

REPORT OF THE SALES AND INCOME TAX SUBCOMMITTEE

(Allison, Battle, Simrill, G.M. Smith & Hosey - Staff Contact: Kara Brurok)

HOUSE BILL 3059

H. 3059 -- Rep. Merrill: A BILL TO AMEND SECTION 12-6-3376, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE INCOME TAX CREDIT FOR PLUG-IN HYBRID VEHICLES, SO AS TO REVISE THE DEFINITION OF "PLUG-IN HYBRID VEHICLE", TO RAISE THE AGGREGATE AMOUNT OF THE CREDIT AVAILABLE EACH FISCAL YEAR AND DELETE ITS EXPIRATION DATE, AND TO PROVIDE THAT THE CREDIT MUST BE ALLOCATED TO ELIGIBLE CLAIMANTS DURING A FISCAL YEAR ON A FIRST-COME, FIRST-SERVE BASIS.

Summary of Bill:

This bill revises the income tax credit for plug-in hybrid vehicles by: increasing the maximum aggregate amount of the credit available each fiscal year from two hundred thousand dollars to five hundred thousand dollars; revising the definition of qualified vehicles; eliminating the tax credit's expiration date; and providing that the credit must be allocated to eligible claimants during a fiscal year on a first-come, first-serve basis.

Introduced: 1/11/2011

Received by Ways and Means: 1/11/2011

Estimated Fiscal Impact: No Impact

Subcommittee Recommendation: Adopted

Full Committee Recommendation: Pending

Other Notes/Comments: Extends tax credit date and enforces a cap of \$500,000 per year.

Statement of Estimated State Revenue Impact

Date: March 2, 2011

Bill Number: H.B. 3059

Author: Merrill

Committee Requesting Impact: House Ways and Means

Bill Summary

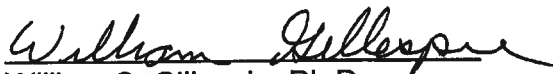
To amend Section 12-6-3376, Code of Laws of South Carolina, 1976, relating to the income tax credit for plug-in hybrid vehicles, so as to revise the definition of "plug-in hybrid vehicle", to raise the aggregate amount of the credit available each fiscal year and delete its expiration date, and to provide that the credit must be allocated to eligible claimants during a fiscal year on a first-come, first-serve basis.

REVENUE IMPACT ¹¹

This bill would have no impact on General Fund income tax revenues in FY2011-12.

Explanation

This bill amends Section 12-6-3376 by revising the definition of a plug-in hybrid vehicle, deleting the 2011 expiration date of the plug-in hybrid vehicle income tax credit, and increasing the aggregate amount of plug-in hybrid vehicle income tax credits that may be claimed in a fiscal year from two hundred thousand dollars to five hundred thousand dollars. The plug-in hybrid vehicle income tax credit is equal to two thousand dollars per vehicle. According to the Department of Revenue, ten taxpayers claimed the plug-in hybrid vehicle income tax credit for a total of \$18,910 in credits in FY2008-09. Because the maximum amount of credits available each fiscal year was not met, we do not anticipate that an increase in the aggregate amount of credits available each fiscal year will encourage more claimants of the plug-in hybrid vehicle income tax credit. We, therefore, estimate that this bill will have no impact on General Fund income tax revenues in FY2011-12.



William C. Gillespie, Ph.D.
Chief Economist

Analyst: Ball

¹¹ This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

South Carolina General Assembly
119th Session, 2011-2012

H. 3059

STATUS INFORMATION

General Bill

Sponsors: Rep. Merrill

Document Path: I:\council\bill\dka\3154sd11.docx

Introduced in the House on January 11, 2011

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

Summary: Plug-in hybrid vehicles

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
12/7/2010	House	Prefiled
12/7/2010	House	Referred to Committee on Ways and Means
1/11/2011	House	Introduced and read first time (<u>House Journal-page 27</u>)
1/11/2011	House	Referred to Committee on Ways and Means (<u>House Journal-page 27</u>)

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VERSIONS OF THIS BILL

12/7/2010

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A BILL

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11 TO AMEND SECTION 12-6-3376, CODE OF LAWS OF
12 SOUTH CAROLINA, 1976, RELATING TO THE INCOME
13 TAX CREDIT FOR PLUG-IN HYBRID VEHICLES, SO AS TO
14 REVISE THE DEFINITION OF "PLUG-IN HYBRID
15 VEHICLE", TO RAISE THE AGGREGATE AMOUNT OF THE
16 CREDIT AVAILABLE EACH FISCAL YEAR AND DELETE
17 ITS EXPIRATION DATE, AND TO PROVIDE THAT THE
18 CREDIT MUST BE ALLOCATED TO ELIGIBLE CLAIMANTS
19 DURING A FISCAL YEAR ON A FIRST-COME,
20 FIRST-SERVE BASIS.

21

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

24

25 SECTION 1. Section 12-6-3376 of the 1976 Code, as added by
26 Act 83 of 2007, is amended to read:

27

28 "Section 12-6-3376. (A) For taxable years beginning after
29 2007, ~~and before 2011~~, a taxpayer is allowed a tax credit against
30 the income tax imposed pursuant to this chapter for the in-state
31 purchase or lease of a plug-in hybrid vehicle.

32 A plug-in hybrid vehicle is a vehicle that:

- 33 (1) shares the same benefits as an internal combustion and
- 34 electric engine with an all-electric range of no less than nine miles;
- 35 (2) has four or more wheels;
- 36 (3) draws propulsion using a traction battery;
- 37 (4) has at least four kilowatt hours of battery capacity; and
- 38 (5) uses an external source of energy to recharge the battery.

39 Qualified plug-in hybrid vehicles also must be manufactured
40 primarily for use on public streets, roads, highways, and not be
41 classified as low or medium speed vehicles. Low-speed vehicles
42 are vehicles capable of a speed of at least twenty but not more than

1 twenty-five miles per hour, is used primarily for short trips and
2 recreational purposes, and has safety equipment such as lights,
3 reflectors, mirrors, parking brake, windshield, and safety belts.
4 Medium-speed vehicles are vehicles capable of a speed of at least
5 thirty but not more than thirty-five miles per hour and has safety
6 equipment such as lights, reflectors, mirrors, parking brake,
7 windshield, and safety belts.

8 The credit is equal to two thousand dollars. The credit allowed
9 by this section is nonrefundable and if the amount of the credit
10 exceeds the taxpayer's liability for the applicable taxable year, any
11 unused credit may be carried forward for five years.

12 (B) Notwithstanding the credit amount allowed pursuant to this
13 section, for a fiscal year all claims made pursuant to this section
14 must not exceed two hundred thousand dollars and must apply
15 proportionately to all eligible claimants; provided, that beginning
16 with fiscal year 2011, all claims made pursuant to this section must
17 not exceed five hundred thousand dollars a fiscal year and shall
18 apply to eligible claimants on a first-come, first-serve basis as
19 determined by the Department of Revenue in a manner it
20 prescribes until the total allowable credits for that fiscal year are
21 exhausted."

22
23 SECTION 2. This act takes effect upon approval by the Governor.

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REPORT OF THE SALES AND INCOME TAX SUBCOMMITTEE

(Allison, Battle, Simrill, G.M. Smith & Hosey - Staff Contact: Kara Brurok)

HOUSE BILL 3194

H. 3194 -- Reps. Pope, Tallon, Hixon and D.C. Moss: A BILL TO AMEND SECTION 12-6-1140, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO DEDUCTIONS ALLOWED FROM SOUTH CAROLINA TAXABLE INCOME OF AN INDIVIDUAL FOR PURPOSES OF THE SOUTH CAROLINA INCOME TAX ACT, SO AS TO ALLOW A MAXIMUM THREE THOUSAND DOLLAR A YEAR DEDUCTION FOR VOLUNTEER STATE CONSTABLES DESIGNATED BY THE STATE LAW ENFORCEMENT DIVISION AS STATE CONSTABLES AND TO PROVIDE THE ELIGIBILITY REQUIREMENTS FOR THIS DEDUCTION.

<i>Summary of Bill:</i>	This bill allows a maximum three thousand dollar a year state income tax deduction for volunteer state constables designated by the State Law Enforcement Division as state constables. The legislation establishes eligibility requirements for this deduction.
<i>Introduced:</i>	1/11/2011
<i>Received by Ways and Means:</i>	1/11/2011
<i>Estimated Fiscal Impact:</i>	Pending
<i>Subcommittee Recommendation:</i>	Adopted Amendment Adopted Bill with Amendment
<i>Full Committee Recommendation:</i>	Pending
<i>Other Notes/Comments:</i>	Adds language to allow a volunteer state constable to be allowed a \$3000/year state income tax deduction. Deduction is only allowed if the volunteer state constable completes a minimum of 240 hours per year.

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: February 3, 2011

Bill Number: H.B. 3194

Authors: Pope, Tallon, Hixon, D.C. Moss, G.R. Smith, *et. al.*

Committee Requesting Impact: House Ways & Means Committee

Bill Summary

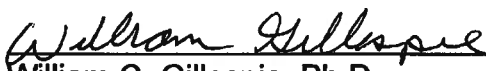
A bill to amend Section 12-6-1140, as amended, of the Code of Laws of South Carolina, 1976, relating to deductions allowed from South Carolina taxable income of an individual for purposes of the South Carolina Income Tax Act, so as to allow a maximum three thousand dollar a year deduction for volunteer state constables designated by the State Law Enforcement Division as state constables and to provide the eligibility requirements for this deduction.

REVENUE IMPACT ^{1/}

This bill is expected to reduce General Fund individual income tax revenue by an estimated \$327,642 in FY2011-12.

Explanation

This bill would amend Section 12-6-1140(10) by allowing an individual serving as a "volunteer state constable" a \$3,000 individual income tax deduction. Volunteer state constables are appointed by the Governor and serve without compensation to assist in the detection of crime and the enforcement of any criminal laws of this State. All constables appointed are required to furnish evidence that they are knowledgeable of the duties and responsibilities of a law enforcement officer, and are required to take training as may be prescribed by the Chief of the State Law Enforcement Division (SLED). This bill would waive the requirement of satisfying a minimum number of points pursuant to Section 23-9-190 to qualify for the tax deduction. According to SLED, there are currently 1,883 volunteer state constables. Multiplying 1,883 volunteer advanced state constables by a \$3,000 income tax deduction and applying an average tax rate of 5.8 percent would reduce General Fund individual income tax revenue by an estimated \$327,642 in FY2011-12. This individual income tax deduction would apply to tax years beginning with 2011.



William C. Gillespie, Ph.D.
Chief Economist

Analyst: Martin

^{1/} This statement meets the requirement of Section 27-71 for a state revenue impact by the BEA, or Section 27-76 for a local revenue impact of Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

HOUSE
AMENDMENT

THIS AMENDMENT
ADOPTED

HRAY/MORGAN
MARCH 2, 2011

CLERK OF THE HOUSE

REP. ^{*Sales and Income*}_{*Tax Subcommittee*} PROPOSES THE FOLLOWING AMENDMENT
No. TO H. 3194 (COUNCIL\AGM\18799BH11):

REFERENCE IS TO THE BILL AS INTRODUCED.

**AMEND THE BILL, AS AND IF AMENDED, BY
DELETING IN ITS ENTIRETY SECTION
12-6-1140(10)(C)(V) AS CONTAINED IN SECTION
1.B. AND INSERTING:**

**/ (V) IN THE CASE OF A VOLUNTEER STATE
CONSTABLE AND IN LIEU OF MINIMUM POINTS
DETERMINING ELIGIBILITY, THIS DEDUCTION IS
ALLOWED ONLY IF THE VOLUNTEER STATE
CONSTABLE COMPLETES A MINIMUM LOGGED
SERVICE TIME OF TWO HUNDRED FORTY HOURS
PER YEAR AND HAS BEEN DESIGNATED BY THE**

STATE LAW ENFORCEMENT DIVISION AS A STATE CONSTABLE BEFORE THE TAXABLE YEAR FOR WHICH THE DEDUCTION IS FIRST CLAIMED AND IF THE VOLUNTEER STATE CONSTABLE IS CURRENT WITH THE REQUIRED SLED APPROVED ANNUAL TRAINING FOR CONSTABLES FOR THE MOST RECENTLY COMPLETED FISCAL YEAR AS EVIDENCED BY A COPY OF THE DOCUMENTATION PROVIDED SLED OF THIS ANNUAL TRAINING FILED WITH THE VOLUNTEER STATE CONSTABLE'S STATE INCOME TAX RETURN.” /

RENUMBER SECTIONS TO CONFORM.

AMEND TITLE TO CONFORM.

South Carolina General Assembly
119th Session, 2011-2012

H. 3194

STATUS INFORMATION

General Bill

Sponsors: Reps. Pope, Tallon, Hixon, D.C. Moss, G.R. Smith, Simrill and Viers

Document Path: I:\council\bill\dka\3160sd11.docx

Companion/Similar bill(s): 3193

Introduced in the House on January 11, 2011

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

Summary: Income tax deduction

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
12/14/2010	House	Prefiled
12/14/2010	House	Referred to Committee on Ways and Means
1/11/2011	House	Introduced and read first time (<u>House Journal-page 78</u>)
1/11/2011	House	Referred to Committee on Ways and Means (<u>House Journal-page 79</u>)
1/19/2011	House	Member(s) request name added as sponsor: Viers

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VERSIONS OF THIS BILL

12/14/2010

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A BILL

TO AMEND SECTION 12-6-1140, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO DEDUCTIONS ALLOWED FROM SOUTH CAROLINA TAXABLE INCOME OF AN INDIVIDUAL FOR PURPOSES OF THE SOUTH CAROLINA INCOME TAX ACT, SO AS TO ALLOW A MAXIMUM THREE THOUSAND DOLLAR A YEAR DEDUCTION FOR VOLUNTEER STATE CONSTABLES DESIGNATED BY THE STATE LAW ENFORCEMENT DIVISION AS STATE CONSTABLES AND TO PROVIDE THE ELIGIBILITY REQUIREMENTS FOR THIS DEDUCTION.

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

SECTION 1. A. Section 12-6-1140(10)(a) of the 1976 Code, as last amended by Act 116 of 2007, is further amended to read:

“(a) A deduction calculated as provided in this item for a volunteer firefighter, rescue squad member, volunteer member of a Hazardous Materials (HAZMAT) Response Team, reserve police officer, Department of Natural Resources deputy enforcement officer, ~~or~~ a member of the State Guard, or a volunteer state constable appointed pursuant to Section 23-1-60 for the purpose of assisting named law enforcement agencies and who has been designated by the State Law Enforcement Division as a state constable not otherwise eligible for this exemption.”

B. Section 12-6-1140(10)(c) of the 1976 Code, as last amended by Act 116 of 2007, is further amended by adding at the end:

1 “(v) In the case of a volunteer state constable and in lieu of
2 minimum points determining eligibility, this deduction is allowed
3 only if the volunteer state constable has been designated by the
4 State Law Enforcement Division as a state constable before the
5 taxable year for which the deduction is first claimed and if the
6 volunteer state constable is current with the required SLED
7 approved annual training for constables for the most recently
8 completed fiscal year as evidenced by a copy of the documentation
9 provided SLED of this annual training filed with the volunteer
10 state constable’s state income tax return.”

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12 SECTION 2. This act takes effect upon approval by the Governor
13 and applies for taxable years beginning after 2010.

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REPORT OF THE SALES AND INCOME TAX SUBCOMMITTEE

(Allison, Battle, Simrill, G.M. Smith & Hosey - Staff Contact: Kara Brurok)

HOUSE BILL 3346

H.3346-- Reps. Loftis, Limehouse, Corbin, Ballentine, Atwater, Mitchell, Quinn, Alexander, Bannister, Horne, Norman, J.E. Smith, Henderson, Brady, Erickson, Herbkersman, McCoy, Sottile, Allen and Stavrinakis: A BILL TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 12-6-3586 SO AS TO ALLOW A STATE TAX CREDIT FOR THE INSTALLATION OF SOLAR ENERGY EQUIPMENT IN AN AMOUNT EQUAL TO THIRTY-FIVE PERCENT OF THE AMOUNTS FOR SPECIFIC INSTALLATIONS AND FOR SPECIFIC PURPOSES, TO DEFINE SOLAR ENERGY EQUIPMENT, TO PROVIDE FOR THE TIMING OF CREDITS AND THE CARRY FORWARD OF UNUSED CREDITS, TO PROVIDE THOSE TAXES AGAINST WHICH THIS CREDIT IS ALLOWED, AND TO PROHIBIT DOUBLE CREDITS.

Summary of Bill:

This bill establishes provisions authorizing a state tax credit for the installation of solar energy equipment in an amount equal to thirty-five percent of the amounts for specific types of installations. The legislation provides that the credit is authorized against state tax liability that includes income taxes, corporate license taxes, bank and building and loan taxes, and insurance premium taxes.

Introduced:

1/18/2011

Received by Ways and Means:

1/20/2011

Estimated Fiscal Impact:

This bill would reduce the General Fund income tax revenue by \$1,271,000 in FY11-12.

Subcommittee Recommendation:

Adopted

Full Committee Recommendation:

Pending

Other Notes/Comments:

Will create a return on investment of 4.9 years and create roughly 800 jobs over that time period. Estimate a \$40 million return.

Statement of Estimated State Revenue Impact

Date: March 9, 2011 (Revised from March 1, 2011 fiscal impact)

Bill Number: H.B. 3346

Author: Loftis, Limehouse, Corbin, Ballentine, Atwater, et al

Committee Requesting Impact: House Ways and Means Committee

Bill Summary

To amend the Code of Laws of South Carolina, 1976, by adding Section 12-6-3586 so as to allow a state tax credit for the installation of solar energy equipment in an amount equal to thirty-five percent of the amounts for specific installations and for specific purposes, to define solar energy equipment, to provide for the timing of credits and the carry forward of unused credits, to provide those taxes against which this credit is allowed, and to prohibit double credits.

REVENUE IMPACT ^{1/}

This bill would reduce General Fund income tax revenue by \$271,000 in FY2011-12.

Explanation

This bill would add Section 12-6-3586 granting a tax credit equal to thirty-five percent of the costs of solar energy equipment used for water heating, space heating or cooling, generating electricity, distillation, desalination, detoxification, or the production of industrial or commercial process heat placed into service by a taxpayer. The credit may be claimed against a taxpayer's individual income, corporate income, bank tax, license fees, or insurance premiums taxes, or any combination of them. This bill also provides ceilings on the amount of credit that can be claimed per installation. For solar energy equipment placed into service for residential purposes, the ceilings range from \$1,400 to \$10,500 based upon the purpose of the solar energy equipment. For solar energy systems placed into service for any purpose except residential, the ceiling amount equals \$2,500,000 and must be taken in five equal annual installments. Any unused credits may be carried forward for taxable years six through fifteen succeeding the year the equipment was placed into service. The tax credit may not exceed one-half of a taxpayer's tax liability for a taxable year. Currently, Section 12-6-3587 allows an income tax credit equal to twenty-five percent for not only the costs of purchasing certain solar energy system, but also allows the income tax credit to be applied to installation costs. The income tax credit pursuant to Section 12-6-3587 is capped at \$3,500 per facility. According to a database of solar installations in South Carolina compiled by the South Carolina Energy Office, nearly 400 residential solar heating and photovoltaic systems, or an average of 100 solar energy systems per year, were installed in South Carolina between 2007 and 2010. Based upon an analysis of the solar installations in South Carolina using estimated costs of solar energy equipment, it is estimated that twenty-five percent of taxpayers that install solar energy equipment would benefit more from the thirty-five percent income tax credit allowed under this bill than the existing twenty-five percent income tax credit. According to the Department of Revenue, 100 taxpayers claimed the solar energy tax credit for a total of \$208,930 in credits, or approximately \$2,100 per taxpayer, in 2009. If the

Statement of Estimated State Revenue Impact

same number of taxpayers claims the solar energy credit in 2012, and twenty-five percent of those taxpayers claim the thirty-five percent tax credit under this bill instead of the existing twenty-five percent income tax credit, the amount of credits claimed is expected to increase by \$21,000. Regarding non-residential installations, five commercial firms claimed a similar renewable energy equipment income tax credit in North Carolina that expands the income tax credit to include wind, hydroelectric, biomass, and geothermal equipment installations. We estimate that one of the five commercial firms that claimed the similar renewable energy equipment income tax credit in North Carolina installed solar energy equipment. We anticipate that one commercial taxpayer will place into service solar energy equipment in South Carolina in FY2011-12, for a total of \$2,500,000 in credits. Adjusting for the fact that the tax credit is to be taken in five equal annual installments and applying a fifty percent tax liability limitation, it is estimated that this bill would reduce state General Fund income tax, bank tax, license fees, or insurance premium tax revenue by an estimated \$250,000 in FY2011-12 for commercial installations. In total, we estimate that this bill will reduce General Fund income tax revenue by an estimated \$271,000 in FY2011-12.



William C. Gillespie, Ph.D.

Chief Economist

Analyst: Ball

¹¹ This statement meets the requirement of Section 27-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: March 1, 2011

Bill Number: H.B. 3346

Author: Loftis, Limehouse, Corbin, Ballentine, Atwater, et al

Committee Requesting Impact: House Ways and Means

Bill Summary

To amend the Code of Laws of South Carolina, 1976, by adding Section 12-6-3586 so as to allow a state tax credit for the installation of solar energy equipment in an amount equal to thirty-five percent of the amounts for specific installations and for specific purposes, to define solar energy equipment, to provide for the timing of credits and the carry forward of unused credits, to provide those taxes against which this credit is allowed, and to prohibit double credits.

REVENUE IMPACT ^{1/}


This bill would reduce General Fund income tax revenue by \$1,271,000 in FY2011-12.

Explanation

This bill would add Section 12-6-3586 granting a tax credit equal to thirty-five percent of the costs of solar energy equipment used for water heating, space heating or cooling, generating electricity, distillation, desalination, detoxification, or the production of industrial or commercial process heat placed into service by a taxpayer. The credit may be claimed against a taxpayer's individual income, corporate income, bank tax, license fees, or insurance premiums taxes, or any combination of them. This bill also provides ceilings on the amount of credit that can be claimed per installation. For solar energy equipment placed into service for residential purposes, the ceilings range from \$1,400 to \$10,500 based upon the purpose of the solar energy equipment. For solar energy systems placed into service for any purpose except residential, the ceiling amount equals \$2,500,000 and must be taken in five equal annual installments. Any unused credits may be carried forward for taxable years six through fifteen succeeding the year the equipment was placed into service. The tax credit may not exceed one-half of a taxpayer's tax liability for a taxable year. Currently, Section 12-6-3587 allows an income tax credit equal to twenty-five percent for not only the costs of purchasing certain solar energy system, but also allows the income tax credit to be applied to installation costs. The income tax credit pursuant to Section 12-6-3587 is capped at \$3,500 per facility. According to a database of solar installations in South Carolina compiled by the South Carolina Energy Office, nearly 400 residential solar heating and photovoltaic systems, or an average of 100 solar energy systems per year, were installed in South Carolina between 2007 and 2010. Based upon an analysis of the solar installations in South Carolina using estimated costs of solar energy equipment, it is estimated that twenty-five percent of taxpayers that install solar energy equipment would benefit more from the thirty-five percent income tax credit allowed under this bill than the existing twenty-five percent income tax credit. According to the Department of Revenue, 100 taxpayers claimed the solar energy tax

South Carolina Board of Economic Advisors Statement of Estimated State Revenue Impact

credit for a total of \$208,930 in credits, or approximately \$2,100 per taxpayer, in 2009. If the same number of taxpayers claims the solar energy credit in 2012, and twenty-five percent of those taxpayers claim the thirty-five percent tax credit under this bill instead of the existing twenty-five percent income tax credit, the amount of credits claimed is expected to increase by \$21,000. Also, based upon the actual number of commercial firms that claimed an identical solar energy equipment tax credit in North Carolina, we anticipate that five commercial taxpayers will place into service solar energy equipment in South Carolina in FY2011-12, for a total of \$12,500,000 in credits. Adjusting for the fact that the tax credit is to be taken in five equal annual installments and applying a fifty percent tax liability limitation, it is estimated that this bill would reduce state General Fund income tax, bank tax, license fees, and insurance premium tax revenue by an estimated \$1,250,000 in FY2011-12 for commercial installations. In total, we estimate that this bill will reduce General Fund by an estimated \$1,271,000 in FY2011-12.


William C. Gillespie, Ph.D.
Chief Economist

Analyst: Ball

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

South Carolina General Assembly
119th Session, 2011-2012

H. 3346

STATUS INFORMATION

General Bill

Sponsors: Reps. Loftis, Limehouse, Corbin, Ballentine, Atwater, Mitchell, Quinn, Alexander, Bannister, Horne, Norman, J.E. Smith, Henderson, Brady, Erickson, Herbkersman, McCoy, Sottile, Allen and Stavrinakis

Document Path: I:\council\bill\bbm\9906htc11.docx

Companion/Similar bill(s): 474

Introduced in the House on January 18, 2011

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

Summary: Income tax credits

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
1/18/2011	House	Introduced and read first time (<u>House Journal-page 8</u>)
1/18/2011	House	Referred to Committee on Ways and Means (<u>House Journal-page 8</u>)
1/19/2011	House	Member(s) request name added as sponsor: Brady
1/25/2011	House	Member(s) request name added as sponsor: Erickson, Herbkersman
1/26/2011	House	Member(s) request name added as sponsor: McCoy, Sottile
2/1/2011	House	Member(s) request name added as sponsor: Allen
2/17/2011	House	Member(s) request name added as sponsor: Stavrinakis

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VERSIONS OF THIS BILL

1/18/2011

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A BILL

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11 TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA,
12 1976, BY ADDING SECTION 12-6-3586 SO AS TO ALLOW A
13 STATE TAX CREDIT FOR THE INSTALLATION OF SOLAR
14 ENERGY EQUIPMENT IN AN AMOUNT EQUAL TO
15 THIRTY-FIVE PERCENT OF THE AMOUNTS FOR SPECIFIC
16 INSTALLATIONS AND FOR SPECIFIC PURPOSES, TO
17 DEFINE SOLAR ENERGY EQUIPMENT, TO PROVIDE FOR
18 THE TIMING OF CREDITS AND THE CARRY FORWARD OF
19 UNUSED CREDITS, TO PROVIDE THOSE TAXES AGAINST
20 WHICH THIS CREDIT IS ALLOWED, AND TO PROHIBIT
21 DOUBLE CREDITS.

22

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

25

26 SECTION 1. Article 25, Chapter 6, Title 12 of the 1976 Code is
27 amended by adding:

28

29 "Section 12-6-3586. (A) As used in this section:

30

31 (1) 'Solar energy equipment' is equipment that uses solar
32 radiation as a substitute for traditional energy for water heating,
33 active space heating and cooling, passive heating, daylighting,
34 generating electricity, distillation, desalination, detoxification, or
35 the production of industrial or commercial process heat. The term
36 also includes related devices necessary for collecting, storing,
37 exchanging, conditioning, or converting solar energy to other
38 useful forms of energy.

39

40 (2) 'Tax liability' includes income taxes imposed pursuant to
41 this chapter, license taxes imposed pursuant to Chapter 20 of this
42 title, bank and building and loan taxes imposed pursuant to
43 Chapters 11 and 13 of this title, and premium taxes imposed
44 pursuant to Title 38.

1 (B) If a taxpayer that has purchased solar energy equipment
2 places it in service in this State during the taxable year, the
3 taxpayer is allowed a credit against his tax liability equal to
4 thirty-five percent of the cost of the equipment. In the case of
5 solar energy equipment that serves a single-family dwelling, the
6 credit must be taken for the taxable year in which the equipment is
7 placed in service. Unused credit with respect to a single family
8 dwelling may be carried forward to the ten succeeding taxable
9 years. For all other solar energy equipment, the entire credit may
10 not be taken for the taxable year in which the equipment is placed
11 in service but must be taken in five equal annual installments
12 beginning with the taxable year in which the equipment is placed
13 in service and subject to this annual limit, unused credit may be
14 carried forward for taxable years six through fifteen succeeding the
15 year the equipment was placed in service.

16 (C) If, in one of the years in which the installment of a credit
17 accrues, the solar energy equipment with respect to which the
18 credit was claimed is disposed of, taken out of service, or moved
19 out of State, the credit expires and the taxpayer may not take any
20 remaining installment of the credit. The taxpayer however, may
21 take the portion of an installment that accrued in a previous year
22 and was carried forward to the extent permitted pursuant to
23 subsection (B) of this section. No credit is allowed pursuant to this
24 section to the extent the cost of the solar energy equipment was
25 provided by public funds and the amount of any credit allowed
26 pursuant to this section must be reduced by any credit claimed
27 pursuant to Section 12-6-3587 or any other credit allowed pursuant
28 to this title for solar energy equipment. In no case may a credit
29 allowed pursuant to this section exceed one half of the taxpayer's
30 tax liability for a taxable year.

31 (D) The credit allowed by this section may not exceed the
32 applicable ceilings provided in this subsection.

33 (1) A ceiling of two million five hundred thousand dollars
34 for each installation applies to solar energy equipment placed in
35 service for any purpose other than residential.

36 (2) The following ceilings apply to solar energy equipment
37 placed in service for residential purposes:

38 (a) one thousand four hundred dollars for each dwelling
39 unit for solar energy equipment for domestic water heating,
40 including pool heating;

41 (b) three thousand five hundred dollars for each dwelling
42 unit for solar energy equipment for active space heating, combined

1 active space and domestic hot water systems, and passive space
2 heating;
3 (c) ten thousand five hundred dollars for each installation
4 for any other solar energy equipment for residential purposes.”

5
6 SECTION 2. This act takes effect upon approval by the Governor
7 and applies for installations of solar energy equipment placed in
8 service in taxable years beginning after 2010.

9 ----XX----

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REPORT OF THE SALES AND INCOME TAX SUBCOMMITTEE

(Allison, Battle, Simrill, G.M. Smith & Hosey - Staff Contact: Kara Brurok)

HOUSE BILL 3488

H. 3488 -- Reps. Bingham and Harrell: A BILL TO AMEND ACT 99 OF 2007, RELATING TO THE ADDITION OF A SALES TAX EXEMPTION FOR DURABLE MEDICAL EQUIPMENT AND THE PHASE IN OF THAT EXEMPTION, SO AS TO DELETE THE PHASE IN REQUIREMENTS; AND TO AMEND SECTIONS 12-36-90, 12-36-910, 12-36-1310, AND 12-36-2120, ALL AS AMENDED, RELATING TO THE IMPOSITION OF AND EXEMPTIONS FROM THE SALES AND USE TAX, SO AS TO PROVIDE FURTHER FOR THOSE INSTANCES WHERE SALES AND USE TAX APPLIES IN CONNECTION WITH WARRANTIES AND SERVICE MAINTENANCE CONTRACTS SOLD IN CONNECTION WITH THE SALE OF TANGIBLE PERSONAL PROPERTY.

Summary of Bill:

This bill eliminates the phase in requirements in provisions authorizing the sales tax exemption for durable medical equipment. The legislation revises sales and use tax provisions, so as to provide further for those instances where sales and use tax applies in connection with warranties and service maintenance contracts sold in connection with the sale of tangible personal property.

Introduced:

01/27/2011

Received by Ways and Means:

01/27/2011

Estimated Fiscal Impact:

Pending

Subcommittee Recommendation:

Adopted (Reps. Allison, Hosey, Battle & Simrill)

Full Committee Recommendation:

Pending

Other Notes/Comments:

Two Purposes:

1. Because there has not been an increase in revenue since 2008, this language eliminates the "phase-in" requirements thus immediately allowing the elimination of sales tax on durable medical equipment.

2. Eliminates language requiring sales tax to be charged on warranties at the time of purchase. Reverts back to original Code language of 2005.

Statement of Estimated State Revenue Impact

Date: March 6, 2011
Bill Number: H.B. 3488
Authors: Bingham and Harrell

Committee Requesting Impact: House Way and Means Committee

Bill Summary

To amend Act 99 of 2007, relating to the addition of a sales tax exemption for durable medical equipment and the phase in of that exemption, so as to delete the phase in requirements; and to amend Sections 12-36-90, 12-36-910, 12-36-1310, and 12-36-2120, all as amended relating to the imposition of and exemptions from the sales and use tax, so as to provide further for those instances where sales and use tax applies in connection with warranties and service maintenance contracts sold in connection with the sale of tangible personal property.

REVENUE IMPACT ^{1/}

Section 1 of this bill is expected to reduce sales and use tax revenue by an estimated \$2,240,324 in FY2011-12. Section 2 of this bill is expected to increase sales and use tax revenue by an estimated \$500,000 in FY2011-12. On net, this bill is expected to reduce sales and use tax revenue by an estimated \$1,749,324 in FY2011-12. Of this amount, General Fund sales and use tax revenue would be reduced by \$1,166,216, Education Improvement Act funds would be reduced by \$291,544, and the Homestead Exemption Fund would be reduced by \$291,544 in FY2011-12.

Explanation


Section 1. This section would amend Act 99 of 2007 by repealing Section 1B and 1C which states that the sales tax rate for durable medical equipment paid directly by funds under the Medicare and Medicaid programs is five and one-half percent subject to further reduction based on General Fund revenue growth. The repeal of these sections would fully exempt durable medical equipment paid directly by funds under the Medicare and Medicaid programs from sales tax. Currently, the sales tax rate for durable medical equipment is five and one-half percent. Further incremental reduction of this rate has not occurred because forecasted General Fund revenues have not grown at the required five percent rate. This section of the bill would take effect July 1, 2011. Based upon collections of the five and one-half percent sales tax on durable medical equipment in FY09-10, we estimate that fully exempting the sales tax from sales of durable medical equipment is expected to reduce General Fund sales tax revenue by \$2,249,324 in FY2011-12.

Section 2. A warranty is given to the purchaser of a product by a manufacturer or provider of a service with the understanding that the manufacturer or provider will replace or repair a defective product or make good an ineffective service within a predetermined span of time. An extended warranty is similar to insurance for the purchased product and can be offered by the product's manufacturer, the retailer, or a third-party warranty provider. The most common products covered by extended warranties are automobiles, electronics, appliances,

Statement of Estimated State Revenue Impact

and homes. Currently, sales and use tax is charged on the sale of a warranty or extended warranty on a product sold at the time a product is purchased and also if an extended warranty is purchased at a later date after the product is first purchased. If a problem develops with the product and the product is sent back to the manufacturer for repair, the parts withdrawn from inventory and used to fix the defective product would not be subject to a sales tax. Under this bill, sales and use tax would still be charged on the sale of a warranty or extended warranty on a product at the time of purchase, however, there would be no sales tax charged on the warranty or extended warranty if it is purchased at a later date after the product is first sold. If a product becomes defective during the warranty period and is sent back to the manufacturer for repair, the parts withdrawn from inventory and used to fix the defective product would be subject to a sales tax.

This bill would amend Section 12-36-90(1)(c)(iii) – definition of gross proceeds of sales, Section 12-36-90(2)(l) – definition of gross proceeds of sales, Section 12-36-910(B) – sales tax, Section 12-36-1310(B) – use tax, and Section 12-36-2120(69) – sales and use tax exemption, to amend language to not levy sales tax on a warranty or extended warranty if the warranty is sold after the sale of the product. According to the latest data from the Federal Trade Commission and Warranty Week, a national trade newsletter for warranty management professionals, manufacturer's usually set aside funds to cover the costs to repair defective manufactured products each year. Based upon these data, we estimate that there will be net increase of sales and use tax revenue of an estimated \$500,000 in FY2011-12.



William C. Gillespie, Ph.D.
Chief Economist

Analysts: Ball / Martin

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

South Carolina General Assembly
119th Session, 2011-2012

H. 3488

STATUS INFORMATION

General Bill

Sponsors: Reps. Bingham and Harrell

Document Path: I:\council\bill\bbm\9923htc11.docx

Introduced in the House on January 27, 2011

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

Summary: Sales tax exemptions

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
1/27/2011	House	Introduced and read first time (<u>House Journal-page 15</u>)
1/27/2011	House	Referred to Committee on Ways and Means (<u>House Journal-page 15</u>)

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VERSIONS OF THIS BILL

1/27/2011

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A BILL

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11 TO AMEND ACT 99 OF 2007, RELATING TO THE ADDITION
12 OF A SALES TAX EXEMPTION FOR DURABLE MEDICAL
13 EQUIPMENT AND THE PHASE IN OF THAT EXEMPTION,
14 SO AS TO DELETE THE PHASE IN REQUIREMENTS; AND
15 TO AMEND SECTIONS 12-36-90, 12-36-910, 12-36-1310, AND
16 12-36-2120, ALL AS AMENDED, RELATING TO THE
17 IMPOSITION OF AND EXEMPTIONS FROM THE SALES
18 AND USE TAX, SO AS TO PROVIDE FURTHER FOR THOSE
19 INSTANCES WHERE SALES AND USE TAX APPLIES IN
20 CONNECTION WITH WARRANTIES AND SERVICE
21 MAINTENANCE CONTRACTS SOLD IN CONNECTION
22 WITH THE SALE OF TANGIBLE PERSONAL PROPERTY.

23

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

26

27 SECTION 1. A. Section 1, Act 99 of 2007 is amended by deleting
28 subsections B and C, which read:

29

30 "B. Notwithstanding the sales and use rates imposed pursuant to
31 Chapter 36, Title 12 of the 1976 Code, the rate of tax imposed
32 pursuant to that chapter on the gross proceeds of sales of items
33 described in subsection A of this section is five and one-half
34 percent for such sales from July 1, 2007.

35

36 C. Beginning with the February 15, 2008, forecast by the Board of
37 Economic Advisors of annual general fund revenue growth for the
38 upcoming fiscal year, and annually thereafter, if the forecast of that
39 growth equals at least five percent of the most recent estimate by
40 the board of general fund revenues for the current fiscal year, then
41 the applicable state sales and use tax rate imposed on items
42 described in subsection A. of this section is reduced, effective the

1 following July first, by one and one-half percent in the first year
2 and by one percent every year thereafter. That reduced rate applies
3 until a subsequent reduction takes effect. If the February fifteenth
4 forecast meets the requirement for a rate reduction, the board
5 promptly shall certify this result in writing to the Department of
6 Revenue. On the July first that the rate attains zero, the provisions
7 of subsections B. and C. of this section no longer apply.”

8
9 B. Notwithstanding the general effective date of this act, the
10 amendment to Act 99 of 2007 made by subsection A of this section
11 takes effect July 1, 2011.

12
13 SECTION 2. A.1. Section 12-36-90(1)(c)(iii) of the 1976 Code,
14 as last amended by Act 161 of 2005, is further amended to read:

15
16 “(iii) tangible personal property replacing defective parts under
17 written warranty contracts if:

18 (A) the warranty, ~~maintenance, service, or similar~~ contract is
19 given without charge, at the time of original purchase of the
20 defective property, ~~or the tax was paid on the sale or renewal of~~
21 ~~warranty, maintenance, or similar service contract for tangible~~
22 ~~personal property of which the defective part was a component,~~
23 ~~whether or not such contract was purchased in conjunction with~~
24 ~~the sale of tangible personal property;~~

25 (B) ~~in the case of a warranty, maintenance, service, or~~
26 ~~similar contract that is given without charge at the time of original~~
27 ~~purchase of the defective property,~~ the tax was paid on the sale of
28 the defective part or on the sale of the property of which the
29 defective part was a component; and

30 (C) the warrantee is not charged for any labor or materials;”

31
32 2. Section 12-36-90(2) of the 1976 Code, as last amended by
33 Act 386 of 2006, is further amended by deleting subitem (l) which
34 reads:

35
36 “(l) tangible personal property purchased by a person engaged
37 in the business of servicing a warranty, maintenance, or similar
38 service contract for use in replacing a defective part under the
39 contract if tax was paid on the sale or the renewal of the contract
40 and the customer is not charged for labor or material when the part
41 is replaced.”

1 B. Section 12-36-910(B) of the 1976 Code, as last amended by Act
2 386 of 2006, is further amended by deleting items (6) and (7)
3 which read:

4
5 “(6) gross proceeds accruing or proceeding from the sale or
6 renewal of warranty, maintenance, or similar service contracts for
7 tangible property, whether or not such contracts are purchased in
8 conjunction with the sale of tangible personal property.

9 (7) gross proceeds accruing or proceeding from the sale or
10 renewal of warranty, maintenance, or similar service contracts for
11 tangible personal property, whether or not the contracts are
12 purchased in conjunction with the sale of tangible personal
13 property.”

14
15 C. Section 12-36-1310(B) of the 1976 Code, as last amended by
16 Act 161 of 2005, is further amended by deleting item (6) which
17 reads:

18
19 “(6) gross proceeds accruing or proceeding from the sale or
20 renewal of warranty, maintenance, or similar service contracts for
21 tangible personal property, whether or not such contracts are
22 purchased in conjunction with the sale of tangible personal
23 property.”

24
25 D. Section 12-36-2120 of the 1976 Code, as last amended by Act
26 280 of 2010, is further amended by deleting item (69) which reads:

27
28 “(69) the sale or renewal of a warranty, maintenance, or similar
29 service contract for tangible personal property if the sale or
30 purchase of the tangible personal property covered by the contract
31 is exempt or excluded from the tax imposed by this chapter.”

32
33 E. Notwithstanding the general effective date provided in this act,
34 the provisions of this section take effect on the first day of the third
35 month beginning after the date of approval of this act.

36
37 SECTION 3. This act takes effect upon approval by the Governor.

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REPORT OF THE SALES AND INCOME TAX SUBCOMMITTEE

(Allison, Battle, Simrill, G.M. Smith & Hosey - Staff Contact: Kara Brurok)

HOUSE BILL 3747

H. 3747 -- Rep. Cooper: A BILL TO AMEND SECTION 12-36-2120, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO SALES TAX EXEMPTIONS, SO AS TO EXEMPT BIOLOGICS ADMINISTERED BY A PHYSICIAN IN A PHYSICIAN'S OFFICE.

<i>Summary of Bill:</i>	This bill exempts biologics administered by a physician in a physician's office from sales tax.
<i>Introduced:</i>	2/24/2011
<i>Received by Ways and Means:</i>	2/24/2011
<i>Estimated Fiscal Impact:</i>	Pending
<i>Subcommittee Recommendation:</i>	Adopted with Amendment
<i>Full Committee Recommendation:</i>	Pending
<i>Other Notes/Comments:</i>	<p>This bill adds language to the previous Section 12-36-2120 of the 1976 Code, as last amended by Act 208 of 2010.</p> <p>“Biologics” means the products that are applicable to the prevention, treatment, or cure of a disease or condition of human beings and that are produced using living organisms, materials derived from living organisms, or cellular, subcellular, or molecular components of living organisms.</p>

HOUSE
AMENDMENT

THIS AMENDMENT
ADOPTED

GOOD/DOWNEY
MARCH 3, 2011

CLERK OF THE HOUSE

REP. *Sales + Income Tax Subcommittee* PROPOSES THE FOLLOWING AMENDMENT
No. TO H. 3747 (COUNCIL\NBD\11425DG11):

REFERENCE IS TO THE BILL AS INTRODUCED.

**AMEND THE BILL, AS AND IF AMENDED, BY
STRIKING SECTION 1 AND INSERTING:**

**/SECTION 1. SECTION 12-36-2120 OF THE
1976 CODE, AS LAST AMENDED BY ACT 280 OF
2010, IS FURTHER AMENDED BY ADDING A NEW
ITEM AT THE END TO READ:**

**“() (A) EFFECTIVE JULY 1, 2012, FIFTY
PERCENT OF THE GROSS PROCEEDS OF SALES OF
BIOLOGICS ADMINISTERED BY A PHYSICIAN IN A
PHYSICIAN’S OFFICE.**

(B) EFFECTIVE JULY 1, 2013, ONE HUNDRED PERCENT OF THE GROSS PROCEEDS OF SALES OF BIOLOGICS ADMINISTERED BY A PHYSICIAN IN A PHYSICIAN'S OFFICE.

(C) FOR PURPOSES OF THIS EXEMPTION, 'BIOLOGICS' MEANS THE PRODUCTS THAT ARE APPLICABLE TO THE PREVENTION, TREATMENT, OR CURE OF A DISEASE OR CONDITION OF HUMAN BEINGS AND THAT ARE PRODUCED USING LIVING ORGANISMS, MATERIALS DERIVED FROM LIVING ORGANISMS, OR CELLULAR, SUBCELLULAR, OR MOLECULAR COMPONENTS OF LIVING ORGANISMS." /

RENUMBER SECTIONS TO CONFORM.

AMEND TITLE TO CONFORM.

Statement of Estimated State Revenue Impact

Date: March 8, 2011

Bill Number: H.B. 3747

Author: Cooper

Committee Requesting Impact: House Ways and Means

Bill Summary


To amend Section 12-36-2120, as amended, Code of Laws of South Carolina, 1976, relating to sales tax exemptions, so as to exempt biologics administered by a physician in a physician's office.

REVENUE IMPACT ^{1/}

This bill would reduce state sales tax revenue by \$6,928,267 in FY2011-12. Of this total, \$4,618,845 will be a reduction in General Fund sales and use tax revenue, \$1,154,711 will be a reduction in EIA funds, and \$1,154,711 will be a reduction in homestead exemption funds for homeowner tax relief.

Explanation

This bill would amend Section 12-36-2120 by adding a sales tax exemption for biologics administered by a physician in physician's office. This bill defines biologics as products that are used in the prevention, treatment, or cure of a disease or condition of human beings and that are produced using living organisms, materials derived from living organisms, or cellular, subcellular, or molecular components of living organisms. Based upon global biologic sales of \$75 million in 2007 as reported by IMS Health, a nationally recognized consulting firm regarding pharmaceutical sales data, and applying a five-year historical growth rate, it is estimated that sales of biologics to physicians' office in South Carolina will be \$115,471,110 in FY2011-12. Applying the six percent sales tax rate, we estimate that this bill would reduce state sales tax revenue by \$6,928,267 in FY2011-12. Of this total, \$4,618,845 will be a reduction in General Fund sales and use tax revenue, \$1,154,711 will be a reduction in EIA funds, and \$1,154,711 will be a reduction in homestead exemption funds for homeowner tax relief.


William C. Gillespie, Ph.D.
Chief Economist

Analyst: Ball

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

South Carolina General Assembly
119th Session, 2011-2012

H. 3747

STATUS INFORMATION

General Bill

Sponsors: Rep. Cooper

Document Path: I:\council\bill\abd\11383dg11.docx

Introduced in the House on February 24, 2011

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

Summary: Sales and use tax exemption

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
2/24/2011	House	Introduced and read first time (<u>House Journal-page 11</u>)
2/24/2011	House	Referred to Committee on Ways and Means (<u>House Journal-page 11</u>)

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VERSIONS OF THIS BILL

2/24/2011

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A BILL

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TO AMEND SECTION 12-36-2120, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO SALES TAX EXEMPTIONS, SO AS TO EXEMPT BIOLOGICS ADMINISTERED BY A PHYSICIAN IN A PHYSICIAN'S OFFICE.

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

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SECTION 1. Section 12-36-2120 of the 1976 Code, as last amended by Act 280 of 2010, is further amended by adding a new item at the end to read:

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“() (a) Effective on the July first immediately following a forecast meeting the requirements of subitem (b), biologics administered by a physician in a physician's office. For purposes of this exemption, 'biologics' means the products that are applicable to the prevention, treatment, or cure of a disease or condition of human beings and that are produced using living organisms, materials derived from living organisms, or cellular, subcellular, or molecular components of living organisms.

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(b) Beginning with the February 15, 2012, forecast by the Board of Economic Advisors of annual general fund revenue growth for the upcoming fiscal year, and annually thereafter until the conditions of this item are met, if the forecast of that growth equals at least two percent of the most recent estimate by the board of general fund revenues for the current fiscal year, then on July first, the exemption described in subitem (a) shall apply to fifty percent of the gross proceeds of sales of the described items. Beginning the next July first, the exemption shall apply to one hundred percent of the gross proceeds of sales of the described items. If the February fifteenth forecast meets the requirement for

1 a rate reduction, the board promptly shall certify this result in
2 writing to the Department of Revenue.”

3

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

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