURN DEBATE	RECONSIDERED	ROO

Clerk of the House

ADOPTION NO. _____

BILL NO: H. 4216

(Reference is to the original version)

The Sales & Use Tax and Income Tax Subcommittee proposes the following amendment (LC-4216.DG0002H):

Amend the bill, as and if amended, by striking SECTIONS 2 and 3 and inserting:

SECTION 2. Section 12-6-50 of the S.C. Code is amended by adding:

(21) Section 63(b) through (g) relating to standard deductions and the itemized deduction and any other relevant provision of Section 63 that would otherwise allow for standard deductions and the itemized deduction which are hereby specifically not allowed or adopted.

SECTION 3. Section 12-6-1140 of the S.C. Code is amended by adding:

(15)(a) subject to subitem (b), a South Carolina Income Adjusted Deduction (SCIAD) equal to:

(i) six thousand dollars for taxpayers that file as single or married filing separately;

(ii) nine thousand dollars for taxpayers that file as head of household; and

(iii) twelve thousand dollars for taxpayers that file as married filing jointly or as a surviving spouse.

(b)(i) The deduction set forth in subitem (a)(i) is subject to being reduced by a fraction whereby the numerator is the amount the taxpayer's federal adjusted gross income exceeds thirty thousand dollars and the denominator is ten thousand.

(ii) The deduction set forth in subitem (a)(ii) is subject to being reduced by a fraction whereby the numerator is the amount the taxpayer's federal adjusted gross income exceeds forty five thousand dollars and the denominator is fifteen thousand.

(iii) The deduction set forth in subitem (a)(iii) is subject to being reduced by a fraction whereby the numerator is the amount the taxpayer's federal adjusted gross income exceeds sixty thousand dollars and the denominator is twenty thousand.

(iv) If the fraction calculated by this subitem is equal to or exceeds one, then the deduction is not allowed. If the fraction is zero, then the deduction is not subject to being reduced. If the fraction is between zero and one, then the deduction must be reduced by the corresponding fraction.

(c) Any reduction amount which is not a multiplier of ten dollars must be rounded to the next lowest ten dollars.

Renumber sections to conform.

Amend title to conform.



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. 4216	Introduced on March 25, 2025
Subject:	Income Tax	
Requestor:	House Ways and Means	
RFA Analyst(s):	Jolliff	
Impact Date:	March 31, 2025	

Fiscal Impact Summary

This bill amends South Carolina's individual income tax structure beginning in tax year 2026. The bill imposes a flat tax rate of 3.99 percent, eliminates the federal standard and itemized deductions, and allows taxpayers to claim a South Carolina Income Adjusted Deduction (SCIAD) for taxpayers with lower incomes. The bill also provides that the tax rate will be reduced annually beginning in tax year 2027 if individual income tax revenue, less amounts credited to the Trust Fund for Tax Relief, is projected to grow by at least 5 percent in the following fiscal year until the rate reaches 2.49 percent. The rate will be reduced annually such that the adjustment to the tax rate is projected to reduce individual income tax revenue by approximately \$200,000,000. If the projected growth in individual income tax revenue is projected to be less than \$200,000,000, then the tax rate adjustment must be limited to the projected increase in individual income tax revenue. The determination of the tax rate will be made annually based on the revenue forecast for the current and upcoming fiscal years as of February fifteenth. Finally, the Department of Revenue (DOR), in consultation with Revenue and Fiscal Affairs (RFA), is directed to adjust the withholdings tables to reflect the tax changes in the act in accordance with fiscal responsibility.

Currently, South Carolina has a marginal tax rate structure of 0 percent, 3 percent, and 6.2 percent for tax year 2025 that applies to state taxable income. The state starts with federal taxable income, which is essentially federal adjusted gross income (AGI) less the federal standard and itemized deductions. The state then allows other deductions and adjustments to determine state taxable income. The bill eliminates the federal standard or itemized deductions. Instead, taxpayers with lower incomes will be allowed to deduct the new SCIAD. All other current state deductions, exemptions, adjustments, and tax credits are retained. The new flat tax rate imposed for tax year 2026 will be 3.99 percent.

DOR indicates that the changes to the tax structure will require significant revisions to the current tax return processing system as well as many forms and guidance. Further, the agency will need to maintain separate systems for processing returns under the current tax structure and the new tax structure until the full period for any amendments to prior year returns expires. The total cost is expected to be approximately \$3,000,000, of which approximately \$1,500,000 is for vendor programming costs for changes to tax processing systems, and the remaining \$1,500,000 is for development and implementation of training and communications to inform the public regarding the changes. The timing of the expenditure impact is under review but is expected to

occur over FY 2025-26 and FY 2026-27 as the agency implements the changes necessary to prepare for tax year 2026. The agency will request additional General Fund appropriations for these expenses.

Individual Income Tax Liability

The bill will reduce individual income tax liability by approximately \$216,600,000 in tax year 2026. The attached Table 1 outlines the impact by federal AGI ranges. The impact on individual taxpayers varies widely within each range depending on the specific tax situation of each tax filer. As shown, approximately 21.2 percent of returns will not experience a change in their tax liability, 19.4 percent of returns will experience lower tax liabilities of \$1,155,300,000, and 59.4 percent will see an increase in tax liability of \$938,700,000.

On a fiscal year basis, we assume taxpayers will adjust their estimated tax payments for the tax change. As such, 5.25 percent of the total tax year impact is recognized in the prior fiscal year, FY 2025-26, for the reduced payments. Total revenue in FY 2026-27 will experience the full decrease in tax liability including the remaining reduction in tax liability for tax year 2026 and the decreased taxes for tax year 2027. The impact by fiscal year is shown in the table below.

Estimated Fiscal Year Impact of Individual Income Tax Change at 3.99%

Fiscal Year	General Fund Impact
FY 2025-26	(\$11,372,000)
FY 2026-27	(\$216,600,000)

The impact of the tax rate changes in future years will depend on projected revenue growth and the changes in the tax rate that result from the projected growth. For illustration, we have also projected the cumulative impact of reducing the rate from 3.99 percent to 2.49 percent based on tax year 2026. The attached Table 2 provides the estimated impact of this future change by federal AGI ranges for individual income tax filers. In this scenario, tax liabilities would be reduced by an estimated additional \$2.50 billion based on tax year 2026 estimates. After the initial tax change when the rate is reduced to 2.49 percent, approximately 77.2 percent of taxpayers will experience a decrease in their tax liabilities in future years, with the remaining 22.8 percent experiencing no change. When the rate is lowered below 3 percent, taxpayers who file a combined return for pass-through businesses at the active trade or business tax rate of 3 percent currently may elect to file at the lower rate, which would further reduce tax liabilities by an estimated \$10,800,000 for these taxpayers based on tax year 2026 dollars and is in addition to the estimates provided in Table 2.

In total, including the estimated \$10,800,000 for active trade or business taxes reported separately, the reduction to 2.49 percent would lower tax liabilities by an additional \$2.51 billion, for a total tax reduction of \$2.73 billion compared to the current tax structure. The actual reduction will depend on how quickly the rate is reduced to 2.49 percent and income growth in future years.

Withholdings

The bill also directs DOR, in consultation with RFA, to adjust the withholdings tax tables to reflect the tax changes in the bill. In the calendar year in which the adjustment to the withholdings tables begins, withholdings would be lowered in January through June (the final half of the fiscal year), but the offsetting adjustment to refunds or tax payments will not occur until the following fiscal year when taxes are filed in April. At this time, DOR intends to work with RFA to determine timing for this adjustment such that the state's financial position is not negatively affected, and the adjustment can be accommodated with available revenue. The impact on taxpayers will depend on how and when the withholdings tables are adjusted. Based on an initial analysis of proposed adjustments to withholdings tables, the changes may total \$1.4 billion and may decrease taxpayers' withholdings by an average of 20 percent when fully implemented. However, the actual adjustment may vary when the tables are finalized.

Other Considerations

Please note, this bill represents a significant shift from our current tax structure. While the estimated impact is based upon the information reported on tax returns, there may be unforeseen issues due to taxpayer decisions resulting from this new tax structure. Further, this analysis is based on tax year 2022 tax returns, which are the latest currently available, and current expectations for income growth and tax return changes over the next 4 years. These issues and assumptions influence the analysis of the impact the tax rate change will have, and any differences could impact the potential revenue and budget. As noted in the State Revenue Section below, this impact is based on the SCIAD being calculated on income before other state deductions and exemptions are applied, which is not clearly referenced in the bill. Without clarification or amendment to specify the order of deductions, the fiscal impact would be significantly higher.

Explanation of Fiscal Impact

Introduced on March 25, 2025

State Expenditure

This bill amends South Carolina's individual income tax structure beginning in tax year 2026. The bill imposes a flat tax rate of 3.99 percent, eliminates the federal standard and itemized deductions, and allows taxpayers with lower incomes to claim a new SCIAD. The bill also provides that the tax rate will be reduced annually beginning in tax year 2027 until it reaches 2.49 percent if projected individual income tax revenue, less amounts credited to the Trust Fund for Tax Relief, is projected to grow by at least 5 percent in the following fiscal year. The rate will be reduced annually such that the adjustment to the tax rate is projected to reduce individual income tax revenue by approximately \$200,000,000. If the projected growth in individual income tax revenue is projected to be less than \$200,000,000, then the tax rate adjustment must be limited to the projected increase in individual income tax revenue. The determination of the tax rate will be made annually based on the revenue forecast for the current and upcoming fiscal years as of February fifteenth. Finally, DOR, in consultation with RFA, is directed to adjust the withholdings tables to reflect the tax changes in the act in accordance with fiscal responsibility.

Currently, South Carolina has a marginal tax rate structure of 0 percent, 3 percent, and 6.2 percent for tax year 2025 that applies to state taxable income. The state starts with federal taxable income, which is essentially federal AGI less the federal standard and itemized deductions. The state then allows other deductions and adjustments to determine state taxable income. The bill eliminates the federal standard or itemized deductions. Instead, taxpayers with lower incomes will be allowed to deduct the new SCIAD. All other current state deductions, exemptions, adjustments, and tax credits are retained. The new flat tax rate imposed for tax year 2026 will be 3.99 percent.

DOR indicates that the changes to the tax structure will require significant revisions to the current tax return processing system as well as many forms and guidance. Further, the agency will need to maintain separate systems for processing returns under the current tax structure and the new tax structure until the full period for any amendments to prior year returns expires. The total cost is expected to be approximately \$3,000,000, of which approximately \$1,500,000 is for vendor programming costs for changes to tax processing systems, and the remaining \$1,500,000 is for development and implementation of training and communications to inform the public regarding the changes. The timing of the expenditure impact is under review but is expected to occur over FY 2025-26 and FY 2026-27 as the agency implements the changes necessary to prepare for tax year 2026. The agency will request additional General Fund appropriations for these expenses.

State Revenue

This bill amends South Carolina's individual income tax structure beginning in tax year 2026. The bill imposes a flat tax rate of 3.99 percent, eliminates the federal standard and itemized deductions, and allows taxpayers with lower incomes to claim the new SCIAD. Additionally, the bill provides that the tax rate will be reduced annually beginning in tax year 2027 until it reaches 2.49 percent if individual income tax revenue, less amounts credited to the Trust Fund for Tax Relief, is projected to grow by at least 5 percent in the following fiscal year. The rate will be reduced annually such that the adjustment to the tax rate is projected to reduce individual income tax revenue by approximately \$200,000,000. If the projected growth in individual income tax revenue of at least 5 percent is projected to be less than \$200,000,000, then the tax rate adjustment must be limited to the projected increase in individual income tax revenue. The determination of the tax rate will be made annually based on the revenue forecast for the current and upcoming fiscal years as of February fifteenth. Lastly, the bill specifies that DOR, in consultation with RFA, is directed to adjust the withholdings tables to reflect the tax changes in the act in accordance with fiscal responsibility.

Currently, South Carolina has a marginal tax rate structure of 0 percent, 3 percent, and 6.2 percent for tax year 2025 that applies to state taxable income. The state starts with federal taxable income, which is essentially federal AGI less the federal standard and itemized deductions. The state then allows other deductions and adjustments to determine state taxable income. The bill eliminates the federal standard or itemized deductions. Instead, taxpayers with lower incomes will be allowed to deduct the new SCIAD. All other current state deductions, exemptions, adjustments, and tax credits are retained. The new flat tax rate imposed for tax year 2026 will be 3.99 percent.

Taxpayers within the provided income limits are allowed to deduct the new SCIAD. The SCIAD is \$6,000 for single filers and is phased out for filers with income between \$30,000 and \$40,000. The SCIAD is increased to \$12,000 for married joint filers with a phase-out from \$60,000 and \$80,000 of income and \$9,000 for head of household filers with a phase-out from \$45,000 to \$60,000. For non-residents, the SCIAD is reduced to an amount that is the same proportion as South Carolina AGI is to federal AGI. The impact is based on the SCIAD being calculated on income before other state deductions and exemptions are applied, which coincides with the proration for non-residents but is not clearly outlined in the bill. Without clarification or amendment to specify the order of deductions, the fiscal impact would be significantly higher. While the logical and consistent treatment would be for this deduction to apply based on federal AGI, the current language in the bill would allow a different interpretation, which would result in a significantly larger impact if the phase-out occurred after other deductions are applied.

Individual Income Tax Liability

The bill will reduce individual income tax liability by approximately \$216,600,000 in tax year 2026. The attached Table 1 outlines the impact by federal AGI ranges. The impact on individual taxpayers varies widely within each range depending on the specific tax situation of each tax filer. As shown, approximately 21.2 percent of returns will not experience a change in their tax liability, 19.4 percent of returns will experience lower tax liabilities of \$1,155,300,000, and 59.4 percent will see an increase in tax liability of \$938,700,000.

On a fiscal year basis, we assume taxpayers will adjust their estimated tax payments for the tax change. As such, 5.25 percent of the total tax year impact is recognized in the prior fiscal year, FY 2025-26, for the reduced payments. Total revenue in FY 2026-27 will experience the full decrease in tax liability including the remaining reduction in tax liability for tax year 2026 and the decreased taxes for tax year 2027. The impact by fiscal year is shown in the table below.

Estimated Fiscal Year Impact of Individual Income Tax Change at 3.99%

Fiscal Year	General Fund Impact
FY 2025-26	(\$11,372,000)
FY 2026-27	(\$216,600,000)

For this analysis, our estimates of the impact are based on the current income growth assumptions applied to the sample of tax returns with federal tax data from tax year 2022. We have based our analysis on the impact that the proposed change would have on tax revenue compared to the current tax rates of 0 percent, 3 percent, and 6.3 percent, which coincide with the assumptions included in the revenue forecast by the Board of Economic Advisors (BEA) on February 13, 2025. While the top marginal tax rate will be reduced to 6.2 percent for tax year 2025, and the impact of the rate change will be included in the budget, it is not included in the BEA revenue forecast.

The impact of the tax rate changes in future years and when the rate will be lowered to 2.49 percent will depend on revenue growth and how quickly the tax rate is lowered. For illustration,

we have projected the impact of reducing the rate from 3.99 percent to 2.49 percent based on tax year 2026. The attached Table 2 provides the estimated impact of this future change by federal AGI ranges for individual income tax filers. In this scenario, tax liabilities would be reduced by an additional approximately \$2.50 billion based on tax year 2026 estimates. After the initial tax change when the rate is reduced to 2.49 percent, approximately 77.2 percent of taxpayers will see a decrease in their tax liabilities in future years.

Additionally, taxpayers with income from pass-through businesses are allowed currently to elect to have active trade or business income taxed at 3 percent as opposed to the individual income tax rates. When the individual income tax rate is lowered below 3 percent, we anticipate active trade or business taxpayers may elect the lower individual income tax rate instead of the 3 percent active trade or business tax rate. Currently, approximately 85 percent of active trade or business income for pass-through businesses is reported at the individual level, and 15 percent is reported on a combined return at the entity level. Active trade or business income reported at the individual level is included in estimates of the tax change by federal AGI ranges reported on the attached tables, and the impact for these taxpayers is included in the table estimates. The remaining 15 percent of active trade or business income that is reported on a combined return is not included in the tables as the federal AGI of these taxpayers is unknown. If in the future taxpayers who file a combined return at the entity level elect to file at the lower individual income tax rate as opposed to the 3 percent active trade or business tax rate, this change would reduce tax liability and revenue for these taxpayers as well. When the rate is lowered to 2.49 percent, active trade or business taxpayers filing at the entity level may experience a tax liability reduction of up to \$10,800,000 based on tax year 2026 dollars if they elect to file at the individual income tax rate. The change in tax liability may vary depending on whether entities elect to forgo any tax benefit of filing at the entity level to claim the lower rate.

In total, including the estimated \$10,800,000 for active trade or business taxes reported at the entity level, the reduction to 2.49 percent would lower tax liabilities by an additional \$2.51 billion, for a total tax reduction of approximately \$2.73 billion compared to the current tax structure. The actual reduction will depend on how quickly the rate is reduced to 2.49 percent and income growth in future years.

Withholdings

The bill directs DOR, in consultation with RFA, to adjust the withholdings tax tables to reflect the tax changes in the bill. In the calendar year in which the adjustment to the withholdings tables begins, withholdings would be lowered in January through June (the final half of the fiscal year), but the offsetting adjustment to refunds or tax payments will not occur until the following fiscal year when taxes are filed in April. At this time, DOR intends to work with RFA to determine timing for this adjustment such that the state's financial position is not negatively affected, and the adjustment can be accommodated with available revenue. The impact on taxpayers will depend on how and when the withholdings tables are adjusted. Based on an initial analysis of proposed adjustments to withholdings tables, the changes may total \$1.4 billion and may decrease taxpayers' withholdings by an average of 20 percent when fully implemented. However, the actual adjustments may vary when the tables are finalized.

Other Considerations

Please note, this bill represents a significant shift from our current tax structure. While the estimated impact is based upon the information reported on tax returns, there may be unforeseen issues due to taxpayer decisions resulting from this new tax structure. Further, this analysis is based on tax year 2022 tax returns, which are the latest currently available, and current expectations for income growth and tax return changes over the next 4 years. These issues and assumptions influence the analysis of the impact the tax rate change will have, and any differences could impact the potential revenue and budget.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director

Table 1

H. 4216 - ESTIMATED SOUTH CAROLINA INDIVIDUAL INCOME TAX IMPACT
Tax Year 2026

Proposal: Apply a flat tax rate of 3.99%, eliminate the standard or itemized deduction, allow the new SC income adjusted deduction, and maintain all state adjustments, exemptions, and credits.
Impact: With this tax structure, 19.4% of taxpayers have a lower tax liability, 59.4% have a higher tax liability, and 21.2% are unchanged. The General Fund impact is (\$ 216,600,000).

Estimated Federal Adjusted Gross Income Range 2022	Estimated Tax Return Distribution				Estimated Tax Change (Returns with a Change)						Tax Returns with a Decrease in Liability				Tax Returns with an Increase in Liability				Tax Returns with No Change		Tax Returns with Zero Tax Liability	
	Estimated # of Returns	Estimated % of Returns	Old Avg. Tax Liability	New Avg. Tax Liability	Returns with Tax Change	% of Returns in Range	Old Avg. Tax Liability	New Avg. Tax Liability	Average Tax Change	Total Dollar Increase/ (Decrease)	Tax Decrease # of Returns	Tax Decrease % of Returns in Range	Total Decrease Amount	Average Decrease Amount	Tax Increase # of Returns	Tax Increase % of Returns in Range	Total Increase Amount	Average Increase Amount	No Tax Change # of Returns	No Change % of Returns	Zero Tax # of Returns	Zero Tax % of Returns
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
\$0 *	90,171	3.2%	\$65	\$51	1,703	1.9%	\$3,449	\$2,722	(\$726)	(\$1,237,000)	405	0.4%	(\$1,500,000)	(\$3,706)	1,298	1.4%	\$263,000	\$203	88,468	98.1%	88,355	98.0%
\$1 to \$10,000	316,550	11.2%	\$4	\$31	90,225	28.5%	\$13	\$110	\$97	\$8,735,000	535	0.2%	(\$43,000)	(\$80)	89,690	28.3%	\$8,779,000	\$98	226,324	71.5%	226,395	71.5%
\$10,001 to \$20,000	322,475	11.4%	\$16	\$191	187,653	58.2%	\$27	\$328	\$300	\$56,336,000	286	0.1%	(\$68,000)	(\$238)	187,366	58.1%	\$56,404,000	\$301	134,822	41.8%	134,824	41.8%
\$20,001 to \$30,000	277,959	9.8%	\$104	\$459	220,407	79.3%	\$131	\$578	\$447	\$98,536,000	1,240	0.4%	(\$92,000)	(\$74)	219,167	78.8%	\$98,628,000	\$450	57,552	20.7%	58,318	21.0%
\$30,001 to \$40,000	270,592	9.6%	\$285	\$734	233,471	86.3%	\$330	\$851	\$521	\$121,574,000	16,614	6.1%	(\$429,000)	(\$26)	216,857	80.1%	\$122,003,000	\$563	37,121	13.7%	52,844	19.5%
\$40,001 to \$50,000	238,162	8.4%	\$590	\$1,087	214,176	89.9%	\$656	\$1,208	\$552	\$118,190,000	21,236	8.9%	(\$799,000)	(\$38)	192,940	81.0%	\$118,989,000	\$617	23,986	10.1%	42,790	18.0%
\$50,001 to \$75,000	407,589	14.4%	\$1,248	\$1,744	387,802	95.1%	\$1,312	\$1,833	\$521	\$201,981,000	23,561	5.8%	(\$2,952,000)	(\$125)	364,241	89.4%	\$204,933,000	\$563	19,787	4.9%	23,914	5.9%
\$75,001 to \$100,000	253,297	9.0%	\$2,175	\$2,619	250,818	99.0%	\$2,196	\$2,645	\$449	\$112,612,000	78,378	30.9%	(\$24,218,000)	(\$309)	172,440	68.1%	\$136,830,000	\$793	2,479	1.0%	2,260	0.9%
\$100,001 to \$150,000	300,002	10.6%	\$3,538	\$3,743	297,382	99.1%	\$3,569	\$3,775	\$207	\$61,453,000	116,881	39.0%	(\$73,075,000)	(\$625)	180,501	60.2%	\$134,527,000	\$745	2,621	0.9%	2,911	1.0%
\$150,001 to \$200,000	145,000	5.1%	\$5,947	\$5,361	143,734	99.1%	\$5,999	\$5,408	(\$591)	(\$84,968,000)	109,101	75.2%	(\$112,171,000)	(\$1,028)	34,634	23.9%	\$27,204,000	\$785	1,265	0.9%	2,141	1.5%
\$200,001 to \$300,000	109,079	3.9%	\$9,317	\$7,500	107,588	98.6%	\$9,447	\$7,604	(\$1,842)	(\$198,192,000)	96,735	88.7%	(\$208,189,000)	(\$2,152)	10,854	10.0%	\$9,997,000	\$921	1,490	1.4%	2,738	2.5%
\$300,001 to \$500,000	55,593	2.0%	\$15,594	\$11,567	54,207	97.5%	\$15,992	\$11,863	(\$4,129)	(\$223,832,000)	50,448	90.7%	(\$228,982,000)	(\$4,539)	3,759	6.8%	\$5,150,000	\$1,370	1,385	2.5%	2,396	4.3%
\$500,001 to \$1,000,000	25,468	0.9%	\$26,791	\$19,133	24,306	95.4%	\$28,071	\$20,047	(\$8,024)	(\$195,026,000)	22,338	87.7%	(\$199,554,000)	(\$8,934)	1,969	7.7%	\$4,528,000	\$2,300	1,161	4.6%	1,626	6.4%
Over \$1,000,000	12,102	0.4%	\$78,357	\$54,168	10,907	90.1%	\$86,944	\$60,104	(\$26,841)	(\$292,746,000)	9,858	81.5%	(\$303,262,000)	(\$30,763)	1,049	8.7%	\$10,515,000	\$10,025	1,195	9.9%	1,425	11.8%
Total	2,824,038	100.0%	\$2,392	\$2,316	2,224,380	78.8%	\$3,037	\$2,940	(\$97)	(\$216,600,000)	547,615	19.4%	(\$1,155,300,000)	(\$2,110)	1,676,765	59.4%	\$938,700,000	\$560	599,658	21.2%	642,937	22.8%

Figures may not add to totals due to rounding. For non-residents, federal AGI is only the amount applicable to South Carolina.

*Returns may have \$0 federal AGI but positive state taxable income due to provisions not adopted by South Carolina or out-of-state income adjustments.

Current 2026 Marginal Tax Rates:	Taxable Income Range:	Proposed Flat Tax Rate :	3.99%	Other Notes:
0%	up to \$3,640	SC Income Adj. Deduction:	\$6,000	No standard or itemized deductions.
3%	\$3,640-\$18,220	Single	\$30,000	All other current state adjustments to income (federal conformity provisions), deductions, exemptions, and credits are maintained.
6.3%	over \$18,220	Start Phase out	\$40,000	Active trade or business rate at 3% is maintained.
		End Phase out		
(Rates are based on BEA forecast assumptions. Actual rate is 6.2% for tax year 2025 and after as accounted for in the budget.)		Married Filing Joint - amounts x 2, Head of Household amounts x 1.5		
		Amount pro-rated for non-residents		

Disclaimer: Estimates are based on current assumptions at the time of the analysis. Changes in growth rates, base year tax data, or other assumptions may have a positive or negative impact on these estimates and the budget.

Table 2

H. 4216 - ESTIMATED SOUTH CAROLINA INDIVIDUAL INCOME TAX IMPACT - 3.99% REDUCED TO 2.49%
Illustration for Tax Year 2026

Proposal: Reduce proposed flat tax rate of 3.99% to 2.49%.

Impact: With this tax structure, 77.2% of taxpayers have a lower tax liability, 0.0% have a higher tax liability, and 22.8% are unchanged. The General Fund impact is (\$ 2,497,900,000).

Estimated Federal Adjusted Gross Income Range 2022	Estimated Tax Return Distribution				Estimated Tax Change (Returns with a Change)							Tax Returns with a Decrease in Liability				Tax Returns with an Increase in Liability				Tax Returns with No Change		Tax Returns with Zero Tax Liability	
	Estimated # of Returns	Estimated % of Returns	Avg. Tax Liability	New Avg. Tax Liability	Returns with Tax Change	% of Returns in Range	Avg. Tax Liability	New Avg. Tax Liability	Average Tax Change	Total Dollar Increase/ (Decrease)	Tax Decrease # of Returns	Tax Decrease % of Returns in Range	Total Decrease Amount	Average Decrease Amount	Tax Increase # of Returns	Tax Increase % of Returns in Range	Total Increase Amount	Average Increase Amount	No Tax Change # of Returns	No Change % of Returns	Zero Tax # of Returns	Zero Tax % of Returns	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	
\$0 *	90,171	3.2%	\$51	\$34	1,793	2.0%	\$2,585	\$1,693	(\$892)	(\$1,600,000)	1,793	2.0%	(\$1,600,000)	(\$892)	0	0.0%	\$0	\$0	88,378	98.0%	88,378	98.0%	
\$1 to \$10,000	316,550	11.2%	\$31	\$20	89,376	28.2%	\$111	\$69	(\$41)	(\$3,697,000)	89,376	28.2%	(\$3,697,000)	(\$41)	0	0.0%	\$0	\$0	227,173	71.8%	226,855	71.7%	
\$10,001 to \$20,000	322,475	11.4%	\$191	\$119	187,492	58.1%	\$328	\$204	(\$124)	(\$23,261,000)	187,492	58.1%	(\$23,261,000)	(\$124)	0	0.0%	\$0	\$0	134,983	41.9%	135,549	42.0%	
\$20,001 to \$30,000	277,959	9.8%	\$459	\$285	219,492	79.0%	\$581	\$361	(\$220)	(\$48,288,000)	219,492	79.0%	(\$48,288,000)	(\$220)	0	0.0%	\$0	\$0	58,467	21.0%	58,833	21.2%	
\$30,001 to \$40,000	270,592	9.6%	\$734	\$455	217,717	80.5%	\$912	\$565	(\$347)	(\$75,530,000)	217,717	80.5%	(\$75,530,000)	(\$347)	0	0.0%	\$0	\$0	52,875	19.5%	53,228	19.7%	
\$40,001 to \$50,000	238,162	8.4%	\$1,087	\$659	195,366	82.0%	\$1,325	\$803	(\$521)	(\$101,855,000)	195,366	82.0%	(\$101,855,000)	(\$521)	0	0.0%	\$0	\$0	42,797	18.0%	51,011	21.4%	
\$50,001 to \$75,000	407,589	14.4%	\$1,744	\$1,068	383,647	94.1%	\$1,853	\$1,135	(\$718)	(\$275,416,000)	383,647	94.1%	(\$275,416,000)	(\$718)	0	0.0%	\$0	\$0	23,942	5.9%	37,084	9.1%	
\$75,001 to \$100,000	253,297	9.0%	\$2,619	\$1,612	251,033	99.1%	\$2,643	\$1,627	(\$1,016)	(\$255,021,000)	251,033	99.1%	(\$255,021,000)	(\$1,016)	0	0.0%	\$0	\$0	2,264	0.9%	9,479	3.7%	
\$100,001 to \$150,000	300,002	10.6%	\$3,743	\$2,298	297,088	99.0%	\$3,779	\$2,320	(\$1,459)	(\$433,456,000)	297,088	99.0%	(\$433,456,000)	(\$1,459)	0	0.0%	\$0	\$0	2,914	1.0%	13,054	4.4%	
\$150,001 to \$200,000	145,000	5.1%	\$5,361	\$3,287	142,858	98.5%	\$5,441	\$3,337	(\$2,105)	(\$300,696,000)	142,858	98.5%	(\$300,696,000)	(\$2,105)	0	0.0%	\$0	\$0	2,142	1.5%	7,899	5.4%	
\$200,001 to \$300,000	109,079	3.9%	\$7,500	\$4,612	106,340	97.5%	\$7,694	\$4,731	(\$2,963)	(\$315,087,000)	106,340	97.5%	(\$315,087,000)	(\$2,963)	0	0.0%	\$0	\$0	2,739	2.5%	7,793	7.1%	
\$300,001 to \$500,000	55,593	2.0%	\$11,567	\$7,186	53,195	95.7%	\$12,089	\$7,509	(\$4,579)	(\$243,600,000)	53,195	95.7%	(\$243,600,000)	(\$4,579)	0	0.0%	\$0	\$0	2,397	4.3%	4,757	8.6%	
\$500,001 to \$1,000,000	25,468	0.9%	\$19,133	\$12,050	23,836	93.6%	\$20,443	\$12,875	(\$7,568)	(\$180,388,000)	23,836	93.6%	(\$180,388,000)	(\$7,568)	0	0.0%	\$0	\$0	1,632	6.4%	2,531	9.9%	
Over \$1,000,000	12,102	0.4%	\$54,168	\$34,336	10,677	88.2%	\$61,398	\$38,919	(\$22,479)	(\$240,006,000)	10,677	88.2%	(\$240,006,000)	(\$22,479)	0	0.0%	\$0	\$0	1,425	11.8%	1,891	15.6%	
Total	2,824,038	100.0%	\$2,316	\$1,431	2,179,908	77.2%	\$3,000	\$1,854	(\$1,146)	(\$2,497,900,000)	2,179,908	77.2%	(\$2,497,900,000)	(\$1,146)	0	0.0%	\$0	\$0	644,130	22.8%	698,343	24.7%	

Figures may not add to totals due to rounding. For non-residents, federal AGI is only the amount applicable to South Carolina.

*Returns may have \$0 federal AGI but positive state taxable income due to provisions not adopted by South Carolina or out-of-state income adjustments.

Active trade or business rate taxpayers may elect lower rate, and potential impact for combined entity-level returns is not shown in this table.

2026 Proposed Flat Tax Rate : 3.99%
Final Proposed Tax Rate : 2.49%

SC Income Adj. Deduction:
Single \$6,000
Start Phase out \$30,000
End Phase out \$40,000

Married Filing Joint - amounts x 2, Head of Household amounts x 1.5
Amount pro-rated for non-residents

Other Notes:
No standard or itemized deductions.
All other current state adjustments to income (federal conformity provisions), deductions, exemptions, and credits are maintained.
Active trade or business rate at 3% is maintained.

Disclaimer: Estimates are based on current assumptions at the time of the analysis. Changes in growth rates, base year tax data, or other assumptions may have a positive or negative impact on these estimates and the budget.

South Carolina General Assembly
126th Session, 2025-2026

H. 4216

STATUS INFORMATION

General Bill

Sponsors: Reps. Bannister, Pope, G.M. Smith, B. Newton, Hiott, Murphy, Moss, Crawford, Bradley, Hager, M.M. Smith, Gibson, McCravy, Bustos, Landing, Lowe, Lawson, B.J. Cox, Jordan, Brittain, Rankin, Forrest, Neese, Pedalino, Vaughan, Long, Montgomery, Davis, Sessions, Oremus, Mitchell, Gatch, Herbkersman, Schuessler, Caskey, T. Moore, Hewitt, Erickson, Chapman, Bowers, Gilliam, Hardee, Teeple, Sanders, Guest, Bailey, Guffey, Holman, Yow, Ballentine, Martin, Calhoon, Taylor, Hartnett, Robbins, Willis, B.L. Cox, Ligon, Brewer, Gagnon, Haddon, Hartz, Hixon and Wickensimer
Document Path: LC-0206DG25.docx

Introduced in the House on March 25, 2025

Currently residing in the House Committee on **Ways and Means**

Summary: Income tax

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
3/25/2025	House	Introduced and read first time
3/25/2025	House	Referred to Committee on Ways and Means

View the latest [legislative information](#) at the website

VERSIONS OF THIS BILL

03/25/2025

1
2
3
4
5
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8
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10

A BILL

11 TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 12-6-510,
12 RELATING TO INCOME TAX RATES FOR INDIVIDUALS, ESTATES, AND TRUSTS, SO AS
13 TO REDUCE THE INCOME TAX RATE TO A FLAT 3.99 PERCENT AND TO SET FORTH
14 STANDARDS FOR ADDITIONAL REDUCTIONS; BY AMENDING SECTION 12-6-50,
15 RELATING TO INTERNAL REVENUE CODE SECTIONS SPECIFICALLY NOT ADOPTED BY
16 THE STATE, SO AS TO NOT ADOPT THE FEDERAL STANDARD DEDUCTION AND
17 ITEMIZED DEDUCTION; BY AMENDING SECTION 12-6-1140, RELATING TO INCOME TAX
18 DEDUCTIONS, SO AS TO ALLOW FOR A SOUTH CAROLINA INCOME ADJUSTED
19 DEDUCTION (SCIAD); BY AMENDING SECTION 12-6-4910, RELATING TO PERSONS
20 REQUIRED TO FILE A TAX RETURN, SO AS TO MAKE A CONFORMING CHANGE TO THE
21 CALCULATION; AND BY AMENDING SECTION 12-6-1720, RELATING TO ADJUSTMENTS
22 TO THE TAXABLE INCOME OF NONRESIDENT INDIVIDUALS, SO AS TO MAKE A
23 CONFORMING CHANGE.
24

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

26
27 SECTION 1. Section 12-6-510 of the S.C. Code is amended to read:

28
29 Section 12-6-510. ~~(A) Subject to the provisions of subsection (B), for~~ For taxable years beginning
30 after ~~1994~~2025, a tax is imposed on the South Carolina taxable income of individuals, estates, and trusts
31 and any other entity except those taxed or exempted from taxation under Sections 12-6-530 through
32 12-6-550 equal to 3.99 percent, computed at the following rates with the income brackets indexed in
33 ~~accordance with Section 12-6-520:~~

34 Not over \$2,220	2.5 percent of taxable income;
35 Over \$2,220 but not over \$4,440	\$56 plus 3 percent of the excess over \$2,220;
36 Over \$4,440 but not over \$6,660	\$123 plus 4 percent of the excess over \$4,440;
37 Over \$6,660 but not over \$8,880	\$212 plus 5 percent of the excess of \$6,660;
38 Over \$8,880 but not over \$11,100	\$323 plus 6 percent of the excess over \$8,880;
39 Over \$11,100	\$456 plus 7 percent of the excess over \$11,100.

40
41 ~~—(B)(1) Notwithstanding subsection (A), for taxable years beginning after 2021, a tax is imposed on~~
42 ~~the South Carolina taxable income of individuals, estates, and trusts and any other entity except those~~
43 ~~taxed or exempted from taxation under Sections 12-6-530 through 12-6-550 computed at the following~~

1 rates with the income brackets indexed in accordance with Section 12-6-520:

2 At Least	But less than	Compute the tax as follows
3 \$0	\$3,200	0% times the amount
4 \$3,200	\$16,040	3% times the amount minus 5 \$96
6 \$16,040	or more	6% times the amount minus 7 \$577

8
9 ~~—(2) Notwithstanding the provisions of item (1), the reduction in the top marginal rate contained in~~
10 ~~this item, as compared to the same in subsection (A), must be phased in as provided in item (3). Until~~
11 ~~the top marginal rate is fully phased in, the bracket to which this reduced top marginal rate applies must~~
12 ~~be the same as the bracket for the top marginal rate provided in subsection (A). All reductions are~~
13 ~~permanent and cumulative. During the phase in and after, the department shall continue to adjust the~~
14 ~~brackets as provided in Section 12-6-520. Other than the top marginal rate, no other component of this~~
15 ~~item is phased in.~~

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

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

33 (B)(1) Notwithstanding the provisions of subsection (A), beginning with Tax Year 2027 and each
34 year thereafter, the income tax rate set forth in subsection (A) must be decreased if individual income
35 tax revenues collected pursuant to this chapter, minus amounts credited to the Trust Fund for Tax
36 Relief, are projected to increase by at least five percent in the fiscal year that begins during the tax year

1 in comparison to projected individual income tax revenues collected pursuant to this chapter, minus
2 amounts credited to the Trust Fund for Tax Relief, for the current fiscal year. The reduction required
3 by this subsection shall continue until the income tax rate equals 2.49 percent. The Board of Economic
4 Advisors shall make the determination regarding income tax projections beginning with the initial
5 forecast required pursuant to Section 11-9-1130.

6 (2) If the five percent threshold set forth in item (1) is met, the income tax rate shall be permanently
7 and cumulatively reduced by a percentage that the Board of Economic Advisors projects to result in a
8 reduction in individual income tax revenues collected pursuant to this chapter equal to two hundred
9 million dollars in the fiscal year that begins during the tax year. However, if the five percent threshold
10 set forth in item (1) is met and is not projected to result in increased collections of at least two hundred
11 million dollars in the fiscal year that begins during the tax year, then the reduction is limited to the
12 projected amount of increased collections. Any reduction made pursuant to this subsection must be
13 rounded up to the nearest hundredth of a percent.

14 (3) Upon the issuance of the initial forecast, the Executive Director of the Revenue and Fiscal
15 Affairs Office, or his designee, shall notify the Department of Revenue of the projected percentage
16 adjustment. The executive director, or his designee, shall provide similar notice if subsequent
17 modifications to the forecast change the projected percentage adjustment. However, the forecast in
18 effect on February fifteenth of the current fiscal year is the final forecast for which the percentage
19 adjustment is determined, and no subsequent forecast modifications may have any effect on that
20 determination.

21
22 SECTION 2. Section 12-6-50 of the S.C. Code is amended by adding:

23
24 (21) Section 63(b) through (g) relating to standard deductions and the itemized deduction.

25
26 SECTION 3. Section 12-6-1140 of the S.C. Code is amended by adding:

27
28 (15)(a) subject to subitem (b), a South Carolina Income Adjusted Deduction (SCIAD) equal to:

29 (i) six thousand dollars for taxpayers that file as single or married filing separately;

30 (ii) nine thousand dollars for taxpayers that file as head of household; and

31 (iii) twelve thousand dollars for taxpayers that file as married filing jointly or as a surviving
32 spouse.

33 (b)(i) The deduction set forth in subitem (a)(i) is subject to being reduced by a fraction whereby
34 the numerator is the amount the taxpayer's South Carolina taxable income exceeds thirty thousand
35 dollars and the denominator is ten thousand.

36 (ii) The deduction set forth in subitem (a)(ii) is subject to being reduced by a fraction whereby

1 the numerator is the amount the taxpayer's South Carolina taxable income exceeds forty five thousand
2 dollars and the denominator is fifteen thousand.

3 (iii) The deduction set forth in subitem (a)(iii) is subject to being reduced by a fraction whereby
4 the numerator is the amount the taxpayer's South Carolina taxable income exceeds sixty thousand
5 dollars and the denominator is twenty thousand.

6 (iv) If the fraction calculated by this subitem is equal to or exceeds one, then the deduction is
7 not allowed. If the fraction is zero, then the deduction is not subject to being reduced. If the fraction is
8 between zero and one, then the deduction must be reduced by the corresponding fraction.

9 (c) Any reduction amount which is not a multiplier of ten dollars must be rounded to the next
10 lowest ten dollars.

11
12 SECTION 4. Section 12-6-4910(1) of the S.C. Code is amended to read:

13
14 (1)(a) ~~an individual not listed in subitem (c) who has a gross income for the taxable year of at least~~
15 ~~the federal exemption amount plus the applicable basic standard deduction, plus any deduction the~~
16 ~~taxpayer qualifies for pursuant to Section 12-6-1170(B), without regard to a reduction for the retirement~~
17 ~~income deduction, and whose filing status is:~~

18 ~~—— (i) single, surviving spouse, or head of household; or~~

19 ~~—— (ii) married, filing separately, and whose spouse does not itemize deductions~~ an individual
20 whose filing status is single, surviving spouse, head of household, or married filing separately and
21 whose South Carolina gross income for the taxable year is more than the sum of the deduction amount
22 pursuant to Section 12-6-1140(15)(a) in accordance with the taxpayer's filing status plus the deduction
23 amount the taxpayer qualifies for pursuant to Section 12-6-1170(B), without regard to a reduction for
24 the retirement income deduction.

25 (b) ~~an individual not listed in (c) who files a joint return and whose combined gross income for~~
26 ~~the taxable year, is more than the sum of twice the exemption amount plus the applicable basic standard~~
27 ~~deduction if the individual and spouse had the same household at the close of the taxable year, plus any~~
28 ~~deduction the taxpayer qualifies for pursuant to Section 12-6-1170(B). If the individual or spouse is~~
29 ~~sixty five or older, the standard deduction is increased as provided in Internal Revenue Code Section~~
30 ~~63(e)(3) and 63(f)(1).~~

31 ~~—— (c) an individual listed below whose gross income exceeds the federal personal exemption amount:~~

32 ~~—— (i) an individual making a return under Internal Revenue Code Section 443(a)(1) for less than~~
33 ~~twelve months because of a change in the individual's annual accounting period;~~

34 ~~—— (ii) an individual described in Internal Revenue Code Section 63(e)(5) (Certain Dependents)~~
35 ~~who has unearned income in excess of the amount provided in Internal Revenue Code Section~~
36 ~~63(e)(5)(A), or who has total gross income in excess of the standard deduction;~~

1 ~~—— (iii) an individual for whom the standard deduction is zero.~~
2 ~~—— (d) a nonresident individual with South Carolina gross income greater than the personal exemption~~
3 ~~amount provided in Internal Revenue Code Section 151(d).~~
4 ~~—— (e) for purposes of this subsection:~~
5 ~~—— (i) “basic standard deduction” is as defined in Internal Revenue Code Section 63(e);~~
6 ~~—— (ii) “exemption amount” is as defined in Internal Revenue Code Section 151(d). In the case of~~
7 ~~an individual described in Internal Revenue Code Section 151(d)(2), the exemption amount is zero an~~
8 ~~individual who files a joint return and whose combined South Carolina gross income for the taxable~~
9 ~~year is more than the sum of the deduction amount pursuant to Section 12-6-1140(15)(a) plus the~~
10 ~~deduction amount the taxpayer qualifies for pursuant to Section 12-6-1170(B), without regard to a~~
11 ~~reduction for the retirement income deduction.~~

12
13 SECTION 5. Section 12-6-1720(2)(a)(i) of the S.C. Code is amended to read:

14
15 (i) For a nonresident individual, the ~~personal exemptions and the applicable standard deduction or~~
16 ~~itemized deductions~~ South Carolina Income Adjusted Deduction (SCIAD) must be reduced to an
17 amount which is the same proportion as South Carolina adjusted gross income is to federal adjusted
18 gross income.

19
20 SECTION 6. Pursuant to the powers granted to the Department of Revenue in Chapter 8, Title 12 of
21 the SC Code, the department, in consultation with the Revenue and Fiscal Affairs Office, and in
22 accordance with fiscal responsibility, shall adjust the withholding tables to reflect the amendments
23 made in this act.

24
25 SECTION 7. This act takes effect upon approval by the Governor and first applies to tax years
26 beginning after 2025.

27 -----XX-----